CONTENTS

INTRODUCTION 1
LETTER FROM THE BOARD CHAIR 2
LETTER FROM THE BOARD SECRETARY 3

STORIES OF IMPACT
ROOM TO GROW: BELL PRESIDENTIAL SCHOLARS 4
MOVING MOUNTAINS: THE CUNNINGHAM’S LEGACY 6
VIRAL LEARNING: DURKEE FAMILY SCHOLARSHIP 8
FIRM FOUNDATION: CIM PROGRAM 10
FUELING THE FUTURE: CHEVRON USA 12
TESTING TECHNOLOGY: VERIZON WIRELESS 13
CREATING LASTING IMPRESSIONS: U.S. BANK 14
THE RIPPLE EFFECT: CAL HUMANITIES 15

FINANCIAL REPORT
PHILANTHROPIC HIGHLIGHTS 16
GIFTS AND PLEDGES
DONORS
STATEMENT OF FINANCIAL POSITION 17
ASSETS
LIABILITIES
ENDOWMENT MARKET VALUE 18
10 YEAR MARKET COMPARISON
ENDOWMENT INVESTMENT ALLOCATION 19
POOLED ENDOWMENT INVESTMENT PERFORMANCE 20
ENDOWMENT BY PURPOSE
SUMMARY OF REVENUE 21
SUMMARY OF EXPENSES 22
INDEPENDENT AUDITOR'S REPORT 23
Founded in 1940, The University Foundation is dedicated to supporting California State University, Chico’s mission as a comprehensive, regional university principally serving Northern California by leveraging private support for excellence in instruction, research, and public service. CSU, Chico is renowned for its “Chico Experience” that provides a wonderful college-town atmosphere, a friendly campus, a strong sense of community, distinctive and innovative programs, superior academic technologies, exceptional levels of student support, and contributions to the community and the environment. These enhance student learning and student success. Supporting The Chico Experience for students, faculty, and staff is at the forefront of every initiative, decision, and activity undertaken by The University Foundation’s Board of Governors.

The University Foundation supports the University’s mission by providing oversight of the following activities:

• Engaging private support for academic programs, faculty and students, equipment, and other capital needs.

• Stewarding the resources entrusted to The University Foundation to maximize impact on people and programs.

• Partnering with University Advancement to support our alumni, friends, and community members who are prospective donors; to ensure proper recognition and stewardship for all donors; and to serve as ambassadors to all external constituents, representing The Chico Experience and telling the story of CSU, Chico’s impact.

Through the partnership of The University Foundation’s Board of Governors and University Advancement, as of June 30, 2013, The Foundation’s net assets were nearly $67 million. This is a testament to the loyalty, generosity, and dedication of our many supporters.
From the Board Chair

As our country emerges from the Great Recession, I can think of no better cause for support than that of California State University, Chico. From groundbreaking research to workforce development to service to the community, CSU, Chico plays a critical role in the strength of our economy, our environment, and our citizens’ lives.

Serving as chair of the Board of Governors for The University Foundation has been a great privilege for me, both as a volunteer and as a member of the Concrete Industry Management Program in the College of Engineering, Computer Science, and Construction Management. From this unique vantage point, I am able to see the incredible impact each philanthropic dollar has on the lives of our students, faculty, and staff at the University (see story on page 10).

I invite you to read this annual report and hope that you are inspired by the stories told within its pages. An important story we tell through this report is one of fiduciary responsibility and dedicated stewardship by the Board of Governors of the gifts and assets entrusted to our care by our many supporters, be they alumni, parents, faculty, staff, or friends. As chair of the board, I can assure you that each member of the board takes his or her role very seriously and works diligently on behalf of our donors as well as our beneficiaries to maximize the effectiveness of the resources under our stewardship.

The other story we tell is that of impact—each gift to The University Foundation has a positive impact on the lives of all who are touched by the University. Whether it is a scholarship that enables a re-entry student to earn a degree so that she can provide for her family; awards that allow students to engage in research with our renowned faculty; or internship support that provides important real-world experiences that enhance our students’ marketability in the workplace—each gift is changing lives. My hope is that this impact becomes clear to you as you read through these stories.

Of course, there is another story to tell—a story of thanksgiving and gratitude. For without the support of alumni and friends like you, the impact of The University Foundation would not be possible. It is only through our partnership with you that these stories can be told. On behalf of each member of the Board of Governors, I would like to thank you for the many ways you have supported CSU, Chico. I look forward to future partnerships that will further advance the mission of the University and its impact on our region, our state, and the world.

