



## What a Difference a Decade Has Made



# What a Difference a Decade Has Made

## Dear alumni and friends:

In 2001, we commemorated 50 years of service to Ball State University. It was a time for celebration. Our founders provided a solid foundation, and we took pride in the growth of our board and professional staff, our strong partnership with Ball State, a sound investment strategy, and a growing asset base of \$113 million. Foremost, we were grateful for the beneficence of our donors and for their loyal support of Ball State.

Fast-forward 10 years to 2011. Building on our experience of the last decade, an even more professional and innovative organization has emerged to serve donors and the university. We have weathered financial storms with a diversified investment policy, crafted with a balance of prudence and risk. Using the expertise of our board, staff, and in partnership with the university, the foundation has accomplished more than 90 percent of the goals of our 2007–2012 strategic plan with more than a year to go. Also in the past decade, the foundation has participated in two highly successful comprehensive capital campaigns while expanding services to our benefactors.

We have experienced solid growth since the celebration of our golden anniversary. What a difference a decade has made!

This year's annual report is a 10-year retrospective and is presented as a tribute to our donors and others who have taken us to today's level of excellence and stewardship.



Handwritten signature of Stefan S. Anderson in black ink.

Stefan S. Anderson  
Chairman, Board of Directors  
Ball State University Foundation

Handwritten signature of David W. Bahlmann in black ink.

David W. Bahlmann  
President and CEO  
Ball State University Foundation

## A Decade of Extraordinary Leadership

We salute our board chairs who served during this decade for their exceptional vision and leadership.



**Mary R. Sissel, MA '78**  
Denver, Colorado  
2000–2002



**Richard W. Hutson, BS '60, MA '62**  
Lake Forest, Illinois  
2002–2004



**William L. Skinner**  
West Tisbury, Massachusetts  
2004–2006



**Anthony L. Schneider, BS '80**  
Indianapolis, Indiana  
2006–2008



**J. Richard Emens**  
Columbus, Ohio  
2008–2010



**Stefan S. Anderson, HHD '93**  
Muncie, Indiana  
2010–2012

# Progress + Promise: A Look at the Last 10 Years

**Our last 10 years were filled with achievements and challenges that required creative solutions.**

What made this decade stand out was the significant growth and development of the foundation in the areas of board governance, investment strategy, university support, and donor stewardship.

## **A Fully Engaged Board**

In line with our goal of ever improving the efficiency of the foundation, we have taken thoughtful steps to expand governance procedures and policies. Improvements to our organizational structure, committee development, the creation of task forces, and a comprehensive strategic plan have all been integral to this process.

## **Board and Committee Development**

Our board of directors has grown both in size and scope of functionality, with 31 voting members and active committees that focus on board development and administration, investments, operations and finance, audit, and philanthropy. Our board consists of a wide variety of professionals responsible for the broad strategic direction and key policies as well as the overall governance and accountability of the organization. Service on committees in their areas of expertise allows members to become engaged and use their skills.

In 2004, we recognized that there would be significant turnover in the years ahead due to term limits on our board members, so an initiative to recruit top level executives and professionals was put into action. Consequently, our board has developed into a highly diversified set of leaders from all over the country with the skills needed to add value to the organization. Kent “Oz” Nelson, BS ’59, LLD ’94, then chairman of the Committee on Directors, is proud of the depth of talent that has been recruited. “The results are evident,” he says.

Last year, Penny A. Ralston, BS ’71, chair of the Committee on Directors, led a task force examining board members’ commitments and responsibilities, a process facilitated by each member completing an extensive survey. The task force divided itself into two groups: the structure and content group, which focused on board composition, board meeting efficiency, and utilization of committees, and the board engagement task force, which looked at operational processes, accountability, engagement, and the mentoring and orientation of new members.

The newest committee, the Planned and Endowment Giving Committee, formed in 2004, has served as an asset for long-term fundraising efforts. Currently chaired by John R. Seffrin, BS ’66, HSD ’94, CEO of the American Cancer Society, the committee reviews program policies and procedures and assists with the cultivation, education, solicitation, and promotion of planned and endowed gifts.

## **Strategic Plan**

In 2007, we unveiled our first long-term strategic plan, a set of goals that would guide future decisions and policy-making procedures. These six goals have helped us focus on achieving our vision and mission in a time of fast paced evolution, challenges, and opportunities.

