

KANSAS STATE UNIVERSITY FOUNDATION



Richard Myers



Curtis Frasier



Greg Willems

Dear K-Staters,

On behalf of Kansas State University, thank you for your support of the university. The gifts you've made in fiscal year 2015 and beyond make a difference now and far into the future. Your contributions provide fuel and momentum for students, faculty and staff as K-State continues its quest to become a top 50 public research university by 2025.

As we prepared for the launch of the Innovation and Inspiration Campaign, fiscal year 2015 was a remarkable one for KSU Foundation and Kansas State University. Gifts and commitments by alumni, friends, parents, faculty, staff, students and corporate partners of Kansas State University totaled \$141.5 million in the fiscal year that ended June 30, 2015.

This level of philanthropic support marks the third most successful year in charitable giving in the more than 70-year history of the Kansas State University Foundation, and the fourth consecutive year fundraising has topped \$100 million. This year's fundraising success represents a three-year fundraising average in excess of \$167 million.

A closer look at this year's giving reveals several exciting highlights:

- 57,813 individuals made more than 80,550 gifts
- 49 percent of gifts came from K-State alumni
- 28 K-State families made gifts and commitments of \$1 million or more
- \$15.4 million raised in scholarships and other student awards.

Each and every gift increases the university's capacity to grow and thrive, and our collective impact makes a big difference. Thanks to you, \$84.7 million was made available to campus in FY15 to support students, faculty, facilities and programs.

We are grateful and humbled by the generous spirit of every donor who contributes.

