



Rand Berney

Dear K-Staters,

Welcome to KSU Foundation's fiscal year 2016 Annual Report. We are pleased to present you with a summary of a memorable year in the history of KSU Foundation and Kansas State University, and the outstanding results that we have achieved together as K-Staters.

This year had many highlights. Perhaps chief among them was the launch of the \$1 billion Innovation and Inspiration Campaign for K-State. Driven by the momentum and excitement of this multi-year fundraising effort, gifts and commitments by alumni, friends, parents, faculty, staff, students and corporate partners of K-State totaled \$150.6 million in the fiscal year that ended June 30, 2016.

This level of philanthropic support marks the third most successful year in charitable giving in the more than seven-decade history of the KSU Foundation, and the fifth consecutive year fundraising has topped \$100 million.

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

- 55,332 individuals made nearly 80,000 gifts.
- Fifty-one percent of dollars raised came from Kansas State University alumni.
- Twenty-five gifts and commitments were \$1 million or more.
- Gift commitments through estate planning, including wills, trusts and annuities, reached an all-time high of \$53.9 million.

And that's just the beginning. In the following pages, you will learn how loyal donors like you made a difference at K-State in FY16 with their philanthropic contributions. From outright gifts to endowed, from supporting students and faculty to facilities and programs, we were proud to partner with you to help leverage your generosity so it could have the greatest impact on campus. This is our impact report back to you, our philanthropic partners.

As always we are grateful and humbled by the generous spirit of every donor who contributes. Your support and investment provides a measure of excellence for K-State to overcome challenges, now and in the future.

We look forward to our continued partnership as we work to advance K-State together.

With K-State Pride,



Sharon Evers

A handwritten signature in purple ink that reads "Rand C. Berney".

Rand Berney, Chairman
KSU Foundation Board of Directors

A handwritten signature in purple ink that reads "Sharon Evers".

Sharon Evers, Acting Chair
KSU Foundation Board of Trustees

A handwritten signature in purple ink that reads "G. Willems".

Greg Willems, President and CEO
KSU Foundation



Greg Willems

YOUR IMPACT AT A GLANCE



\$150.6 million

in gifts and commitments in FY16

\$72.2 million

made available to campus, including \$22.8 million from endowment distributions in FY16



\$475.6 million

market value of the endowment pool, of which \$342 million is in permanent endowment as of FY16



