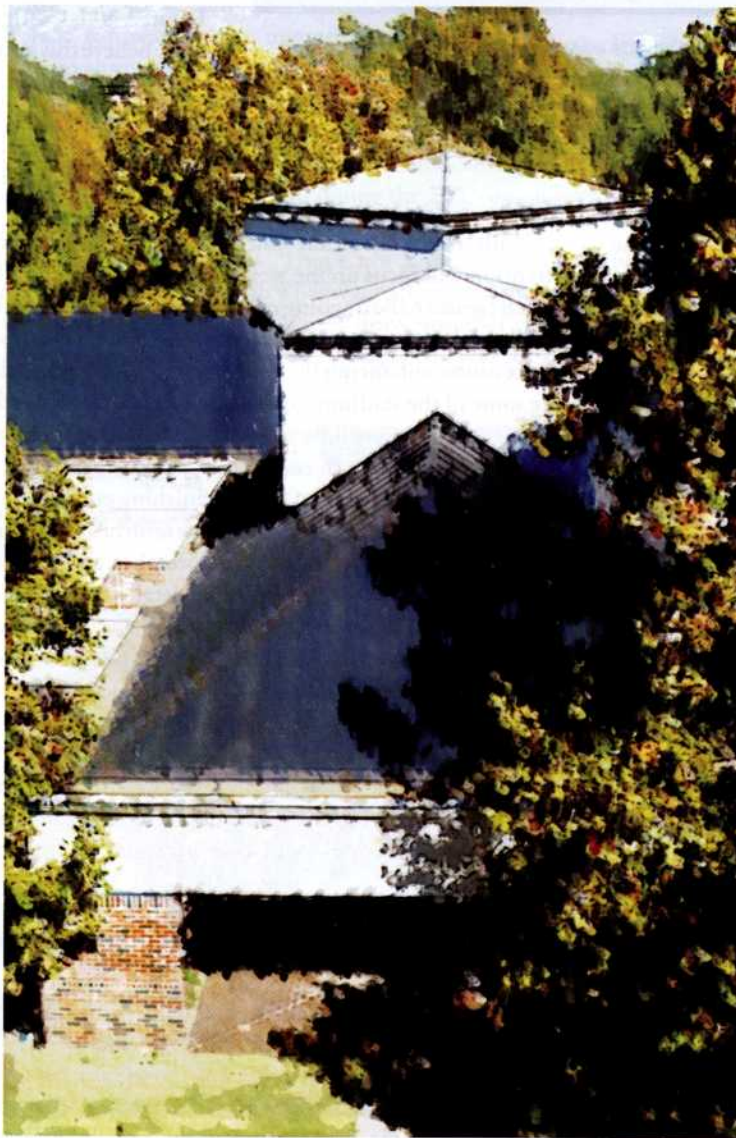


# A Foundation for the Future

BY CAROL J. BURR

Photos by Robert Taylor



Since 1944, the independently incorporated University of Oklahoma Foundation has received private contributions for OU, managing, investing and expending them to make donor and institutional dreams come true.

An entire campus suddenly available at a bargain price to consolidate OU-Tulsa's widely scattered programs. An expanse of prime University real estate that could be immediately turned to provide vitally needed funding for the new Weather Center—or developed over time for an additional, even greater, ongoing flow of funds for any number of projects. Each situation demanded quick decisions backed by the financing and expertise to make it reality—neither requirement being one that a state university is equipped to meet.

In both cases, occurring within the last four years, the University of Oklahoma has had an ace in the hole: The University of Oklahoma Foundation Inc. This 60-year-old, independently incorporated, not-for-profit entity, whose sole purpose is to benefit the University, has fostered the private funding bonanza that has helped transform a good state university into a nationally ranked, comprehensive academic institution.

Certainly the vast majority of Foundation-aided projects are less dramatic and require less creative solutions than the land acquisition and development illustrations. Most are straightforward gifts of cash, property or securities from alumni, friends, private foundations and corporations. Throw in dedicated life insurance policies, charitable remainder trusts and bequests, and the day-to-day business of the Foundation is one of philanthropic expertise achieving a donor's purpose. Equally satisfying is the expenditure side of the Foundation's ledger where private assistance—large and small—enables faculty, students and the institution itself to reach goals.

In fiscal year 2003, ending June 30, for example—even with the Foundation sharing the nation's woes in returns on investments—the Foundation received \$67.7 million in new private donations while expending \$59.8 million for the benefit of the University, with total assets standing at \$594 million and an endowment of \$427 million. (A more detailed financial report is on Page 12, and a complete audit is online at [www.oufoundation.org](http://www.oufoundation.org).) Not bad for an organization whose life began in 1944 with a donation of \$160 at a time when private support to public education was hardly an accepted practice.