Implementation of the strategic plan has substantially contributed to the strength of the foundation as a partner of the university and facilitated the provision of stable financial support to the university during recent times of upheaval and volatility in the financial markets. Next year, a task force will forge a new strategic plan for 2012–2017.

“The task ahead is to start with a clean slate and seek the most effective means for supporting this ever changing university in the years ahead,” says Stefan S. Anderson, foundation board chairman. “It is part of our culture and mission to expect our foundation to continuously improve and seek new horizons to support Ball State and its donors.”

## **Goals: 2007–2012 Strategic Plan**

- **Service to Constituents**—Offer unparalleled service to all constituents, including the university, donors, and beneficiaries.
- **Investment Management**—Use effective investment strategies to maximize long-term performance for a growing asset base.
- **Fundraising**—Through the board, the foundation will become an active participant and catalyst for fundraising initiatives.
- **Volunteer and Staff Development**—Engage in ongoing development and succession strategies to ensure effectiveness.
- **Organizational Structure**—Continuously pursue an efficient organizational system.
- **Integrated Operational Model**—As an independent nonprofit, the foundation strives to operate in an integrated manner with other divisions of Ball State.



Helen B. and Martin D. Schwartz Special Collections and Digital Complex

# Nationally Recognized Investment Practices

**In a decade of turbulent economic change, we have managed to persevere despite the market conditions.**

Our assets have grown and the investing process has become more complicated, but our mission remains the same: to provide maximum, sustainable support to Ball State.

## Small Nonprofit of the Year

In 2007, we were named Small Nonprofit of the Year by the editorial staff of *Alternative Investment News* and *Foundation and Endowment Money Management* at the seventh annual Nonprofit Awards for Excellence. Decades in the making, the award for the effective implementation of our investment policies and results is due to the innovation and creativity of our board, investment committee, and staff.

We were selected out of a pool of several thousand peer colleges and universities, all of whom have assets under \$500 million. Contenders were judged on performance, investment decisions, and use of managers and consultants.

At the time, the work of the Investment Committee, then chaired by J. Richard Emens, consulting firm Hammond Associates, and members of foundation staff produced results that by September 30, 2007, had generated a five-year average investment return of 17 percent.

## Asset Growth

From the period of 2001–2011 our assets have grown from \$113 million to more than \$199 million.

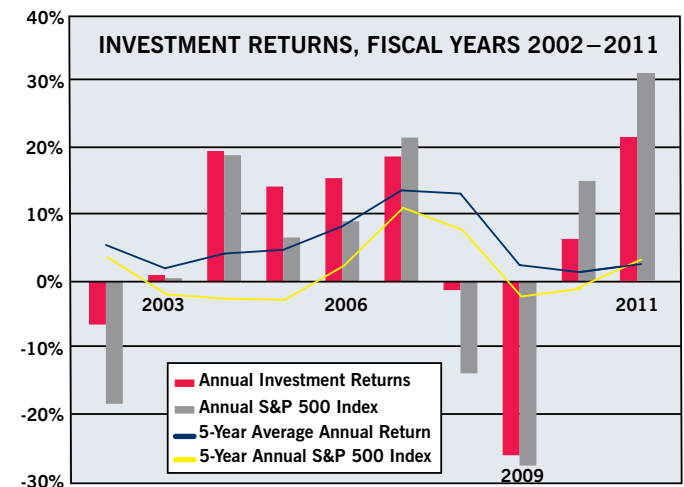
Over the past decade, the allocation of our assets has changed as the financial markets have changed. In 2001, assets were split between equity (70 percent) and fixed income (30 percent). In 2003, we hired Hammond Associates as a consultant and a year later started allocating up to 50 percent of our assets to alternative investments such as private equity, real assets, and hedge funds. Our current asset plan has evolved to the percentages in the chart below.

In fiscal year 2011, we achieved +20.6 percent in investment returns—the third highest return in foundation history, behind only fiscal years 1985 and 1997. This carries the five year average annual return to 2.3 percent, the 10-year return to 5.2 percent, and the 20-year return to 8.3 percent.