Sincerely,

Douglas K. Guerrero, Chair
Board of Governors
The University Foundation
California State University, Chico

From the Board Secretary

Greetings from California State University, Chico, where we celebrate another stellar year of achievements! In 2012-2013, the University concluded the celebration of its 125th anniversary with great fanfare, earning international recognition from the Council for Advancement and Support of Education (CASE) and logging 171,133 hours of volunteer service. Building on that momentum, CSU, Chico continued to raise private support to enhance and enrich the educational experiences of our students. I’m very pleased to report that gifts and pledges increased by 17 percent over the prior year—a testament to the incredible vision and generosity of our friends and alumni.

The University received a number of significant gifts in 2012-2013, including the largest scholarship endowment in the University’s history: the Bell Family Presidential Scholarship Endowment. Established with a $2 million gift from Dan Giustina of Giustina Resources, the endowment will eventually aid as many as 16 agriculture students each year with scholarships of $5,000, and will ensure the University continues to attract the best and brightest (see story on page 4). Other major donations, including several estate gifts totaling nearly $1 million, will support students in biology and educate visitors to the Gateway Science Museum for years to come. The impact these gifts and others will have on our students and university are nearly immeasurable; I hope you’ll be inspired by their stories in the following pages.

The University Foundation is an essential partner in the advancement of CSU, Chico and our commitment to learning, sustainability, and service to the region. In 2012-2013, The Foundation distributed nearly $6 million in funding for student grants, scholarships, instruction, research, and public service. This would not have been possible without the generous support of more than 14,000 individual alumni, parents, and friends, whose gifts and pledges reached nearly $9 million. Our ability to leverage this support speaks to the strong connection our alumni and friends have with this institution.

It is that connection which makes CSU, Chico such a unique and special place for students to learn and grow. Together, we enrich the lives of our students, and as partners, we will continue building a solid foundation for the generations to come.

Sincerely,

Richard E. Ellison, Secretary
Board of Governors
The University Foundation
California State University, Chico
Neither of his diplomas bears the name CSU, Chico, but that didn’t stop Dan Giustina from making a $2 million gift to the College of Agriculture in 2013, establishing the largest scholarship fund in the University’s history.

Then again, Giustina, managing general partner of the Oregon-based timber products company Giustina Resources, is no stranger to giving. A proud University of Oregon alumnus, holding both bachelor’s and master’s degrees from UO, he is the former president and chairman of the University of Oregon Foundation, where he has established 40 scholarships. He might not have extended his extraordinary support for higher education beyond Eugene but for one propitious meeting.

While learning the ropes on a Fort Klamath ranch in the 1960s, Giustina met Tom Bell, who built up the famed Bell Ranch in Butte County and ranched more than 16,000 acres in California and southern Oregon before his passing in 1987. Bell befriended Giustina, and through their long friendship introduced him to Chico and CSU, Chico, where the Bell family had ties dating back to the school’s founding. In fact, Bell’s aunt Ada was in the Chico Normal School’s first class in 1889, and his sisters, Claudine and Helen, were both CSU, Chico graduates.

“[His sisters] both taught in the local school system, and they were thankful for their education at Chico State, particularly that they had it during the Depression,” said Giustina. “Education was a big part of their life, and our conversations always came back to CSU, Chico.”

Bell and his sisters made gifts to CSU, Chico to benefit the University Farm and create scholarships for agriculture students. After Claudine died in 2011 and Helen in 2012, Giustina wanted to honor the Bell family in like fashion. On Aug. 22, as faculty, students, and staff applauded, he handed President Paul Zingg a $2 million check establishing the Bell Family Presidential Scholarship Endowment.

Two College of Agriculture students in 2014, and up to four in subsequent years, will receive $5,000 per year as Bell Presidential Scholars. The college will have up to 16 scholarship recipients at any given time.

“My hope is this will be a transformative gift, and bring the best and brightest agriculture students in California to Chico State,” Giustina said. “If you have the ability to help students achieve their goals, you can instill in them the process of giving back—it’s a win-win that will multiply down the road. I tell students, if you’re excited now, just wait until you have the ability to give a scholarship, the feeling will be twice, three times what you’re feeling right now.”