\$14.5 million

in scholarship dollars and other student awards made available to campus in FY16

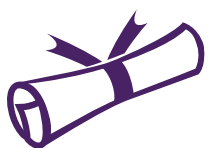
6,393

donor funds managed as of FY16



\$8.5 million

in annual gifts (gifts < \$10,000) in FY16



\$53 million

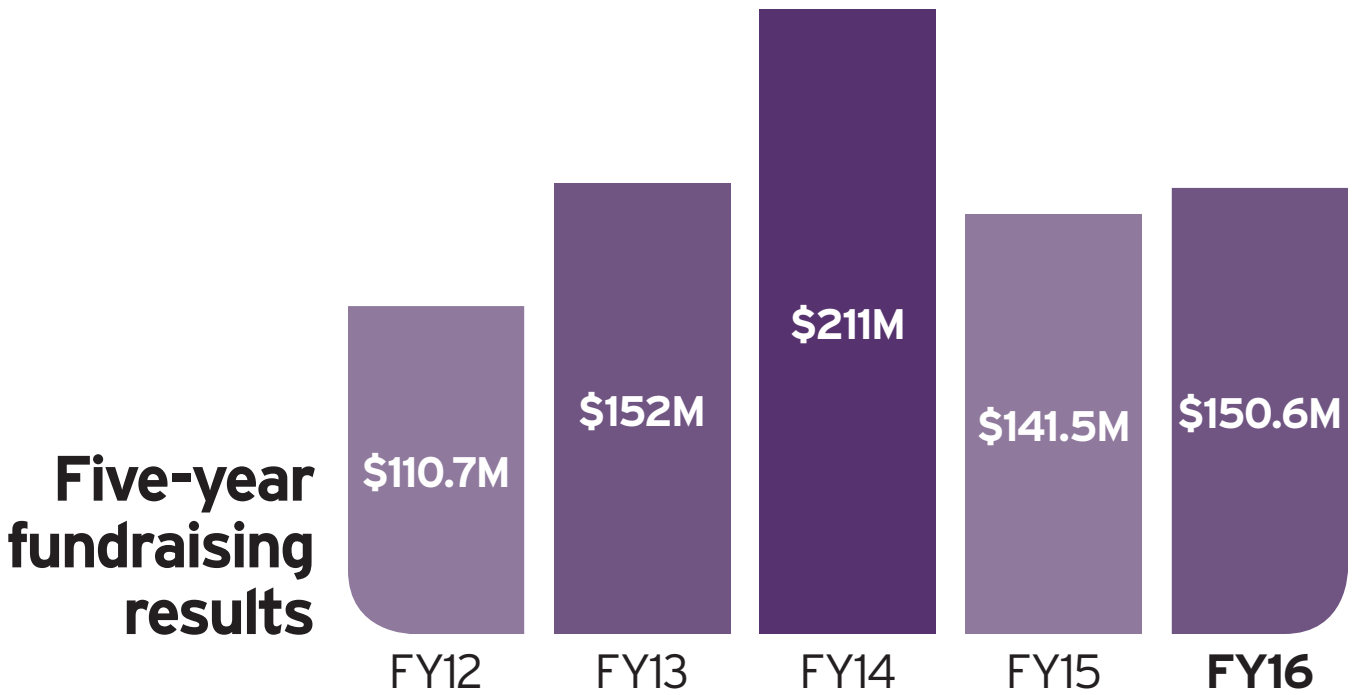
in new planned gifts in FY16 to be realized in the future



