

The USAFA Endowment

A NEW APPROACH TO GIVING

Developing leaders of character has never been more important



2008 Annual Report

INTEGRITY FIRST
SERVICE BEFORE SELF
EXCELLENCE IN ALL WE DO

Letter from the Chairman



Dear Academy Friends,

The last 18 months have been critically important for the USAFA Endowment and the Air Force Academy. In that short time, we have established and grown an independent charitable foundation focused solely on raising, stewarding and distributing private funds to support the Academy. We are proud of the progress we have made so far.

In particular, 2008 has been a very positive year. Most notably, we have continued to assemble a highly talented and deeply committed board, composed of some of the most outstanding leaders that our Academy and our nation have to offer. Each director has chosen to serve because he or she deeply believes in the importance of giving to our institution. Additionally, we have raised \$7.38 million in support of the Academy and the ongoing mission of the Endowment, bringing the total amount raised by the Endowment to over \$13.1 million in just our first 18 months.

All of this took place under rather difficult economic circumstances. As you are all aware, this year brought significant turmoil to the financial markets. Assets of all types have been significantly devalued, and for many, personal incomes have not kept pace with rising costs of living.

Still, the Endowment has pressed ahead with its vital mission: to provide transformative private support for our Academy that will enhance the overall quality of the educational and training experience for our young men and women. Now, more than ever, our Academy depends on private funding to provide many program enhancements that take the Academy experience from a level of sufficiency, to one that is truly world-class.

Programs we support include distinguished visiting lectureships, international student exchanges and state-of-the-art classroom teaching technologies. And we are actively working on capital projects such as the new 80,000 square-foot indoor practice facility for intercollegiate and intramural athletic training, the largest privately funded capital project in Academy history, and refinements for the Center for Character and Leadership Development. All of these enhancements, none of which the federal government can be expected to fund, are making a significant difference in the quality of young men and women our Academy can attract and in the caliber of leaders our Academy can produce.

I thank you for your generous support for the Academy and the Endowment, and I ask for your continued support as we work diligently to make our beloved institution even better.

Sincerely,

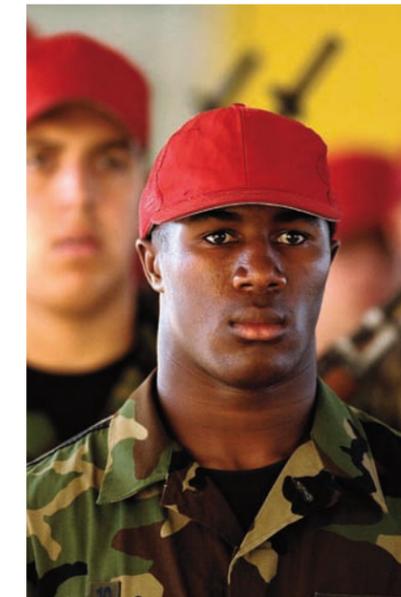
A handwritten signature in black ink that reads "A. Bart Holaday".

A. Bart Holaday '65
Chairman



The USAFA Endowment – A New Approach to Giving

Without a doubt, our institution produces the finest young men and women, each of whom will be entrusted to lead our nation in the armed services and beyond. The Academy's mission – to develop leaders of character – has never been more important.



The History of Private Support at the Air Force Academy

Private philanthropy has always been an integral part of the Air Force Academy's landscape and culture. Many of the programs and places that graduates enjoyed during their own Academy experience were funded, in whole or in part, by private donations. A large number of graduates have fond memories generated in Falcon Stadium – a facility that was funded entirely by generous contributions from early Academy faculty, staff and supporters.

Over the years, this tradition of private support for our public institution has continued and grown. In the past decade, graduates, parents and friends have donated more than \$60 million to enhance the quality of the educational experience at the Academy. These gifts have supported every aspect of cadet life: character development, athletic competition, academic discovery and military education. This generosity has elevated the reputation of our school and has promoted the development of Air Force officers with the highest personal and professional qualities, uniquely positioned to lead our military and our nation.