OU presidents William B. Bizzell and Joseph A. Brandt saw the need for such a private funding vehicle as far back as 1938. Oilman Frank Phillips reportedly had told Brandt that he “would never contribute a penny to a state-operated school because the legislature would simply deduct that amount from its responsibility.” It was not until 1944, however, that President George L. Cross, with OU Regents approval, established the Foundation as a trust. Cross recruited the presidents of the Alumni Association and the Dads Association to serve with him as ex-officio trustees, solicited the initial \$160 from three OU supporters and for several years housed the new organization in the lower left-hand drawer of his desk.

By channeling private donations through an independent agency, Cross and subsequent presidents could assure donors that the intent of their gift would be adhered to scrupulously, free from any possible institutional or governmental pressures. As a non-state agency not subject to open-record provisions, the



The Executive Committee of the University of Oklahoma Foundation Inc. met in fall 2003 at the Student Center on the Oklahoma City campus. Seated, from left, are Prudence Little, Madill, chair; Steven E. Moore, Oklahoma City, vice chair; Linda R. Rodgers, Oklahoma City; Jack Graves, Tulsa; and H. E. “Gene” Rainbolt, Oklahoma City. Standing are Verlan W. Harrell, Oklahoma City; and Foundation President Ron D. Burton, Norman, ex-officio. Not pictured is Jane Harlow, Oklahoma City, vice chair.

Foundation also could guarantee strict confidentiality, not only of the gift itself but also of all documents pertaining to the gift. Far from being penalized by the state legislature, as Phillips had anticipated, the University over the years has even been rewarded with supplemental appropriations to be joined with private and institutional funds for major projects and with matching funds

# Fiscal '03 Reflects Steady Gains

The annual financial report to the Board of Trustees of the University of Oklahoma Foundation Inc. for FY 2002-03, ending June 30, is in many ways a remarkable document. While the economy struggled to recover from its three-year downward slide, the Foundation continued its steady growth in the areas of total assets, total endowment and total contributions while registering a positive reversal in unrealized gains in investments for the second half of the year.

Total Foundation assets for FY '03 stood at \$594 million, up from the previous year's \$582 million, a gain of nearly \$12 million. Endowed funds totaled \$427 million for the same period, up from \$410 million in fiscal 2002, a \$17 million gain. Gifts of cash and property and charitable remainder trusts received by the Foundation totaled \$67.7 million for the year just ended, a \$3.6 million increase over the \$64.1 million received in FY '02.

Most encouraging in the annual report was the upturn in unrealized gains in investments, which increased in FY '03 by approximately \$12.5 million, a marked improvement from the negative \$17.8 million recorded during the extremely depressed FY '02 market. Also received were interest, dividends and rent amounting to more than \$13 million, royalty income of more than \$540,000 and net realized losses on sales of investments of approximately \$13.8 million. The total addition to resources from all sources amounted to \$81.9 million, compared to \$52.1 million last year.

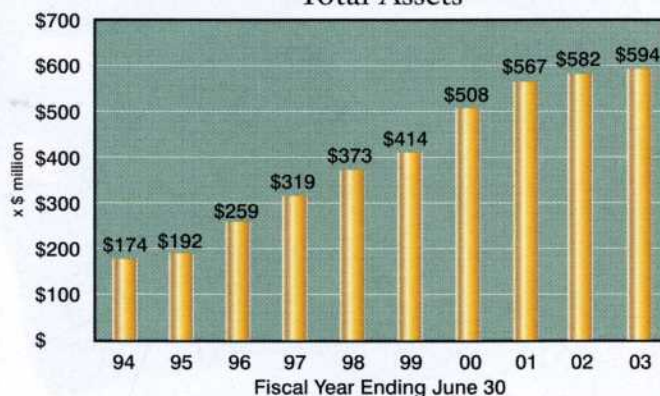
On the expenditure side, the Foundation spent \$59.8 million in support of University programs and projects, an increase over the \$53.3 million expended in FY '02. Facilities and equipment led the way with \$26 million, more than double the 2002 expenditure in that area, again due to the large number of ongoing major construction projects.

Student awards also increased more than \$600,000 to \$10.3 million as the OU administration launched a campaign for additional scholarships to assist students facing significant tuition increases. The Foundation also expended \$11.8 million for general University educational assistance, \$8.8 million for faculty salary supplements and \$638,000 for faculty awards. Operating expenses for the year totaled \$2.2 million. Investment consulting and custodial fees for FY '03 were \$1.7 million. Depreciation accounted for \$50,000.