Just as he hopes to inspire students to be future donors, Giustina wants to inspire other non-alums to give to CSU, Chico. “One of the things I think is important with this $2 million gift is to show the way, show other people that you don’t necessarily have to be a grad to make a gift to a great institution,” he said. “And by doing this, it’s absolutely my hope that other people will see the opportunity that lies here at CSU, Chico, and invest in the future here.”

“If you have the ability to help students achieve their goals, you can instill in them the process of giving back — it’s a win-win that will multiply down the road.”

– Dan Giustina
Managing Partner
Giustina Resources
Glenn and Ruth Gray Cunningham’s lifelong love of learning and the outdoors will live on in a special exhibit at the Gateway Science Museum showcasing the Sierra Nevada foothills.

When completed, the Glenn E. and Ruth Gray Cunningham Memorial Exhibit – The Foothills will highlight the region’s beauty and ecology through indoor and outdoor displays and interactive features.

Established through a $300,000 estate gift, the exhibit will educate and delight museum visitors young and old with native wildflowers and grasses, wetlands and vernal pools, oak woodlands, mammals and birds, and a variety of other organisms.

Designs for the permanent exhibit were under way in October, the first step toward installation, said Gateway Science Museum Executive Director Renee Renner.

“This will be an outstanding addition to the Gateway Science Museum,” said Renner. “It will enhance the experience of every visitor, from someone who has lived in and enjoyed the North State region for many years to a young schoolchild who is just learning about science. We are very grateful to the Cunninghams for this extraordinary gift, which will create a space that reflects their deep affection for the Sierra Nevada foothills.”

Glenn and Ruth were CSU, Chico alumni and schoolteachers who had a long-standing appreciation for the natural environment. While a student at CSU, Chico, Ruth worked with famed botanist Vesta Holt in a natural sciences lab, and she continued to do research on owls well into her 80s. Glenn was a member of the California Native Plant Society. A winner of the California Nature Conservancy Award, he enjoyed the outdoors, birding, and giving tours of the Vina Plains with his wife, who also led field trips to Mount Diablo in the Bay Area.

The exhibit will bridge the valley region and the montane region, comprising displays that extend from the interior of the museum outward to the gardens. Exhibit space inside the museum will include a large dynamic display or photomural capable of featuring a subregion or subcategory of the foothills, such as vernal pools. The exterior exhibit space will include one area representing the foothill grasslands and meadows, with manzanita, foothill ash, wildflowers, meadow grasses, and bird habitats. The second area will house a seasonal living “eco-pond” with habitat for microorganisms, plant life, and amphibians.

Since its opening in 2010, the Gateway Science Museum has hosted more than 75,000 visitors, including at least 22,000 children on field trips. The museum also hosts children from underserved schools each summer for a week of sponsored science camp.

“Our Community Advisory Board is extremely grateful for this gift that allows us to move forward on expanding our permanent science education exhibits. The Cunninghams’ love of science and the natural history of the foothills will now be shared with thousands of Gateway Science Museum visitors,” said Renee McAmis, president of the Gateway Science Museum Community Advisory Board.
While much is not known about 1966 alumnus Duane Durkee and his beloved mother and aunt, there is a prevailing theme in their lives: the value of education.

The last, and most enduring, expression of that commitment came in late summer 2012, when CSU, Chico received a gift of more than half a million dollars to support student scholarships in the biological sciences. With the passing in 2012 of Norma Haugard, Durkee’s aunt, a trust that named the University as beneficiary was distributed. The trust included cash, stocks, and a large number of coins, with a total value of nearly $600,000.

The first recipients of the Duane Irvin Durkee Scholarships, awarded in fall 2013 in the amount of $4,000 each, were given to Natalie Crippa, Chadwick McCready, and Kalli Rodenbaugh. They represent the best and brightest science students at CSU, Chico.

Crippa, a cellular and molecular biology/premed major in her final year, plans to attend medical school, become a pediatrician, and serve in the U.S. military. The Durkee scholarship will allow her to complete her CSU, Chico education debt-free.

McCready, a biology major with an option in ecological, evolutionary, and organismal biology, plans to work as a conservation biologist to protect and restore critical habitat for threatened species. He used part of his scholarship to purchase a laptop for taking notes in class and completing assignments.

And freshman Kalli Rodenbaugh, a biology major with an option in biotechnology, hopes to make medicine for a pharmaceutical company or work on the Human Genome Project. Rodenbaugh used her scholarship to buy books and pay for first-year expenses.