## A Distinctive Model—CIO/Investment Manager Liaison

In 2010 and 2011, considerable thought and planning was devoted to the development of our current model investment management structure. Chief Investment Officer Thomas B. Heck, MS '83, has a distinctive role as the interactive staff professional working with the foundation and our third party investment firm, Perella Weinberg Partners.

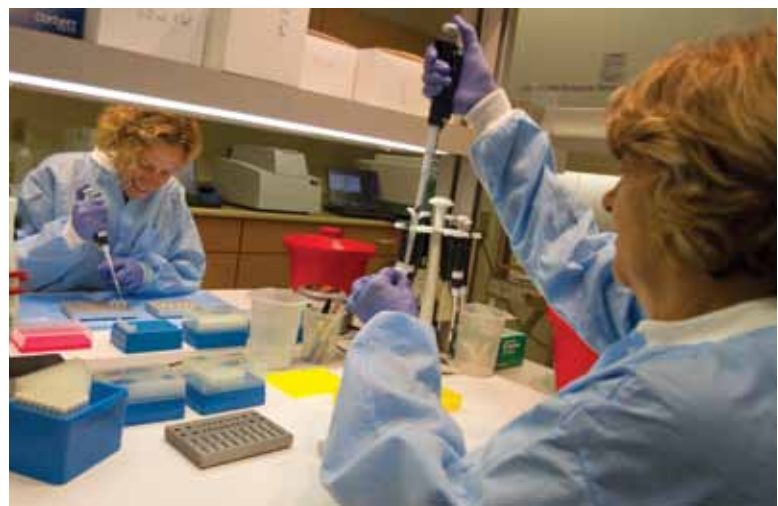
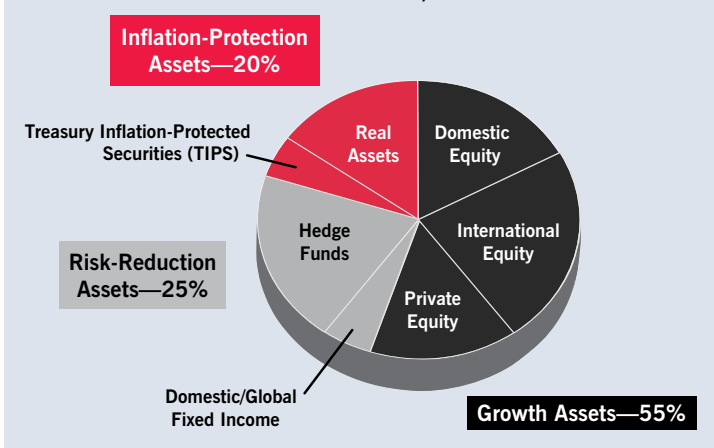
By using Perella Weinberg Partners, the foundation has access to resources it would not be able to build internally, while enabling us to tailor our investment policies, objectives, and asset allocation to fit our mission and needs.



## Investment Return Policy

In the years since 2007, we have modified our Investment Policy Statement and the investment objectives as financial markets and university needs have changed. Today, given the reduced public funding for higher education, we are structuring our investment process and portfolio to target a gross long-term return of 9 percent in order to support the university's anticipated needs for higher levels of funding.

## POLICY ASSET ALLOCATION, FISCAL YEAR 2011



# Supporting a Growing University in an Ever-Changing Environment

**Our partnership with Ball State has been strong from the start.** Our mission to provide maximum sustainable support to the university has always been clear. Ongoing economic volatility and recent decreases in state funding will place an even greater premium on this strong relationship.

## Campaign Success

Over the past decade, we have played a significant role in two highly successful comprehensive campaigns: Above and Beyond and Ball State Bold. Both surpassed their lofty goals (see Campaigns: Facts and Figures). Our responsibilities included providing support for campaign promotions, processing gifts and pledges, offering professional assistance in creating planned and endowment gifts, and providing strong investment strategies to sustain and increase incoming funds.

## Financial Picture/Asset Allocations

Alumni and friends of Ball State made contributions of more than \$13 million in fiscal year 2011. Contributions from 2001–2011 totaled more than \$196 million. Total contributions since the founding of the foundation in 1951 now exceed \$375 million. Future gifts such as bequests, life insurance policies, property, and life income plans have grown to more than \$90 million.