The last few years, however, have also been marked by some uncertainty over the future of private giving at the Academy – both its role at a federally funded school, and the proper structure required to effectively execute a comprehensive giving program.

The Increasing Importance of Private Support for the Academy

In order to understand the importance of private giving at a federal institution, it is helpful to look at broader trends. Increasingly, state and federal resources earmarked for educational institutions are proving less than adequate in meeting the escalating financial requirements of the modern university. Classrooms and teaching methodologies have evolved, and the expectations of young prospective students and their families have grown. These advancements are expensive, and like all other great public universities, the Academy now requires significant private support to maintain its status as an elite institution.

In order to meet this growing need, graduates and friends of the Academy have established the USAFA Endowment – a new and unique charitable foundation supporting the Air Force Academy. In forming the Endowment, we took the opportunity afforded by the establishment of a new organization to create a structure and approach that we believe will make the act of giving to the Academy as personally fulfilling and efficient as possible for every donor.



The USAFA Endowment – A New Approach to Giving

The USAFA Endowment represents a new approach to giving to the Air Force Academy.

Donors know that the philanthropic purpose motivating their gift is not completed by the act of giving alone. Thoughtful donors require that the funds they have given and the project it has created or supported be closely watched and competently stewarded, during the donors' lives and long after. Because of this, we believe that any foundation, empowered and charged with the abiding stewardship of donated funds should be constituted in such a way as to ensure the permanency and efficacy of the gift. This requires a board structure that sees minimal turnover and is constituted of donors, for donors.

As a result, the founders of the USAFA Endowment chose to establish a new type of foundation and to memorialize several unique "founding principles" into the organizational bylaws. These founding principles make the USAFA Endowment unique among charitable foundations supporting higher education.

There are no fees or deductions. All donations are used exclusively for their intended charitable purpose without any deductions taken for fundraising expenses.

Our Board is stable and independent. The structure of the USAFA Endowment is such that donors can have confidence that their gifts will be stewarded carefully and consistently over time by other donors.

We are committed to a positive and supportive approach. The singular role of the USAFA Endowment is to provide financial support for vital Academy programs. We will not make any public pronouncements on the policy decisions of the Academy or the Air Force.

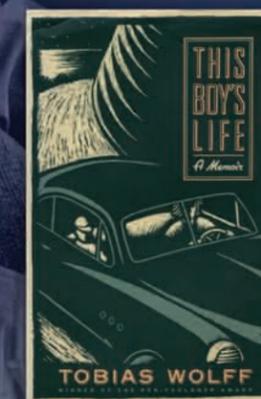
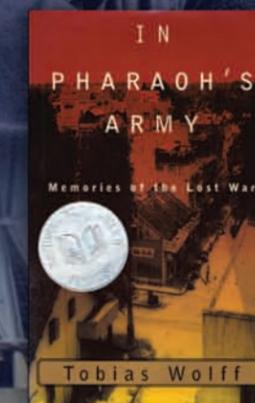
We are fully transparent. Our operations have complete audit and donor visibility annually. Annual reports are provided to each donor—both for the USAFA Endowment as a whole, and for each donor's individual gift.

We believe that these principles create an organization in which our donors can feel completely confident that their investments will support the purposes for which they are given. Equally important, our donors are assured that their gifts will be carefully and consistently stewarded without fear of future financial or organizational changes. Ultimately, we believe the USAFA Endowment provides a structure that offers donors the confidence they require to give generously and continually to the Academy.

The Impact of Giving

The annual *David L. Jannetta Distinguished Lectureship in War, Literature, and the Arts* brings to the Academy writers, artists, and scholars who specialize in the human aspects of war. The *Lectureship* was endowed in 2008 by a gift through the USAFA Endowment to support a series of public lectures, classroom sessions, and faculty workshops by well-established scholars in the fields of literature, history, philosophy and the arts. In conjunction with the annual Humanities Summit, this program highlights key elements of the Academy's core military mission, while vitally encouraging a deeper understanding of the human elements present in the profession of arms. By enriching both the professionalism of the humanities faculty and the education of the Air Force's future leaders, the *Jannetta Lectureship* prepares our young men and women to better grapple with the ambiguities that always attend the complex issues associated with the military profession.