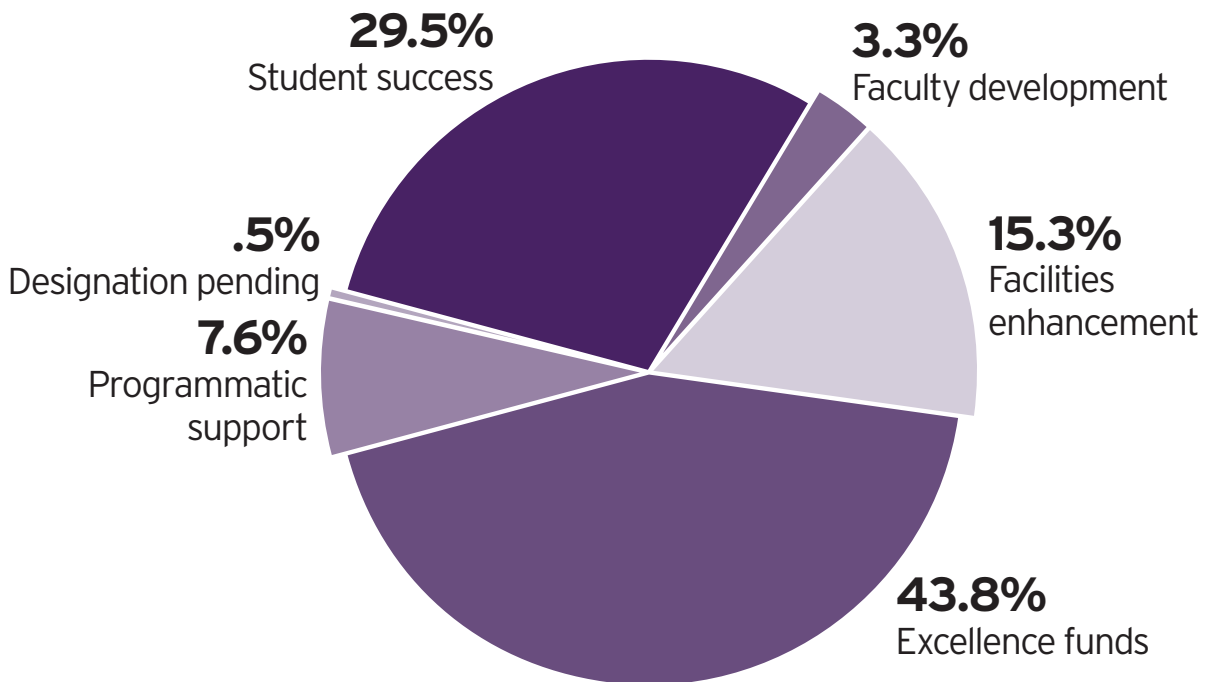
\$150+ million

average fundraising results over the past 5 fiscal years as of FY16

IMPACT REPORT

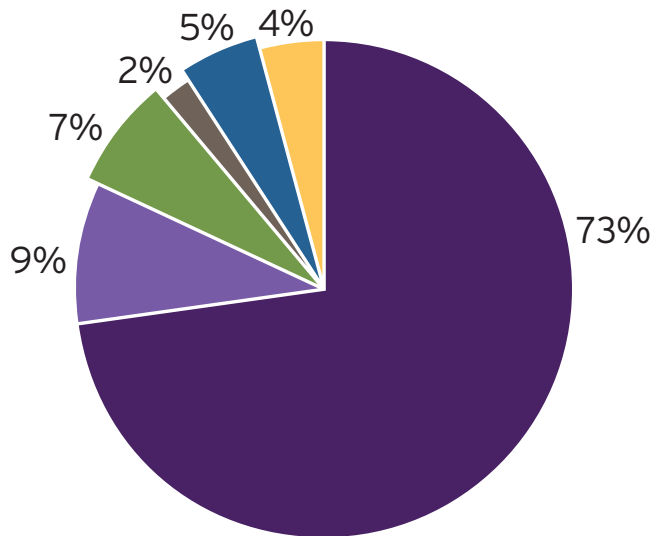


How donors designated their gifts

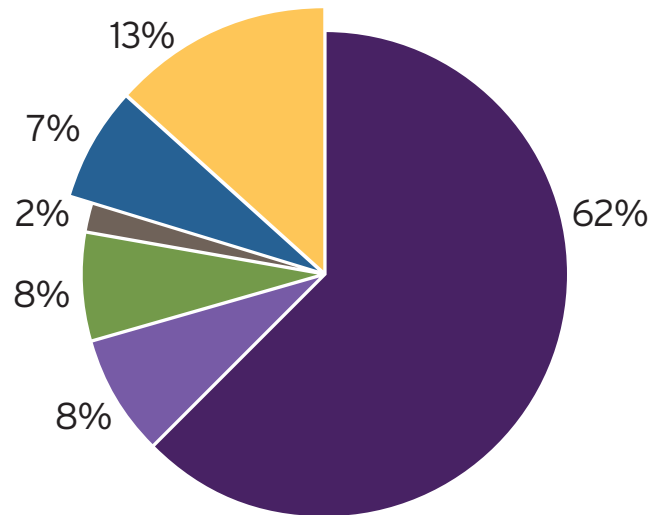


Learn more about excellence funds on page 8.

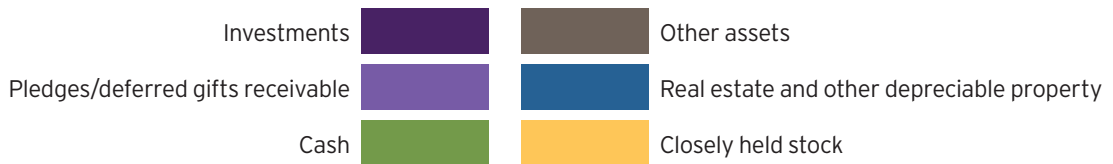
Management of total assets



2011: \$532 million



2016: \$834 million



The KSU Foundation's increasingly diversified portfolio of total assets has led to a \$302 million increase in assets over the last five years.