During fiscal year 2011, we provided more than \$15 million in support to Ball State in many areas including student financial assistance, academic programs, and faculty compensation. In the last 10 years, we have provided more than \$180 million in support, with total support provided since 1951 topping \$292 million. Practical budgeting and investment strategies have also allowed us to provide financial resources for high profile construction projects such as the Student Recreation and Wellness Center, Fisher Football Training Facility, Shafer Tower, and women's field hockey grounds at the Briner Sports Complex.



## Investing in the Educational Process

Sponsored by the foundation, Ball State's Student Managed Investment Fund, part of Finance 367: Practicum in Investment Analysis and Decision Making, has allowed the next generation of investment managers to get a head start on their career. In 2005, we allocated \$250,000 of our portfolio for the class to manage. The next year, \$250,000 was added to the fund.

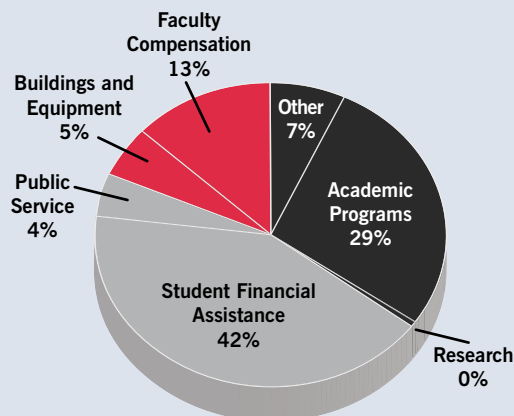
Students in this class utilize the Miller College of Business A. Umit Taftali Center for Capital Markets and Investing. Funded with a lead gift from board member and current Investment Committee chairman, A. Umit Taftali, the center provides an active business-trading environment for all business students.

About 125 students have participated in this real-world experience. In the challenging markets since the fund was established, the portfolio has earned an average annual return of +2.3 percent.

"Our intent is to create an experience that takes the knowledge and skills learned in the classroom to a much higher level. The program provides a tangible way for the foundation to invest in the education of Ball State students."

—Thomas B. Heck,  
foundation chief  
investment officer

## DESIGNATION OF NET ASSETS FISCAL YEAR 2011



# Campaigns: Facts and Figures



John B. and June M. Scheumann Stadium

## Ball State Bold: Investing in the Future (Fiscal Years 2005–2011)

- More than 65,000 donors invested more than \$210.8 million, exceeding the \$200 million goal.
- New and matured planned gifts totaled more than \$64 million, exceeding the \$50 million goal.

### Initiatives

#### Investing in Transformative Experiences

- In four years, 12,000+ students completed more than 700 immersive learning projects based in 70 counties.

#### Investing in a Vibrant Campus

- John B. and June M. Scheumann Stadium
- Marilyn K. Glick Center for Glass
- Edmund F. and Virginia B. Ball Honors House
- Student Recreation and Wellness Center

#### Investing in National Recognition

- 28 nationally ranked or recognized programs
- Ball State ranked eighth among “up-and-coming,” innovative colleges and universities by *U.S. News & World Report*
- Ball State named one of the best universities in the Midwest seven years running by The Princeton Review

#### Investing in the Intellectually Curious

- 200+ scholarships, including 133 new endowment funds
- 55 Bold Celebration Scholars

## Above and Beyond: The Campaign to Advance Ball State University (Fiscal Years 1998–2002)

- Nearly 43,000 donors contributed \$112.9 million, exceeding the \$90 million goal.
- Planned gifts totaled more than \$4.1 million, including 56 new planned gifts.

### Initiatives

- Provide scholarships and graduate fellowships to attract more top-ability students, including National Merit and National Achievement Scholars—\$31 million
- Develop innovative academic programs to enhance classroom teaching—\$30 million
- Capital improvements, including a new campus bell tower and carillon and athletic training facility—\$28.5 million



# Giving Back to Those Who Give

**Going hand-in-hand with service to the university, we strive to make giving to Ball State a rewarding experience.** With generous donor support, Ball State is thriving and leading the way in creating innovative academic experiences. We are grateful for those who, despite economic challenges, have continued to support Ball State, and we will continue to be good stewards of their funds.