Tobias Wolff
2008 David L. Jannetta Distinguished Lecturer





Lifetime Giving

Recognition for total commitments made through the USAFA Endowment since its inception on July 12th, 2007.

\$1,000,000+

Anonymous
Mr. and Mrs. John M. Fox
Mr. and Mrs. Max F. James
Mr. and Mrs. John N. Kucera

\$500,000 - \$999,999

Mr. and Mrs. Terrance M. Drabant
Mr. and Mrs. A. Bart Holaday
Mr. and Mrs. John W. Martin
Mr. John H. Martinson
Mr. and Mrs. Richard T. Schlosberg III
Mr. and Mrs. William H. Simpson

\$250,000 - \$499,999

Mr. George W. Burch
Dr. and Mrs. Paul G. Kaminski
Mr. and Mrs. Paul S. Madera
Mr. and Mrs. Gilbert D. Mook
Mr. and Mrs. Terrence L. Petrzela
Mr. Charles E. Phillips, Jr.
Mr. and Mrs. Gregg C. Popovich
Mr. and Mrs. William E. Wecker
Mr. and Mrs. F. Keith Withycombe
Mr. and Mrs. R. David Yost

\$100,000 - \$249,999

Lt Col (Ret) David L. Jannetta
Mr. and Mrs. Richard D. McConn

\$50,000 - \$99,999

Mr. Harry J. Pearce
Gen (Ret) and Mrs. Michael E. Ryan

\$25,000 - \$49,999

Mr. and Mrs. William W. Maywhort
Mr. and Mrs. Daniel J. Schnepf
Mr. Wayne W. Whalen and Ms. Paula Wolff

Note: These figures do not include gifts previously made to the Air Force Academy through other supporting organizations.



2008 Honor Roll of Donors

Recognition for outright gifts of cash, securities and gifts-in-kind received by the USAFA Endowment from January 1st, 2008 thru December 31st, 2008.

Visionaries' Circle - (\$250,000+)

Anonymous
 Mr. and Mrs. John M. Fox
 Mr. and Mrs. John N. Kucera
 Mr. and Mrs. John W. Martin

Visionaries' Circle - (\$100,000 - \$249,999)

Mr. and Mrs. A. Bart Holaday
 Mr. and Mrs. Max F. James
 Lt Col (Ret) David L. Jannetta
 Dr. and Mrs. Paul G. Kaminski
 Mr. and Mrs. Richard T. Schlosberg III
 Mr. and Mrs. William H. Simpson

Visionaries' Circle - (\$50,000 - \$99,999)

Mr. George W. Burch
 Mr. and Mrs. Terrance M. Drabant
 Mr. Charles E. Phillips, Jr.
 Mr. and Mrs. Gregg C. Popovich
 Mr. and Mrs. William E. Wecker
 Mr. and Mrs. F. Keith Withycombe
 Mr. and Mrs. R. David Yost

Chairman's Circle - (\$25,000 - \$49,999)

Mr. and Mrs. Gilbert D. Mook
 Mr. and Mrs. Terrence L. Petrzela
 Mr. and Mrs. Daniel J. Schnepf

Leadership Circle - (\$10,000 - \$24,999)

Maj Gen (Ret) and Mrs. Edward R. Jayne, Jr.
 Mr. and Mrs. Richard D. McConnell
 Mr. and Mrs. Terrence O'Donnell
 Mr. Harry J. Pearce
 Gen (Ret) and Mrs. Michael E. Ryan
 The Honorable and Mrs. Michael W. Wynne

Benefactor - (\$5,000 - \$9,999)

Mr. Frederic N. Halstrom
 The MacLeod Family Charitable Lead Trust
 Mr. and Mrs. William W. Maywhort
 Mr. Michael J. Roth and Mrs. Jutta M. Von Borg-Roth
 Mr. Wayne W. Whalen and Ms. Paula Wolff