This increase has been driven by a number of factors.

- An investments increase of \$130 million from new endowed gifts and market performance of the pool
- A private stock gift donated by a corporation that has grown by \$85 million
- Real estate investments growth of \$34 million
- Gift pledges growth by \$22 million
- Cash gifts growth by \$24 million

KSU FOUNDATION BOARD OF DIRECTORS

As of June 30, 2016

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

Rand Berney
Round Rock, Texas
Chairman, Board of Directors

Jan Burton
Boulder, Colorado
Secretary, Board of Directors

Charlie Chandler
Wichita, Kansas

David Everitt
Marco Island, Florida

Sharon Evers
St. Joseph, Missouri
Acting Chair, Board of Trustees

Mike Goss
Westport, Connecticut
Treasurer, Board of Directors

Carl Ice
Westlake, Texas

Steve Lacy
Des Moines, Iowa
Vice Chairman, Board of Directors

Charlene Lake
Dallas, Texas

Kelly Lechtenberg
Oakland, Nebraska

Kevin Lockett
Leawood, Kansas

Steve Theede
Houston, Texas

Mary Vanier
Manhattan, Kansas

Dan Yunk
Manhattan, Kansas
Chairman, Board of Directors

K-State Alumni Association

Ex Officio members

John Currie
*Director of Athletics
Kansas State University*

April Mason
*Provost and
Senior Vice President
Kansas State University*

Gen. Richard Myers (Ret.)
*Interim President
Kansas State University*

Amy Button Renz
*President and CEO
K-State Alumni Association*

Greg Willems
*President and CEO
KSU Foundation*



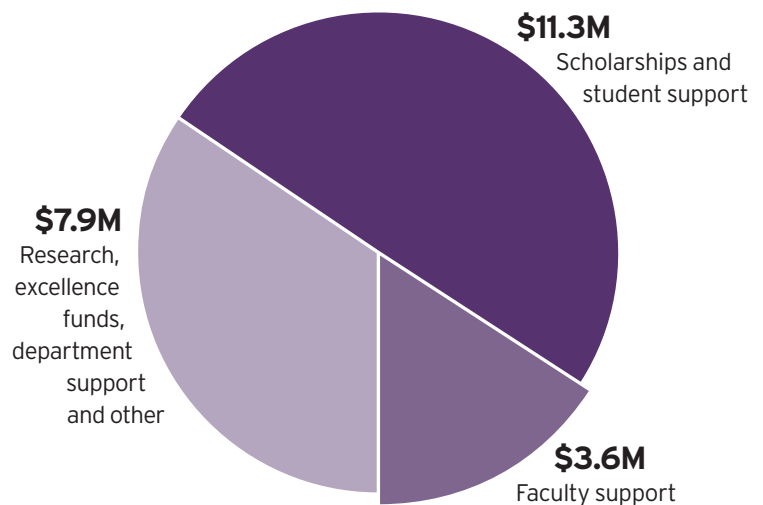
\$475.6 million

market value of the endowment pool, of which \$342 million is in permanent endowment as of June 30, 2016.

3,300

Number of endowed funds as of June 30, 2016.

Impact for FY16



\$22.8M TOTAL DISTRIBUTIONS FROM ENDOWMENT

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.