## Providing Choices

During the last decade, alumni and friends who created endowments (perpetual funding for scholarship, programs, faculty, or unrestricted purposes) were able to select two ways to manage their funds.

**Option 1: Stable Value Funds** (\$25,000 minimum) do not participate in gains or losses in our investment portfolio over time. A percentage of the fund balance, determined by our board of directors, is available each year as a spendable amount for the purposes designated in the fund agreement. Donors may choose to reinvest a certain percentage of the annual fund balance back into the fund for long-term growth.

**Option 2: Legacy Funds** (\$50,000 minimum) do participate in the earnings, gains, and losses of our investment portfolio on a total return basis. Each year, a percentage (spending rate) of the fund balance, determined by our board of directors, is available for support of the purposes designated in the fund agreement. Any unspent money is retained in the fund to allow for long-term growth.

## Recognition

A new donor recognition wall was installed in the Alumni Center in 2004. This allows us to proudly recognize members of our giving groups: Founders, Quadrangle, Fellows, and Beneficence societies. A list of the more than 700 endowment funds is also displayed on the wall. With the success of the Bold campaign, plans are to expand the display and possibly include the large number of 1918 Society members who give to Ball State for a consecutive number of years.

## Technology

In 2002, online giving came into the picture. From the convenience of their computer or other electronic devices, alumni and friends can go through a few simple steps to donate.

The Guide to Gift Planning website was also launched in 2002. It features the benefits of giving to Ball State along with explanations on what and how to give, gift comparisons, calculators, current articles on estate planning, e-brochures, and inspiring donor stories.

An online platform was launched in 2011 to help benefactors manage their donor advised funds. Created through Cardinal Funds Inc., a philanthropic partner controlled by the foundation, donor advised funds work much like a charitable checking account and are a great alternative to setting up a costly private foundation. The fund can be used to support various programs through the university, provide scholarships, and give to other charitable organizations. The convenient, password-protected online platform helps donors keep track of their account, make grant recommendations, and collaborate with friends and family.



# Fiscal Year 2011 New Endowments

Casazza Family Theatre Scholarship

Jim Davis Endowment for New Media

Emens Scholarship in honor of A. Umit Taftali

Elizabeth A. Fox Scholarship

Hanson Rhetoric and Composition Award

Hosey Scholarship

June Gadbury Howell Memorial Scholarship in Nursing

Johnston Family Fund

Jim and Marybeth Lintzenich Freshman Merit Scholarship

Thomas S. McComish Scholarship in Aquatic Biology and Fisheries

James F. McKenzie Scholarship for Non-Traditional Students

Oz Nelson Scholarship

O'Hara Family Scholarship

James W. and Joyce L. Parks Excellence Grants for Curriculum Enhancements Fund

Parks Poppa Freshman Merit Scholarship

Mark Popovich Family Fund

Dr. Joe R. and Alice Pursley Rinard Scholarship

Shaw and de Wetter Scholarship

Carl and Marjorie Strohm Scholarship

John and Therese Weakland Scholarship



A. Umit Taftali Center for Capital Markets and Investing

## Statement of Financial Position

### Assets

	2011	2010
Cash and investments in marketable securities	\$167,636,011	\$145,925,580
Contributions receivable	16,062,546	19,555,428
Beneficial interests in perpetual and external trusts	4,013,150	3,567,409
Investments in split-interest agreements	2,250,491	1,991,123
Property and equipment	6,374,504	6,501,189
Other assets	2,876,166	1,729,457
<b>Total assets</b>	<b>\$199,212,868</b>	<b>\$179,270,186</b>

### Liabilities

Accounts payable	\$3,092,232	\$4,514,133
University grants payable	1,341,508	1,341,508
Accrued expenses	193,459	211,248
Line of credit	2,500,000	3,395,000
Term note payable	7,300,000	8,300,000
Bond payable	10,000,000	10,000,000
Annuity and trust obligations	2,381,063	2,480,569
<b>Total liabilities</b>	<b>\$26,808,262</b>	<b>\$30,242,458</b>

### Net Assets

Unrestricted	\$531,465	(\$12,084,096)
Temporarily restricted	103,424,050	93,829,581
Permanently restricted	68,449,091	67,282,243
<b>Total net assets</b>	<b>\$172,404,606</b>	<b>\$149,027,728</b>
<b>Total liabilities and net assets</b>	<b>\$199,212,868</b>	<b>\$179,270,186</b>