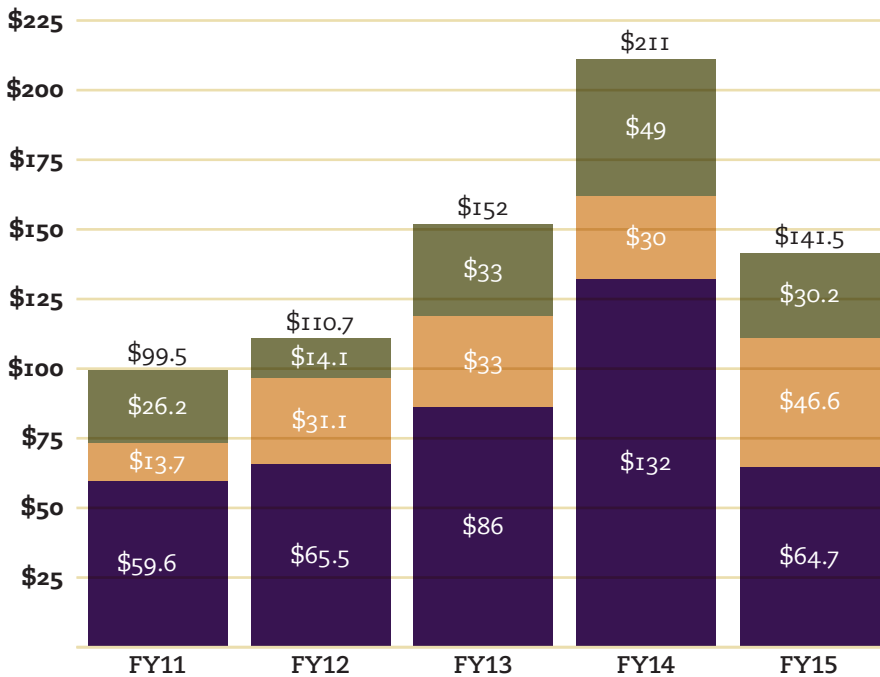
With K-State Pride,

Richard Myers, Chairman
KSU Foundation Board of Directors

Curtis Frasier, Chairman
KSU Foundation Board of Trustees

Greg Willems, President and CEO
KSU Foundation

Philanthropic giving to K-State

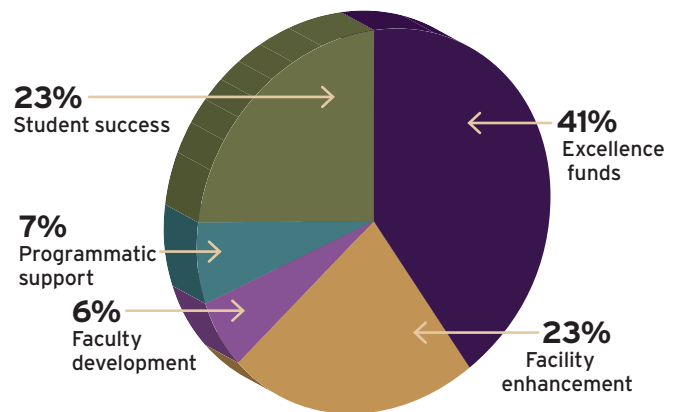


Dollars in millions

- Pledges** are commitments for specific amounts that will come to the university in a specific time frame, usually within five years.
- Deferred gifts** are commitments made through a variety of estate planning instruments, such as bequests, annuities and trusts, that will be realized by the university at some point in the future.
- Outright gifts** are given in the form of cash, securities and gifts-in-kind.

How donors designated \$141.5 million

- Support for students creates scholarships, fellowships and study-abroad opportunities. Gifts to student success also foster participation in leadership activities and help to ensure access to a K-State education for more students.
- Excellence funds provide university leaders with flexible resources to support ongoing and new research initiatives, curriculum development, lecture series, and student and faculty travel for professional development.
- Donors made significant gifts to these facility initiatives in fiscal year 2015:
 - College of Engineering Phase IV expansion
 - College of Business Administration new building
 - Berney Family Welcome Center
 - West Stadium Center and north end expansion
 - Seaton Complex revitalization and expansion
- Philanthropic support for faculty strengthens K-State's ability to recruit and retain outstanding faculty and give them the tools they need to thrive. Eminent faculty members attract exceptional students and reinforce K-State's reputation for excellence.



- Programmatic support helps college and unit leaders achieve specifically defined academic and experiential outcomes. These gifts boost momentum for existing programs and spur the development of new ones.



KSU Foundation highlights

The fiscal year that ended June 30, 2015, was an exciting period of progress for the KSU Foundation. Our three-year average of philanthropic gifts and commitments exceeds \$167 million, and we closed the year with \$141.5 million.

FY15 philanthropy sets record in two categories

Gift commitments through estate planning, including wills, trusts and annuities, reached a record high of \$46 million during fiscal year 2015. To learn about investing in your favorite area of Kansas State University through your long-term financial and estate planning, visit www.k-statelegacy.org.

Gifts received through corporate matching gift programs reached an all-time high, with \$965,192 given by 176 companies that matched one or more gifts from individuals. To search a database of companies helping their employees' generosity go further with a matching gift benefit, visit www.found.ksu.edu/match.

K-State Office Park progress

Construction on the K-State Office Park, an innovative four-phase project on a 14-acre tract of land adjacent to the Manhattan campus, began in fiscal year 2015. The KSU Foundation moved to the first facility, which was completed in October 2015, and construction of Phase II, which is planned to be another 60,000-square-foot building, could begin as soon as the second half of 2016.

“Our move to the new location at the K-State Office Park is an important step in an exciting future for the KSU Foundation,” said Greg Willems, president and CEO of the KSU Foundation. “The new facility will provide us with the office space needed to sustain fundraising for K-State well into the future. It will serve as the philanthropic home for K-State, where donors will be recognized and celebrated for their generosity.”

The foundation’s new home is the first of four office buildings planned for the K-State Office Park, which will add 220,000 square feet of space for academic and

commercial enterprises. In addition to KSU Foundation, the first building will also house tenants including Garmin, U.S. Engineering, Veterinary and Biomedical Research Center, GE Johnson Construction Company and the Center of Excellence for Emerging and Zoonotic Animal Diseases.

“The completion of the first building in the K-State Office Park is an important milestone for K-State and North Campus Corridor,” said K-State President Kirk Schulz. “This will truly be a dynamic location for the KSU Foundation that will support K-State’s increasing need for private support, as well as fuel economic growth and give corporate partners a prime location for university partnership. Ultimately, it will



COURTESY PHOTO



PHOTO: DAVID MAYES PHOTOGRAPHY

KSU Foundation Board of Directors

As of June 30, 2015

The KSU Foundation is fortunate to have a large body of trustees who support the university generously and serve as ambassadors in their communities. Trustees elect members of the board of directors, who serve as the foundation's governing body. Directors meet quarterly to consider strategic and policy issues and also serve on standing committees to provide guidance and oversight to foundation staff.