IMPACTING THE FUTURE

K-State's endowment pool in FY16

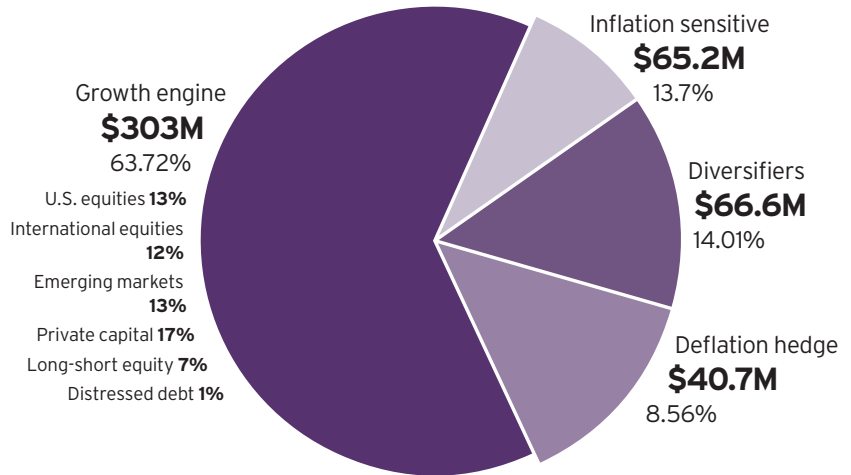
By Lois Cox, Vice President of Investments/CIO, KSU Foundation

A diversified, global approach to managing this long term pool of endowed assets is essential to earning the distribution rate, plus inflation, over multiple market cycles. This strategy requires patience in maintaining the strategic asset allocation, management of the downside risk, and manager selection skill in implementation.

While investment returns have been muted over the past couple of years, KSU Foundation continues to outperform a benchmark of passive indices and performed in the top quartile of the endowment universe in fiscal year 2016 as measured by investment consultant, Cambridge

ENDOWMENT POOL ASSET ALLOCATION

Actual asset allocations as of June 30, 2016



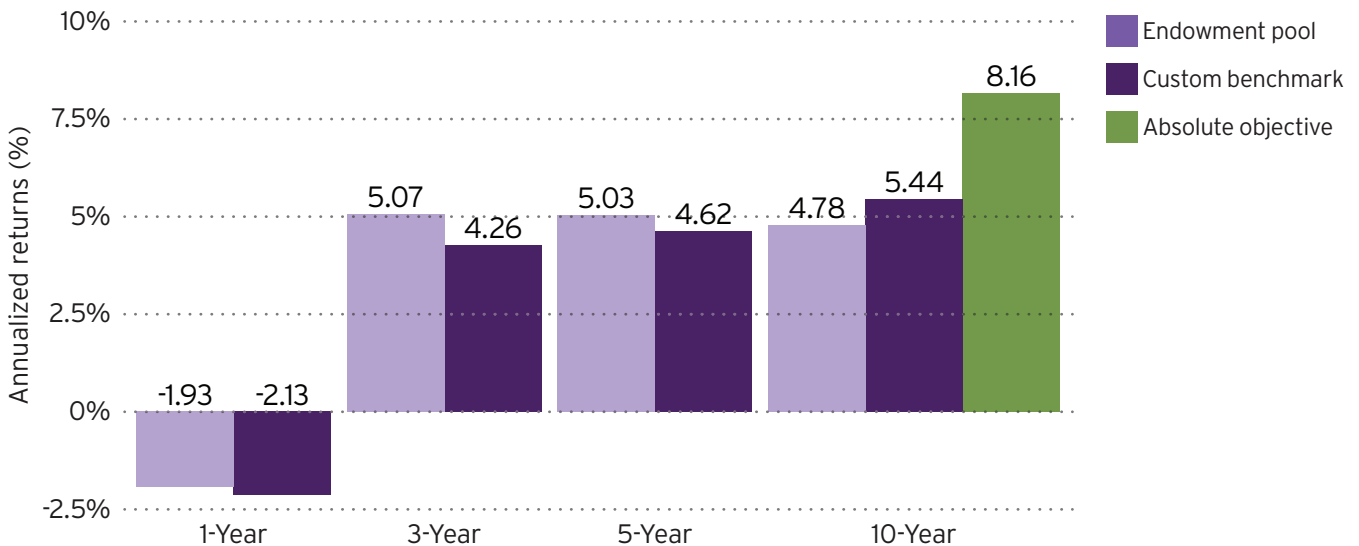
Associates. The fiscal year results were driven by strong returns in private investments, offset by weakness in the global equity markets. We anticipate low interest rates and slow global growth to keep investment returns moderately low over the near to medium term.