Partner - (\$2,000 - \$4,999)

Lt Gen (Ret) and Mrs. Marcus A. Anderson
 Gen (Ret) and Mrs. Ralph E. Eberhart
 Lt Gen (Ret) and Mrs. Lawrence P. Farrell, Jr.
 Mr. and Mrs. Bryce A. Fisher
 Col (Ret) and Mrs. John B. Gross
 Mr. Matthew C. Johnson
 Mr. and Mrs. Ronald M. McCollum
 Mr. and Mrs. Jonathan D. Robinson
 Maj Gen (Ret) and Mrs. Alan V. Rogers
 Mr. Jerry L. Smith
 Mr. and Mrs. R. Scott Steinfort
 Gen (Ret) and Mrs. Ronald W. Yates

Donor - (\$1 - \$1,999)

Mr. and Mrs. Stephen L. Amdor
 Maj and Mrs. Michael R. Black
 Col (Ret) and Mrs. Richard H. Downing
 Mr. and Mrs. Mark D. Hille
 Mr. and Mrs. Edward E. Legasey
 Mr. and Mrs. Paul S. Madera
 Lt Col (Ret) and Mrs. Timothy J. Matson
 Mr. and Mrs. T. Allan McArtor
 Lt Col and Mrs. Michael J. Ott
 Mr. and Mrs. George S. Pupich
 Ms. Serena R. Stickney
 Capt Craig Thorstenson and Capt Linda Thorstenson

2008 Financial Summary



In 2008 the USAFA Endowment raised \$7.38 million in cash and pledges, and received payments of cash, securities and gifts-in-kind totaling \$3.65 million.

Of the total \$7.38 million that was committed, \$2.6 million was designated by donors to support various Academy programs. More than \$1.48 million was designated to support athletics, including the construction of the Indoor Practice Facility and to support various intercollegiate athletic teams. Additionally, donors committed \$316,000 to support the newly expanded Center for Character and Leadership Development, including the hiring of a Senior Scholar-in-Residence. The Academic program at the Academy also benefited in 2008, receiving commitments of over \$800,000 to support such initiatives as the Just-in-Time Teaching Program Extension and the Distinguished Lectureship in War, Literature and the Arts. Finally, a portion of the total commitments made in 2008 were designated, by donors, to support the Falcon Foundation and the Association of Graduates.

The remainder of the gifts and pledges in 2008 were dedicated, by donors, to support USAFA Endowment operations. Cumulative commitments to the Founding Director Fund, the primary source of operating funds, reached \$7.33 million, an increase of \$4.53 million during the year. Additionally, many donors chose to commit some or all of their annual contribution to the USAFA Endowment Fund, dollars that are specifically designated to support the ongoing mission of the Endowment.