Low Profile, High Impact

Raised by his mother and aunt, both teachers, Durkee majored in biology at CSU, Chico and was a member of Delta Sigma Phi fraternity. After graduating in January 1966, he moved to the San Diego area, where he taught junior high school and started a plumbing business in 1970. Little else is known about him; his obituary in a San Diego area newspaper said health problems led to his retirement and that he died of cancer Jan. 11, 2006. His mother died two years later.

Sheilah Wenzel, a friend of the Durkee family and trustee of the trust, suspects that Durkee, with the support of his mother and aunt, chose CSU, Chico as his beneficiary because of their common bond as teachers. She also guessed that he greatly appreciated his days at CSU, Chico and the value of his biology degree. “They were contributing members of society, they all did their parts, but did so with no fanfare,” Wenzel said.

While Durkee may have wished to keep a low profile as a benefactor of CSU, Chico, his family’s gift will have a big impact, said Gary Salberg, director of Major Gifts and Planned Giving. “What a difference this will make for many, many students coming to our campus. Such is the heritage of CSU, Chico—alums who devote their lives in classrooms and careers that deliver benefits to future generations.”

“We have many students who are excited about biology and hope to get the training and knowledge to pursue one of the many careers available to them. This wonderful gift is already helping students pursue their dreams.”

– Jeff Bell
Chair
Department of Biological Sciences
CSU, Chico’s Concrete Industry Management (CIM) Program, a four-year undergraduate degree program, is a shining example of the power of academic-industry partnerships. In its eighth year, the program has attracted nearly $2.4 million in private support. This level of support is unparalleled in similar CIM programs across the country and is the highest of its kind for any academic program at CSU, Chico.

The CSU, Chico CIM Patrons include 25 board members and 66 corporate and individual contributors who collectively provide financial support of more than $170,000 annually for program development and student scholarships. Patron contributions go well beyond financial support; patrons also give their time to faculty and students, as well as provide summer internships and mentoring to the future leaders. Additionally, the National Steering Committee for CIM contributes $100,000 annually to the CSU, Chico CIM program.

This support directly benefits student success, builds capacity on campus, and advances CIM’s national reputation through “value-added” aspects that go beyond state-funded activities. These include scholarships for every qualified major; operational and equipment costs for lab development and special projects; undergraduate-centered research such as projects with MIT, Caltrans, the City of San Francisco, and the National Park Service; and faculty and student travel to industry conferences and events.

Industry experts and corporate leaders also routinely volunteer their time and talent as lecturers, field trip leaders, participants on special projects, and advisors for senior capstone research projects.

CSU, Chico’s CIM program enjoys a robust national reputation for strong graduates, who, according to employers, often have as much as a five-year advantage over other graduates due to their confidence, knowledge, and industry awareness and connections. The program has maintained 100 percent job placement among graduates seeking employment or paid internships within the industry.

Faculty play a critical role in developing and sustaining the partnership. Because of her leadership, Tanya Komas, CIM Program Coordinator, was named one of the five most influential people in the industry by Concrete Construction magazine in 2013, an honor that reflects the dedication of the entire teaching team.

A recent CIM alumni survey revealed that the average starting salary for program grads is $55,000; that rapid ascension on the management ladder is common; and that, overwhelmingly, alumni felt prepared for the responsibilities they faced as new and advancing employees.

In Concrete Producer magazine’s 2002 article “Hitting the Big Time,” author Jimmy Ambrose wrote that CIM is “unique enough to be considered as a future model of higher education by the U.S. Department of Education” after former U.S. Secretary of Education Rod Paige visited the CIM program at Middle Tennessee State University, upon which Chico based its program in 2006. The impressive accomplishments, enthusiastic participants, and promise of sustained growth of the CIM academic-industry partnership present a proven, celebrated model for boldly addressing the challenges of higher education in the 21st century.
FUELING THE FUTURE

CHEVRON USA RECRUITS CHICO STATE GRADS FOR OVER 30 YEARS

Ask Ben Guthrie why his company—one of the world’s largest energy corporations—has supported CSU, Chico students for more than three decades, and he’ll tell you in a few words. “Chevron values the collaborative nature of Chico students,” said Guthrie, business and performance reporting manager at Chevron and a CSU, Chico alumus (‘81). “The strong focus on team-oriented projects and real-world case studies has helped rank Chico as one of our top recruiting schools for IT and accounting.”

Chevron’s long and successful relationship with the University goes back 30 years, when the company first began recruiting grads for hire. Since then, it has steadily increased its support, adding a robust internship program, which has hosted Chico students for 21 straight years, and supporting departments, programs, and scholarships through annual financial contributions.