We continue to carefully consider the impact of spending relative to the ability to sustain and grow the endowment.

For additional information on endowment returns, please visit www.found.ksu.edu/investments.

INVESTMENT PERFORMANCE

for period ending June 30, 2016



Kansas State University Foundation
Consolidated Statement of Financial Position

JUNE 30, 2016 AND 2015

	2016	2015	Net Change
Assets			
Cash and cash equivalents	\$62,138,318	\$80,316,007	\$(18,177,689)
Investments	672,381,936	673,967,565	(1,585,629)
Pledges receivable — net of allowance and discounts	58,676,189	63,261,091	(4,584,902)
Receivables from estates	2,877,582	2,622,338	255,244
Loans receivable	199,843	230,603	(30,760)
Property and equipment, net of accumulated depreciation; 2016 — \$578,850, 2015 — \$2,641,915	15,151,853	1,624,345	13,527,508
Golf Course property and equipment, net of accumulated depreciation; 2016 — \$2,863,359, 2015 — \$2,317,185	7,683,152	8,043,680	(360,528)
Cash surrender value of life insurance policies	5,786,009	5,556,658	229,351
Other assets and accrued investment income	9,376,893	8,511,213	865,680
TOTAL ASSETS	\$834,271,775	\$844,133,500	\$(9,861,725)
Liabilities and Net Assets			
Liabilities			
Accounts payable, deposits and other liabilities	\$4,190,511	\$16,097,451	\$(11,906,940)
Accrued liabilities	1,920,231	1,819,800	100,431
Assets held for others	11,515,786	11,383,291	132,495
Unitrust and annuity liabilities	17,860,993	18,459,316	(598,323)
Long-term debt	19,361,540	19,885,199	(523,659)
TOTAL LIABILITIES	54,849,061	67,645,057	(12,795,996)
Net Assets			
Unrestricted net assets	68,756,803	85,168,758	(16,411,955)
Temporarily restricted net assets	345,784,062	343,751,455	2,032,607
Permanently restricted net assets	364,881,849	347,568,230	17,313,619
Total net assets	779,422,714	776,488,443	2,934,271
TOTAL LIABILITIES AND NET ASSETS	\$834,271,775	\$844,133,500	\$(9,861,725)

Kansas State University Foundation Consolidated Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	2016 Total	2015 Total	Net Change
Revenues, Gains and Other Support			
Contributions	\$93,310,141	\$99,986,355	\$(6,676,214)
Investment Income (losses), net	(6,218,650)	(3,737,637)	(2,481,013)
Net realized and unrealized gains on investments	22,979,566	2,318,156	20,661,410
Other support			
Operational service charges, management fees and other	14,448,080	14,287,294	160,786
Receipts for grants, research, supplies, travel and other university departmental activities and funding allotments, etc.	3,918,067	3,790,059	128,008
Actuarial gains (losses) on unitrusts and annuity obligations	(140,107)	(138,926)	(1,181)
Total revenues, gains and other support	128,297,097	116,505,301	11,791,796
Expenses and Support			
Direct university support			
Scholarships and other student awards	15,592,757	13,590,903	2,001,854
Academic	25,756,192	12,353,648	13,402,544
Administrative — faculty and student support	38,034,648	39,782,471	(1,747,823)
Capital improvements	27,916,906	41,286,597	(13,369,691)
Subtotal	107,300,503	107,013,619	286,884
Investment — loan interest expense and write-off	576,804	517,967	58,837
Foundation administration and fundraising expenses	17,485,519	15,169,584	2,315,935
Total expenses and support	125,362,826	122,701,170	2,661,656
Change in Net Assets	2,934,271	(6,195,869)	9,130,140
Net Assets, Beginning of Year	776,488,443	782,684,312	(6,195,869)
Net Assets, End of Year	\$779,422,714	\$776,488,443	\$2,934,271

The Consolidated Statement of Financial Position and the Consolidated Statement of Activities are excerpted from the Kansas State University Foundation's 2016 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.