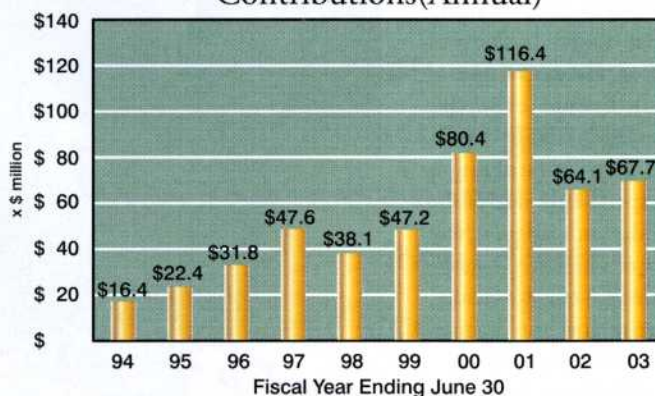
During FY '03, Foundation staff processed 49,653 gifts. Of that amount 11,090, or approximately 22.34 percent, came via credit card, while 159 gifts of securities were received. For the same period, 23,718 payments were issued by the Foundation to beneficiaries of private donor support to the University.

The complete audited report of the Foundation's fiscal year 2002-03, prepared by the independent accounting firm Ernst & Young LLP, can be found on the Web site [www.oufoundation.org](http://www.oufoundation.org).

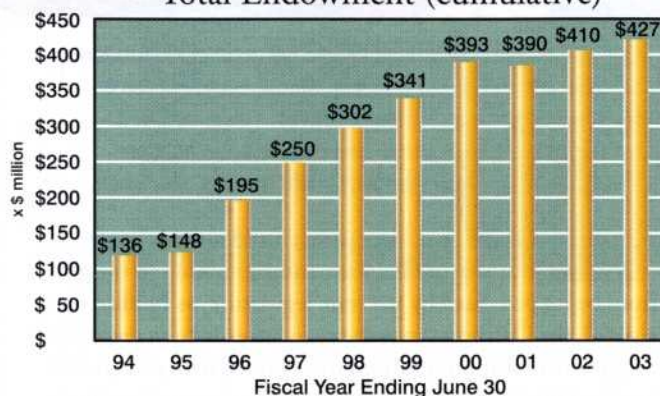
### Total Assets



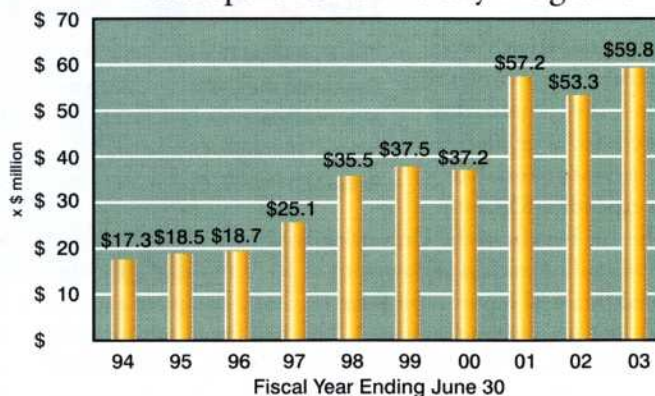
### Contributions(Annual)



### Total Endowment (cumulative)



### Total Spent for University Programs



for privately endowed faculty positions.

The Foundation soon outgrew its desk-drawer home and later its trust framework. In 1948 R. Boyd Gunning was hired as its first executive secretary, later executive director; Foundation assets at the time totaled \$40,000. In 1955 the trust was dissolved, and the Foundation was incorporated and designated a 501(c)(3) non-profit by the IRS. The assets were \$17.5 million when Gunning retired more than 30 years later, to be succeeded by Ron D. Burton, who now carries the title of president of the Foundation.

In addition to his management and investment responsibilities, Gunning was also OU's chief fundraiser until the University formed its own development office in 1969. The Foundation's independent status notwithstanding, OU's private funding program has remained a team effort marked by close cooperation between the Foundation and the University administration and faculty, particularly the Office of President David L. Boren, the Office of University Development, under Vice President David R. Maloney, and the University of Oklahoma Alumni Association, directed by Vice President Tripp Hall.

As a public institution dependent on year-to-year funding and restricted by regulations on state agencies, the University's action often has been limited. The flexibility afforded by its separate status, on the other hand, enables the Foundation, on behalf of the University, to engage in long-term planning, make expeditious decisions to take advantage of unforeseen opportunities and facilitate complex major projects by providing such assistance as seed money or bridge financing.