# Statement of Financial Activities

<b>Total Foundation</b>	<b>2011</b>	<b>2010</b>
<b>Revenue, Gains, and Other Support</b>		
Contributions and promotional activities	\$13,572,000	\$15,688,712
Investment income, including net realized and unrealized gains	27,706,819	8,119,866
<b>Total revenue, gains, and other support</b>	<b>\$41,278,819</b>	<b>\$23,808,578</b>
<b>Expenses</b>		
University programs, including capital projects	\$12,740,852	\$ 14,409,797
Management and general	1,629,140	1,510,007
Fundraising	3,531,949	3,280,946
<b>Total expenses</b>	<b>\$17,901,941</b>	<b>\$19,200,750</b>
<b>Change in net assets</b>	<b>\$23,376,878</b>	<b>\$4,607,828</b>
 <b>Unrestricted</b>		
<b>Revenue, Gains, and Other Support</b>		
Contributions and promotional activities	\$2,216,576	\$1,742,811
Investment income, including net realized and unrealized gains	16,390,478	3,631,625
Operating support fees	953,514	936,069
Net assets released from restrictions	10,956,934	13,161,273
<b>Total revenue, gains, and other support</b>	<b>\$30,517,502</b>	<b>\$19,471,778</b>
<b>Expenses</b>		
University programs, including capital projects	\$12,740,852	\$14,409,797
Management and general	1,629,140	1,510,007
Fundraising	3,531,949	3,280,946
<b>Total expenses</b>	<b>\$17,901,941</b>	<b>\$19,200,750</b>
<b>Change in net assets</b>	<b>\$12,615,561</b>	<b>\$271,028</b>
 <b>Temporarily Restricted</b>		
<b>Revenue, Gains, and Other Support</b>		
Contributions	\$9,872,060	\$12,772,581
Investment income, including net realized and unrealized gains	10,746,383	4,146,680
Operating support fees	(927,976)	(912,415)
<b>Total revenue, gains, and other support</b>	<b>\$19,690,467</b>	<b>\$16,006,846</b>
Net assets released from restrictions	(10,095,998)	(11,749,435)
<b>Change in net assets</b>	<b>\$9,594,469</b>	<b>\$4,257,411</b>
 <b>Permanently Restricted</b>		
Contributions	\$1,483,364	\$1,173,320
Investment income, including net realized and unrealized gains	569,958	341,561
Operating support fees	(25,538)	(23,654)
<b>Total revenue, gains, and other support</b>	<b>\$2,027,784</b>	<b>\$1,491,227</b>
Net assets released from restrictions	(860,936)	(1,411,838)
<b>Change in net assets</b>	<b>\$1,166,848</b>	<b>\$79,389</b>

# Foundation Board Members

## OFFICERS

### Chairman

Stefan S. Anderson (HHD '93)

### Vice Chairman

Peter F. Campanella (BS '67)

### Secretary

Mark A. Ervin (BS '81, MA '85)

### Immediate Past Chairman\*

J. Richard Emens

### President\*\*

David W. Bahlmann

### Treasurer\*\*

Jeffrey R. Lang

### Assistant Secretary\*\*

Carolyn S. Terry

R. Wayne Estopinal (BAR '79)  
Brian A. Gallagher (BS '81, HHD '03)  
John C. Gaylor (BS '76)  
Jo Ann M. Gora  
J. Richard Hall  
Charles H. Harper  
Randall B. Howard  
Hollis E. Hughes Jr. (BS '65, MA '73)  
Thomas J. Kinghorn (BS '65, MA '67)  
Paul L. Kozel  
James C. Lintzenich (BS '75)  
Matthew J. Momper (BS '83)  
Donna M. Oklak (BS '77)  
Randall E. Pond (BS '77)  
Penny A. Ralston (BS '71)  
Patricia Schaefer  
John R. Seffrin (BS '66, HSD '94)  
Anthony W. Smith (BS '68)  
Michael P. Smith (BS '73)  
Charles V. Sursa  
A. Umit Taftali (BS '85)  
C. Kenneth White (BS '71)  
John E. Worthen