Chevron is a longtime supporter of the Chico Student Success Center on campus, providing book awards, coaching, mock interviews, and workshops to help students succeed. According to Guthrie, Chevron’s long-standing support of CSU, Chico reflects both organizations’ commitment to collaboration and teamwork. “Everything we do is in a win-win,” he said. “Chico students are hungry, ready to work. They have the technical skills, the IT and accounting knowledge. But being strong analytically isn’t enough—you have to be able to work with others.”

Now, CSU, Chico is consistently a top-10 school for hiring and retention for Chevron’s finance and information technology functions, Guthrie said. At least 120 Chico grads work for Chevron at one or more of its Bay Area offices, and a total of 170 grads are employed worldwide in at least 10 countries. In addition to business, Chico grads also work in fuels technology, refining, marketing, policy, government, and public affairs.

“We look at it as a win-win,” he said. “We enjoy great relationships with the students, faculty, and staff, and in turn we get a great pool of potential employees.”

This year’s financial support totaled nearly $51,000 and benefited departments, programs, and scholarships in the College of Engineering, Computer Science, and Construction Management; the MESA Engineering Program; the College of Business; the Office of Experiential Education; and the Career Center, among other areas.

The company also works to attract and support students from underrepresented high schools.

PHILIP MICHAEL BATLIN MEMORIAL SCHOLARSHIP

The Batlin family established the Philip Michael Batlin Memorial Endowed Scholarship in 2004 to honor their son, a CSU, Chico recreation administration alumnus (’97). Philip Batlin was killed by a hit-and-run driver in March 2004 near his home in Millbrae. The scholarship reflects Philip’s propensity for helping others, exemplified through his service with Community Action Volunteers in Education (CAVE) and the Rape Crisis Center. The $1,500 scholarship is awarded annually to at least two students majoring in recreation administration.

Philip Michael Batlin’s parents, Judy and Mike Batlin, and brother Dan Batlin (all back row), with 2013–2014 scholarship recipients Jason Anson (far left) and Erina Oshiro.

CHICO STATE PARTNERS WITH VERIZON, SAMSUNG ON PILOT PROJECT

In spring 2013, more than 125 students in the College of Business and the College of Engineering, Computer Science, and Construction Management got a little something extra for attending class—a Samsung Galaxy Note® 10.1 Tablet, unlimited access to Verizon Wireless’s 4G network, a wireless keyboard and cover, and the opportunity to shape the future of the classroom experience.

The students were participants in a pilot project by Verizon to test and evaluate the use of tablets for courses that are, or could be, heavily reliant on digital content. With support from Samsung Mobile, which provided each student with a tablet, the project aimed to determine whether the use of mobile technologies could enhance student learning, increase teacher efficiency, and facilitate greater interpersonal contact to improve the entire learning experience.

Metrics studied included student and teacher perceptions of academic progress, user interface experience, behavioral characteristics of tablet utilization, data consumption rates by time and day, Wi-Fi versus 4G utilization, and overall satisfaction levels with the tablet experience.

Verizon Director of Vertical Solutions for Educational Products and Services Tom Villa, a CSU, Chico Distinguished Alumnus (’81) and College of Business advisory board member, helped spearhead the partnership. Villa said the University was a natural fit for the program. “It’s not if technology will happen, but when,” he said. “By allowing us into the classroom, CSU, Chico granted us an extra level of assessment. The University’s friendly culture proved to be an ideal testing ground.”

A second pilot is planned for spring 2014, when additional data will be collected to assess the results of the project. As before, quantitative analysis and focus groups will be conducted with student and faculty participants to determine the extent to which use of the tablets has supported effective undergraduate education principles. These include providing students with prompt feedback, encouraging contact between students and faculty, and addressing varying learning styles.

The University Foundation | ANNUAL REPORT 2012-2013

13
very year, teachers from across the North State bring their students to Laxson Auditorium to see some of the world’s finest artists in music, drama, and theatre. And when those students see the big red curtains rise and experience the energy of what may be their first live performance, it makes a lasting impression.

The Chico Performances Field Trip Series is made possible in large part by an annual donation of nearly $10,000 from U.S. Bank, which has been a regular program sponsor for the Chico Performances evening program for about 10 years. When the bank was approached about providing additional support for the field trip program, “it just seemed like a natural fit,” said Evelyn Jacobs, Northern California region president for U.S. Bank.