Janet Ayres
Scottsdale, Arizona
Secretary, Board of Directors

Rand Berney
McKinney, Texas
Vice Chairman, Board of Directors

Jan Burton
Boulder, Colorado

Charlie Chandler
Wichita, Kansas

David Everitt
Marco Island, Florida

Sharon Evers
St. Joseph, Missouri

Mike Goss
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Carl Ice
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Steve Lacy
Des Moines, Iowa
Vice Chairman, Board of Trustees

Kelly Lechtenberg
Oakland, Nebraska

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Chicago, Illinois
Chairman, Board of Directors
K-State Alumni Association

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Manhattan, Kansas

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John Currie
Director of Athletics
Kansas State University

Curtis Frasier
Beloit, Kansas
Chairman, Board of Trustees

April Mason
Provost and
Senior Vice President
Kansas State University

Amy Button Renz
President and CEO
K-State Alumni Association

Kirk Schulz
President
Kansas State University

Greg Willems
President and CEO
KSU Foundation

The names of trustees and reports of committee action are available on the foundation website at www.found.ksu.edu/trustees.

advance us toward our goal of becoming a top 50 public research university by the year 2025.”

The K-State Office Park's first building sits on the site of an office building that was originally started by the KSU Foundation in 2007, and discontinued in 2008 due to the onset of the Great Recession. The overall cost of the new building was reduced by using the same footprint as originally planned and some building materials that had already been purchased. The cost of this first 60,000-square-foot building is \$11.7 million, partially financed through a commercial loan. The design/build team includes Hoefler Wysocki Architects, Leawood, Kansas, and general contractors GE Johnson Construction, Colorado Springs, Colorado, and Hutton Construction, Wichita, Kansas.

Interested future tenants should contact Kate Ryan at 785-532-7559 or kater@found.ksu.edu, or visit www.k-siteonline.com.

KSU Foundation welcomes new president and CEO

In early fiscal year 2015, KSU Foundation welcomed Greg Willems as the new president and chief executive officer of the KSU Foundation.

Willems has held executive fundraising positions at the University of Hawai'i, University of British Columbia and Texas A&M. Prior to his development work, he worked in the corporate sector in the construction and insurance industries. Willems succeeded Fred Cholick, who had served as president and CEO of the foundation since February 2010.

To learn more about Willems and his activities, visit www.found.ksu.edu or follow the KSU Foundation on social media.

[facebook.com/ksufoundation](https://www.facebook.com/ksufoundation) twitter.com/KSU_Foundation

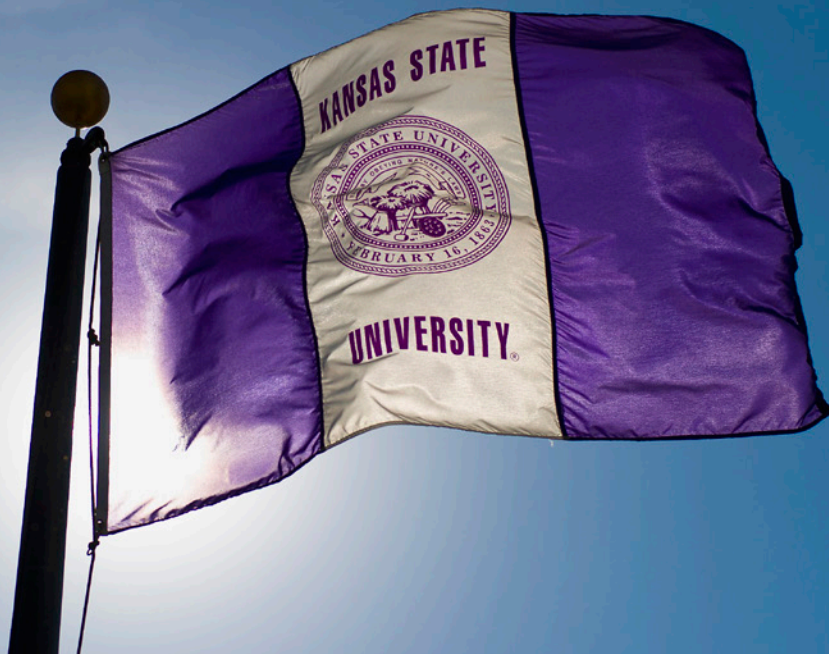


PHOTO: DAVID MAYES PHOTOGRAPHY

Advancing K-State 2025 through the endowment

The endowment is one of the most important components of the university's ability to serve current and future generations of K-Staters and is a key metric in K-State's strategic plan to become a top 50 public research university by the year 2025.