\* Chair Emeritus/Emerita

\*\*Nonvoting Members

## DIRECTORS EMERITI\*\*

Jan P. Abbs (BA '76)  
Blaine A. Brownell  
J. Robert Browning (BS '76)  
Richard W. Burkhardt (LLD '84)  
Michael L. Cox (BS '70)  
Laura J. Hansen Dean (BA '72)  
Ben E. Delk  
Thomas L. DeWeese (BS '68, MBA '69)  
Ben E. Hancock Jr.  
Marjorie L. Hiner (BS '66, MA '70)  
Richard W. Hutson\* (BS '60, MA '62)  
Robert E. Linson (BS '47, MA '48)  
Charles A. Lord (BS '49)  
J. Richard Marshall\*  
Donald L. Mays (BS '62, MA '65, EdD '69)  
Kent C. "Oz" Nelson (BS '59, LLD '94)  
Don L. Park (BS '61, MA '62)  
Will Parker  
John J. Pruis (LLD '84)  
Gregory A. Schenkel (BS '70)  
Anthony L. Schneider\* (BS '80)  
James R. Schrecongost (BS '68, MA '72)  
Phyllis C. Shafer\* (BS '47)  
Mary R. Sissel\* (MA '78)  
William L. Skinner\*

## DIRECTORS

T.W. Hudson Akin  
Frank A. Bracken  
Kenneth R. Briner (BS '69)  
Kelli S. Burrill (BS '75)

## Staff Members

### BALL STATE UNIVERSITY FOUNDATION

P.O. Box 672  
Muncie, IN 47308-0672  
765-285-8312  
888-235-0058 (toll-free)  
[www.bsu.edu/bsufoundation](http://www.bsu.edu/bsufoundation)

#### Administrative Staff

**David Bahlmann** President/CEO  
**Carol Terry** Executive Secretary

#### Planned Giving and Endowment

##### Stewardship Staff

**Philip Purcell** Vice President for Planned Giving and Endowment Stewardship  
**Lori Kinnett** Planned Giving Assistant  
**Peggy Hensley** Communications Assistant  
**DeAnna May** Associate Vice President for Communications  
**Brenda Repass** Coordinator for Planned Gift Stewardship  
**Amy Thomas** Associate Vice President for Fund Stewardship

#### Financial Staff

**Thomas Heck** Chief Investment Officer  
**Jeffrey Lang** Vice President for Operations and Treasurer  
**Penny Cahoe** Financial Processor  
**Tracy Curtis** Controller  
**Antoinette Hatzell** Financial Assistant  
**Kathy Poe** Receptionist/Administrative Assistant to the Vice President for Operations/Treasurer  
**Sunny Reed** Gift Processing Coordinator  
**Lindsay Russell** Gift Processor

### UNIVERSITY ADVANCEMENT

Frank A. Bracken Administration Building  
Ball State University  
Muncie, IN 47306-0082  
765-285-1633

**T.W. Hudson Akin** Vice President for University Advancement  
**Carol Kosisko** Assistant to the Vice President for University Advancement and Director of Special Projects  
**Candy Dodd** Secretary to the Vice President for University Advancement

### OFFICE OF UNIVERSITY DEVELOPMENT

Alumni Center  
Ball State University  
Muncie, IN 47306-0082  
765-285-8261 • 866-953-2653 (toll-free)

**Charles "Chip" Jagers** Executive Director  
**Stephanie Arnold** Director of Development  
**Derek Berger** Assistant Director of Annual Giving  
**Sue Bonneau** Prospect Research Specialist  
**Andrea Bordenkecher** Director of Foundation Relations  
**Jean Kramer Crosby** Director of Donor Relations  
**Brenda Davis** Director of Development  
**Brad Edmondson** Director of Athletic Development  
**Sylvia Ewert** Assistant Director for Administration  
**Christy Huston** Director of Development  
**Sarah Jenkins** Director of Development  
**Darleen Lugenbuhl** Director of Development  
**Jennifer Marsh** Director of Development  
**Mary Ann Olinger** Senior Director of Development  
**Susan Savage** Director of Annual Giving  
**Kelly Shrock** Associate Executive Director of Development  
**Emily Vandever** Director of Phonathon