“The arts are often the first area schools cut funding from, and so this way, not only can we support the performances, but we can bring kids in to see them,” Jacobs said.

The field trip performances, which reach K–12 schools within an hour and a half of Chico, are 50-minute, more educational versions of shows presented by Chico Performances, the presenting arm of University Public Events (UPE). The artists who do the field trip shows believe the programs they’re presenting will have an impact on the children’s lives, said Daran Goodsell, marketing director for UPE, but they do negotiate an extra fee into their contract.

“We are able to possibly cover a certain amount of those field trips with our state support, but the private support gives us the flexibility to add those different ones that might broaden kids’ horizons in a different way, like gypsy music, or blues, or a south of the border dance troupe that we may not have accommodated,” she said.

The past few years, about 20,000 students have been able to participate in the field trips over the course of a season, with some teachers returning with their classrooms year after year. While U.S. Bank’s donation supports the program overall, other local private entities—including Enloe Medical Center, Access Real Estate Lending, and Bird in Hand, among many others—support the field trips by underwriting the costs of individual classroom visits through the Lois C. Adams Adopt-a-Class Program. More than 66 classrooms participated in 2012–2013, with 26 businesses and individuals adopting classrooms.

“We are grateful for our partners’ ongoing support for the performing arts,” said UPE Director Stephen Cummins. “The support of U.S. Bank and other local businesses and individuals allows us to reach children at an early age, and hopefully, instill in them a lifelong love for the arts that will serve them immeasurably.”

When CSU, Chico anthropology professor Jesse Dizard’s new film on California water aired on public television stations around the state late in 2013, it gave voice to a group whose connection with the subject is often overlooked: Native Americans.

Created with a $9,999 grant from the nonprofit Cal Humanities, Treading Water uses oral history to explore people’s relationship to water and focuses on recent changes wrought by settlement and the conflicts that now convulse the human terrain, much as earthquakes and volcanoes have transformed the region’s geology. Included is the perspective of local Native Americans, a voice that is missing from much of the work already produced on water, Dizard said.

The documentary aired on public television stations in Redding, Los Angeles, and San Diego in November. To create the film, Dizard and his crew filmed at anthropologically important sites around the state, from Owens Valley to Northern California. To stretch their funding, they combined production efforts with a student crew creating a film on the looting of archeological sites. The final film was edited and produced in CSU, Chico’s Advanced Laboratory for Visual Anthropology (ALVA), renovated in 2011 under the direction of anthropology professor Brian Brazeal with a $38,646 grant from the National Science Foundation. Brazeal served as executive producer for Treading Water.

“We’re a species that values visual data,” Dizard explained. “If you can translate your research into a high-production-value medium, your work is much more readily understood. [Film] stimulates conversation and gets people interested in anthropology, and then you can turn to the literature.”

The Cal Humanities grant was instrumental in funding two positions—a lab technician and cinematographer—and in underwriting ancillary expenses like DVD copies, closed captioning, and editing hours. Fewer than 12 percent of applicants received grants, he said.

In the process of creating Treading Water, Dizard concluded the film should be the second in a three-part series on the state’s water system. He has committed to creating sister films on the origins of local water supplies and on its end users and is pursuing private funding to offset production costs.

“The support from Cal Humanities allowed me to create a film that is timely and relevant,” he said. “Water is a crucial topic that is deeply divisive and highly charged, largely because people gain power and wealth from its manipulation. This basic story needed to be told, because it is common to many other communities throughout the state, not just Chico—and beyond, throughout the West and across this nation.”
We have our alumni, parents, and friends to thank for investing in the future of CSU, Chico. These individuals understood the challenges our campus faced with state budget cuts and the economic hardship our students and their families were experiencing. Together, their gifts and pledges provided $8.9 million in support over the previous year. In 2012–2013, more than 14,000 individuals, corporations, and foundations made nearly 24,000 gifts to our campus. Thanks in part to the University’s 6,727 alumni donors, giving increased in 2012-13. CSU, Chico’s alumni and parents were among the most generous in the CSU system.

**PHILANTHROPIC HIGHLIGHTS**

Total giving in 2012–2013 increased by more than 17%.