In past years, the University was limited to one-year financial commitments and could not mortgage state property, making acquisition of available property for future campus expansion nearly impossible. Until changes in the law freed the University's hands, the Foundation formed several public trusts to purchase property as it came on the market, at a considerable savings to the institution over what the selling price would have been years later



The Foundation's professional staff is headed by Ron D. Burton, left, who joined the organization as treasurer in 1970, became executive director in 1978, and was named president when the Foundation's corporate structure was modernized in 2000. Since 2001, Prudence Little, an attorney from Madill, right, has chaired the 30-member governing Board of Trustees, to which she was elected in 1992.

**Cross...solicited the initial \$160 from three OU supporters and for several years housed the new organization in the lower left-hand drawer of his desk.**

when expansion was imminent—a precursor of more recent action that transformed OU-Tulsa into a viable presence in its home community.

In fall 1999 the former BP Amoco research facility was offered to the University as a long-sought Tulsa campus. The beautiful 60-acre site was ideal with its 370,000 square-foot complex of offices, laboratories and classrooms—and the price was right: \$24 million for property appraised at \$48 million. With a \$10 million gift from the Schusterman Foundation in the offing, the University was confident that the funding could be attained over time—but time was short. With only 10 days until the property went on the market, the University turned to the Foundation.

Burton, the Foundation's Board of Trustees and the organization's legal counsel did their due diligence, formed a not-for-profit limited liability company and completed the purchase, adding another \$3 million for renovations and moving expenses. Over the next three years, the University bought back the now-named Schusterman Center, with interest.

A similar but more involved, longer-term opportunity came in 2003 with the University's decision to sell 558 acres on the North Base to fund its portion of the \$67 million National Weather Center, a world-class facility on the new Research Campus-South that will be an enormous boost to the state. Bordering I-35 just west of OU's Max Westheimer Field, the



Recent improvements to the Foundation Building at 100 Timberdell Road on the University's South Campus included the installation of an interactive conference room, complete with plasma screens, which allows the participation in committee meetings of trustees not able to attend in person. In the photo above, Foundation Vice Chair Steven E. Moore, who is board chairman, president and CEO of OG&E Energy Corporation, joins the discussion from his conference room in Oklahoma City.

North Base location, part of the old WWII Naval Air Station, is a commercial gold mine. Sale to private developers would have delivered the needed Weather Center funds, but sale to the Foundation's newly formed University North Base LLC will give the University the immediate funds and an on-going bonus.

The Foundation expects the \$13.3 million North Base purchase to return the original investment as well as profits to fund a sizable endowment that will pump support to any number of University projects. While definitive real estate development decisions have not been made, the LLC's governing committee is consulting experts and working closely with the University, the city of Norman and other affected parties to create a pleasing entrance to the city of Norman and a profitable, first-class commercial enterprise.

The Foundation never runs out of beneficiaries for the donations received or the money earned. New and improved facilities on the Norman, Oklahoma City and Tulsa campuses attest to immense private support through the Foundation, as do

and expertise, which is considerable. Elected for three-year staggered terms, the trustees are drawn from many professional and philanthropic backgrounds.

Professional fund managers, employed by the Board to oversee Foundation investments, have demonstrated track records in value and growth funds, large and small funds, and fixed income funds, both domestic and foreign. A separate firm monitors the fund managers' performance.

In 2000, with assets growing exponentially, management increasingly driven by technology and development opportunities demanding more and more astuteness, the Board once again initiated a reorganization of the Foundation that enlarged the resource staff and expanded trustee involvement. The trustees are convinced that the future advancement of the University of Oklahoma will be determined in large part by the private support it attracts, and they are confident that the University of Oklahoma Foundation will be prepared to assist every step along the way.

scholarships and fellowships, faculty support through salary supplements and awards, equipment for both teaching and research and library acquisitions. Donors themselves decide where their money goes—100 percent of it. Operating costs are met primarily through a charge of one percent of the assets under management on long-term investments, a reasonable charge on the earnings of short-term expendable funds and through a few unrestricted funds.

The Foundation is governed by a volunteer, 30-member Board of Trustees, currently chaired by Prudence Little, of Madill. Each trustee is a donor who has demonstrated over time a dedication to OU and a willingness to give time, resources

**NOTE:** Although the greatest percentage of private support received by the University of Oklahoma is channeled through the University of Oklahoma Foundation Inc., the total reported annually by the University's Office of Development, which was \$87.6 million for fiscal 2003, includes gifts of cash and property made directly to the OU Board of Regents and matching funds held by the Oklahoma State Regents for Higher Education. Likewise the University's total endowment of \$589 million includes the Foundation's endowed funds, the OU Regents Endowment and the State Regents' matching fund endowment.