The KSU Foundation is responsible for managing the endowment pool with the goal of providing a permanent source of funding through investment returns to help the university meet its long-term

goals and maintain the purchasing power of endowed funds over time. Fiscal year results were impacted by dislocations in the energy markets and a slowdown in China, given the pool's exposure to energy and emerging markets. Private investments, specifically venture capital, were a positive contributor.

During the past year, the asset management committee, a standing committee of the KSU Foundation Board of Directors, received reports from two outside investment

consultants affirming the strategic asset allocation and operational structure of the investment management function. New allocations were made during the year to frontier equity markets and distressed energy investments.

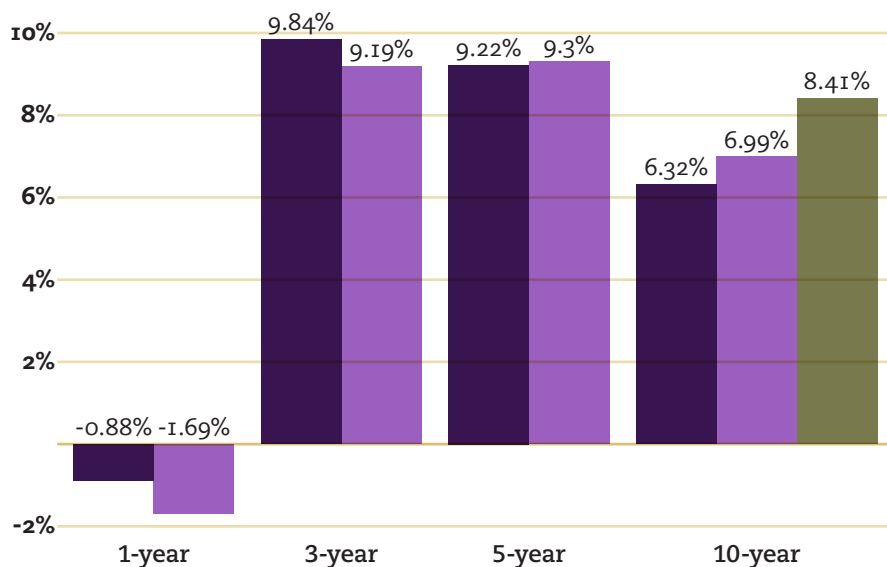
For the fiscal year end 2015, the endowment pool's market value was \$488.9 million. Over the last 20 years, K-State's endowment has enjoyed an annualized return of 8 percent.

Endowment pool performance

As of June 30, 2015

- KSUF endowment pool return
- Custom benchmark
- Absolute objective

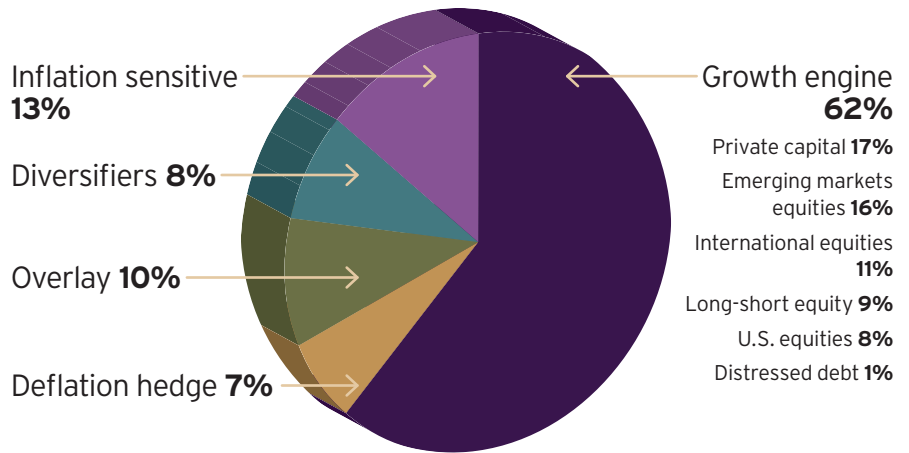
For more information on custom benchmark and absolute objective, see: www.found.ksu.edu/financials/investments/performance.html.