**GIFTS AND PLEDGES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts</td>
<td>$6,230,855</td>
<td>$4,299,497</td>
<td>$5,265,932</td>
</tr>
<tr>
<td>Pledges</td>
<td>$413,735</td>
<td>$3,265,000</td>
<td>$3,605,251</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$6,644,590</strong></td>
<td><strong>$7,564,497</strong></td>
<td><strong>$8,871,183</strong></td>
</tr>
</tbody>
</table>

**DONORS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alumni</td>
<td>7,534</td>
<td>7,199</td>
<td>6,727</td>
</tr>
<tr>
<td>Parents</td>
<td>2,107</td>
<td>1,977</td>
<td>2,210</td>
</tr>
<tr>
<td>Faculty and Staff</td>
<td>243</td>
<td>217</td>
<td>487</td>
</tr>
<tr>
<td>Non-Alumni</td>
<td>4,187</td>
<td>4,634</td>
<td>3,834</td>
</tr>
<tr>
<td>Students</td>
<td>40</td>
<td>48</td>
<td>38</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>14,111</strong></td>
<td><strong>14,075</strong></td>
<td><strong>14,296</strong></td>
</tr>
</tbody>
</table>

**STATEMENT OF FINANCIAL POSITION**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$296,580</td>
</tr>
<tr>
<td>Net Accounts and Other Receivables</td>
<td>$540,847</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>$399,773</td>
</tr>
<tr>
<td>Investments</td>
<td>$65,998,613</td>
</tr>
<tr>
<td>Contributions Receivable – Net</td>
<td>$3,108,099</td>
</tr>
<tr>
<td>Notes Receivable</td>
<td>$123,950</td>
</tr>
<tr>
<td>Buildings and Equipment – Net of Accumulated Depreciation</td>
<td>$216,070</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$70,613,932</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td>$519,746</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$9,552</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>$11,224</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>$1,648,640</td>
</tr>
<tr>
<td>Liability under Trust Agreements</td>
<td>$1,711,751</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$3,900,913</strong></td>
</tr>
</tbody>
</table>

| NET ASSETS | **$66,713,019** |

*FISCAL YEAR ENDING JUNE 30, 2013*
The University Foundation’s assets include pooled and external endowment funds totaling $48.5 million as of June 30, 2013. The pooled endowment valued at $37.6 million is managed by The University Foundation’s Board of Governors through its Finance and Investment Committee and under the advisement of Arnerich Massena Inc. The balance of the endowment’s assets are held externally; they include commercial real estate, government bonds, and other investments.

The Foundation’s investment portfolio is designed to deliver a long-term rate of return to support student scholarships, academic instruction, program support, research, and public service projects. The assets are invested in a well-diversified investment portfolio that balances risk and return while limiting volatility. Over the past 10 years, the endowment value has increased in value despite market volatility due to generous donor support and prudent investing practices.

The Foundation’s Investment Policy Statement requires diversification of the endowment’s investment assets. The chart to the right shows the University’s allocation for both pooled and external endowment funds as of June 30, 2013.

The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments, debt and fixed income securities, real estate, and partnership interests while maintaining prudent risk constraints.*

---

**Endowment Market Value**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Endowment</th>
<th>Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003–04</td>
<td>$27,399,394</td>
<td>$42,242,620</td>
</tr>
<tr>
<td>2004–05</td>
<td>$29,579,432</td>
<td>$45,693,950</td>
</tr>
<tr>
<td>2005–06</td>
<td>$30,840,000</td>
<td>$60,152,968</td>
</tr>
<tr>
<td>2006–07</td>
<td>$35,741,000</td>
<td>$67,809,742</td>
</tr>
<tr>
<td>2007–08</td>
<td>$34,656,000</td>
<td>$67,983,021</td>
</tr>
<tr>
<td>2008–09</td>
<td>$28,634,866</td>
<td>$57,678,626</td>
</tr>
<tr>
<td>2009–10</td>
<td>$38,957,678</td>
<td>$60,990,742</td>
</tr>
<tr>
<td>2010–11</td>
<td>$43,021,055</td>
<td>$65,938,569</td>
</tr>
<tr>
<td>2011–12</td>
<td>$42,174,342</td>
<td>$64,273,199</td>
</tr>
<tr>
<td>2012–13</td>
<td>$48,498,024</td>
<td>$66,713,019</td>
</tr>
</tbody>
</table>

**10 Year Market Value**

![Graph showing market value from 2003 to 2013]

**Endowment Investment Allocation**

- **Assets Class**
  - Commodities: $642,224 (1%)
  - Art/Collections: $795,607 (1%)
  - Balanced Funds: $1,427,052 (3%)
  - Cash and Treasuries: $5,954,400 (12%)
  - Fixed Income: $6,264,262 (13%)
  - Real Estate: $6,380,393 (13%)
  - Foreign: $7,539,236 (16%)
  - Core Equities: $7,975,277 (16%)
  - Partnership and Private Equity: $11,599,574 (24%)

**Total**: $48,498,024

*Excerpted from Independent Auditor’s Report

---

Arnerich Massena Inc. is a West Coast-based independent investment advisory firm that offers services to corporations, institutions, state and local governments, charitable organizations, trusts and estates, corporate pension and profit-sharing plans, and private clients. Arnerich Massena Inc. advises approximately $71 billion in assets.