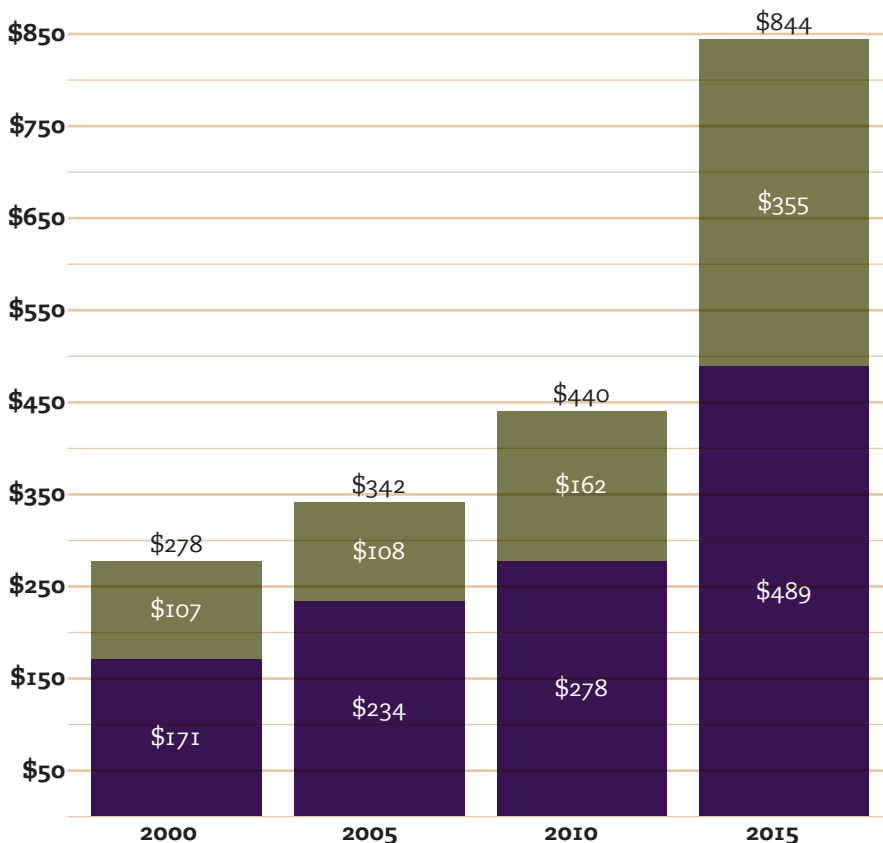
Guiding investment principles

- **Manage actively:** Excess returns can be generated via actively managed portfolios across global public and private asset classes.
- **Seek value:** Allocate capital to assets that are attractively priced and use a long-term investment time horizon as a sustainable advantage.
- **Stay diversified:** Appropriate diversification drives long-term risk-adjusted returns and consistent absolute return generation.
- **Focus on long-term investment horizon:** Achieve excess risk-adjusted returns over full-market cycles, not just over quarters and years.

Actual asset allocation as of June 30, 2015



KSU Foundation assets double in the last five years



The KSU Foundation's almost 100 percent growth in assets over the last 5 years has been driven by a number of primary factors:

- The endowment pool increase of \$230 million from new endowed gifts and market performance of the pool
- A private stock donated by a corporation that has grown by \$63 million
- Real estate investments growth of \$29 million
- Gift pledges growth by \$44 million
- Cash gifts growth by \$33 million

Dollars in millions

- Other foundation assets include expendable funds, real estate, trusts, pledges and closely held stock.
- The endowment pool is a combination of endowed accounts designated as permanent, term and board-designated endowments, as well as long-term investments of other foundation pooled funds and university affiliates. Participants own shares in the pool and receive distributions that provide programmatic support.

For more information about the foundation's investment policies and performance, please visit the foundation's website at www.found.ksu.edu and explore the section under "Managing K-State's endowment."

Kansas State University Foundation Consolidated Statement of Financial Position

JUNE 30, 2015 AND 2014

	2015	2014	Net Change
Assets			
Cash and cash equivalents	\$80,316,007	\$120,335,931	\$(40,019,924)
Investments	673,967,565	624,511,398	49,456,167
Pledges receivable – net of allowance and discounts	63,261,091	61,203,944	2,057,147
Receivables from estates	2,622,338	4,138,841	(1,516,503)
Loans receivable	230,603	276,086	(45,483)
Property and equipment, net of accumulated depreciation; 2015 — \$2,641,915; 2014 — \$2,654,453	1,624,345	1,356,228	268,117
Golf course property and equipment, net of accumulated depreciation; 2015 — \$2,317,184; 2014 — \$1,862,173	8,043,680	7,963,521	80,159
Cash surrender value of life insurance policies	5,556,658	5,002,855	553,803
Other assets and accrued investment income	8,511,213	5,920,978	2,590,235
TOTAL ASSETS	\$844,133,500	\$830,709,782	\$13,423,718
Liabilities and Net Assets			
Liabilities			
Accounts payable, deposits and other liabilities	\$16,097,451	\$3,946,101	\$12,151,350
Accrued liabilities	1,819,800	1,806,610	13,190
Assets held for others	11,383,291	11,371,082	12,209
Unitrust and annuity liabilities	18,459,316	20,113,142	(1,653,826)
Long-term debt	19,885,199	10,788,535	9,096,664
TOTAL LIABILITIES	67,645,057	48,025,470	19,619,587
Net Assets			
Unrestricted net assets	85,168,758	91,386,321	(6,217,563)
Temporarily restricted net assets	343,751,455	357,984,839	(14,233,384)
Permanently restricted net assets	347,568,230	333,313,152	14,255,078
Total net assets	\$776,488,443	\$782,684,312	\$(6,195,869)
TOTAL LIABILITIES AND NET ASSETS	\$844,133,500	\$830,709,782	\$13,423,718

Kansas State University Foundation Consolidated Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

	2015 Total	2014 Total	Net Change
Revenues, Gains and Other Support			
Contributions	\$99,986,355	\$172,631,435	\$(72,645,080)
Investment income (losses), net	(3,737,637)	(2,889,815)	(847,822)
Net realized and unrealized gains on investments	2,318,156	78,857,921	(76,539,765)
Other support			
Operational service charges, management fees and other	14,287,294	12,398,774	1,888,520
Receipts for grants, research, supplies, travel and other university departmental activities and funding allotments, etc.	3,790,059	4,375,720	(585,661)
Actuarial gains (losses) on unitrusts and annuity obligations	(138,926)	3,492,449	(3,631,375)
Total revenues, gains and other support	116,505,301	268,866,484	(152,361,183)
 Expenses and Support			
Direct university support			
Scholarships and other student awards	13,590,903	13,579,074	11,829
Academic	12,353,648	11,358,354	995,294
Administrative — faculty and student support	39,782,471	42,541,939	(2,759,468)
Capital improvements	41,286,597	6,008,378	35,278,219
Subtotal	107,013,619	73,487,745	33,525,874
Investment — loan interest expense and write-off	517,967	1,118,221	(600,254)
Foundation administration and fundraising expenses	15,169,584	12,242,210	2,927,374
Total expenses and support	122,701,170	86,848,176	35,852,994
 Change in Net Assets	 (6,195,869)	 182,018,308	 (188,214,177)
Net Assets, Beginning of Year	782,684,312	600,666,004	182,018,308
Net Assets, End of Year	\$776,488,443	\$782,684,312	\$(6,195,869)

The Consolidated Statement of Financial Position and the Consolidated Statement of Activities are excerpted from the Kansas State University Foundation's 2014 financial statements, which were audited by BKD, LLC. For a complete copy, please view online at www.found.ksu.edu or send a request to the Controller, KSU Foundation, 1800 Kimball Ave. Ste. 200, Manhattan, KS 66502-3373.