*Excepted from Independent Auditor’s Report

---

The University Foundation | ANNUAL REPORT 2012–2013

18

19
Under the authority of the Board of Governors, the Finance and Investment Committee meets regularly to review endowment performance and allocation relative to the policy benchmarks. They strive to maximize return, limit risk, and reduce volatility of the endowment.

**POOLED ENDOWMENT INVESTMENT PERFORMANCE**

<table>
<thead>
<tr>
<th>University Foundation</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.5%</td>
<td>8.9%</td>
<td>3.3%</td>
<td>6.5%</td>
<td></td>
</tr>
</tbody>
</table>

**ENDOWMENT BY PURPOSE**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty Support</td>
<td>$3,361,362</td>
<td>7%</td>
</tr>
<tr>
<td>Academic and Program Support</td>
<td>$18,163,816</td>
<td>37%</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$26,974,846</td>
<td>56%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$46,498,024</strong></td>
<td></td>
</tr>
</tbody>
</table>

**SUMMARY OF REVENUE**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Financial Statement</td>
<td>$904,600</td>
<td>$938,354</td>
<td>$711,557</td>
</tr>
<tr>
<td>Interest and Dividend Income</td>
<td>$530,179</td>
<td>$620,501</td>
<td>$687,574</td>
</tr>
<tr>
<td>University Programs</td>
<td>$734,129</td>
<td>$891,697</td>
<td>$766,809</td>
</tr>
<tr>
<td>Net Gains (losses)</td>
<td>$4,150,681</td>
<td>($977,115)</td>
<td>$4,177,421</td>
</tr>
<tr>
<td>Donations and Contributions</td>
<td>$6,266,685</td>
<td>$4,640,588</td>
<td>$7,123,831</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>$12,586,274</strong></td>
<td><strong>$6,116,025</strong></td>
<td><strong>$13,467,192</strong></td>
</tr>
</tbody>
</table>
SUMMARY OF EXPENSES

<table>
<thead>
<tr>
<th>Summary of Distributions from Financial Statement</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities and Others</td>
<td>$191,077</td>
<td>$169,993</td>
<td>$182,793</td>
</tr>
<tr>
<td>Development and Fundraising</td>
<td>$856,552</td>
<td>$819,799</td>
<td>$694,442</td>
</tr>
<tr>
<td>Instruction, Research, and Public Service</td>
<td>$794,999</td>
<td>$712,685</td>
<td>$739,159</td>
</tr>
<tr>
<td>Academic Support</td>
<td>$2,999,550</td>
<td>$2,125,687</td>
<td>$1,781,231</td>
</tr>
<tr>
<td>Student Grants, Scholarships, and Services</td>
<td>$3,434,584</td>
<td>$3,319,898</td>
<td>$3,360,131</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>$8,266,762</td>
<td>$7,148,062</td>
<td>$6,757,756</td>
</tr>
</tbody>
</table>

TO THE BOARD OF GOVERNORS

INDEPENDENT AUDITORS’ REPORT

The University Foundation, California State University, Chico
Chico, California

We have audited the accompanying statement of financial position of The University Foundation, California State University, Chico (the Foundation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2013; the related statements of functional activities and changes in net assets; cash flows for the year then ended; and the related notes to the financial statements. The prior-year summarized comparative information has been derived from the Foundation’s 2012 financial statements; and, in our report dated September 19, 2012, we expressed an unmodified opinion on those financial statements.

Management’s Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in note 1, the financial statements include investments valued at $19,908,663 (29.84% of net assets) with fair values estimated by the Foundation in the absence of readily determinable fair values. The Foundation’s estimates are based on information provided by the fund managers or the general partners.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis as required by the California State University Chancellor’s Office and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

September 20, 2013
Chico, California
TODAY DECIDES TOMORROW