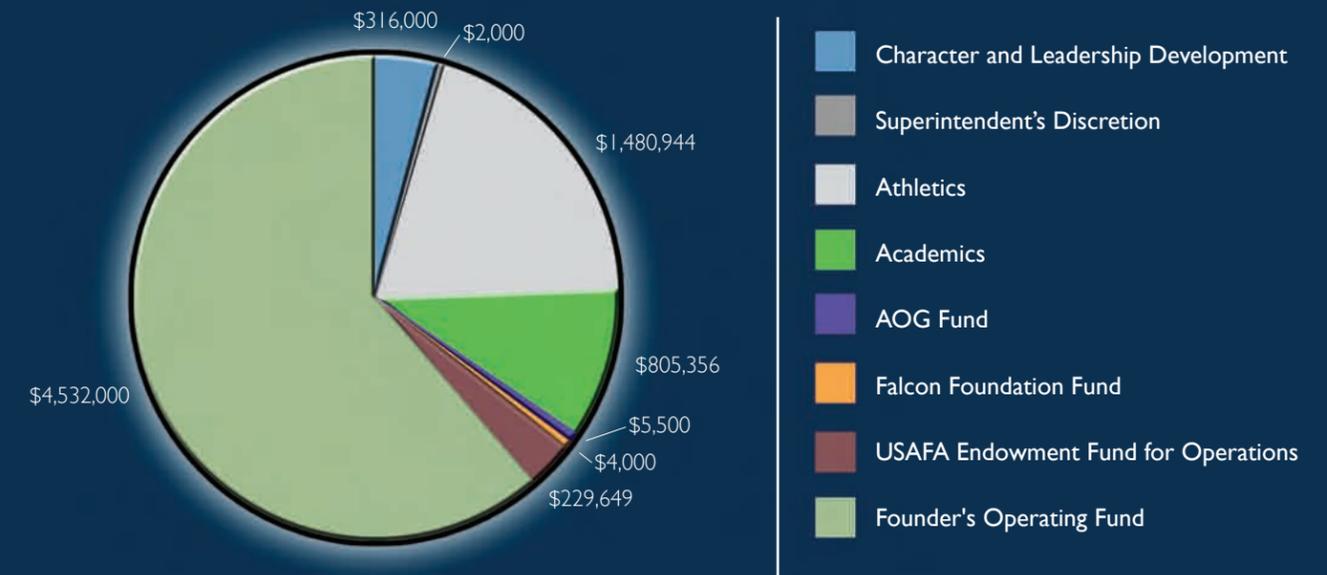
Our cost of fundraising remained extremely low in 2008, under five percent of funds raised. This is a remarkable achievement, and means that for every dollar we spend, we return 20 times that amount in new commitments to support the Air Force Academy and the ongoing mission of the Endowment. We believe that the donors who have chosen to support Endowment operations understand the multiplying effect that their contributions have made and will continue to make for the Academy.

Overall since its inception in July of 2007, our organization has raised over \$13.1 million to support the Air Force Academy and the ongoing mission of the Endowment.

Please visit our website at www.usafaendowment.org for more information on our financial performance, including our most recent audited financial statements, and for timely updates on our progress.

Giving in 2008

(Donors designated their pledges to the Endowment in 2008 for the following charitable purposes.)



Financial Summary Statement (July 1st, 2007 to December 31st, 2008)

Fund	Gifts from Donors			Disbursed	Investment Income	Balance
	Pledged ¹	Received	Outstanding			
Operating Funds						
Founder's Operating Fund	\$7,332,000	\$2,151,294	\$5,180,706	\$374,790	(\$14,465)	\$1,762,039
Gifts	\$6,810,000	\$2,151,294	\$4,658,706	\$374,790	(\$14,465)	\$1,762,039
Deferred Gifts ²	\$522,000	\$0	\$522,000	\$0	\$0	\$0
USAFA Endowment Fund	\$257,149	\$127,285	\$129,864	\$108,971	\$193	\$18,507
Totals for Operating Funds	\$7,589,149	\$2,278,579	\$5,310,570	\$483,761	(\$14,272)	\$1,780,546
Charitable Program Funds						
Academy Funds	\$51,750	\$36,350	\$15,400	\$12,016	\$21	\$24,356
Superintendent's Discretion	\$2,000	\$2,000	\$0	\$2,011	\$14	\$3
AOG	\$5,500	\$1,500	\$4,000	\$1,500	\$1	\$1
Academics	\$30,000	\$25,000	\$5,000	\$2,000	\$2	\$23,002
Athletics	\$14,250	\$7,850	\$6,400	\$6,504	\$5	\$1,351
Cadet Activities	\$0	\$0	\$0	\$0	\$0	\$0
Character and Leadership Development	\$0	\$0	\$0	\$0	\$0	\$0
Military Development	\$0	\$0	\$0	\$0	\$0	\$0
Academic Programs	\$770,356	\$200,356	\$570,000	\$0	\$4,506	\$204,862
Jannetta Lectureship	\$200,356	\$200,356	\$0	\$0	\$4,506	\$204,862
Martinson Just-In-Time Teaching	\$570,000	\$0	\$570,000	\$0	\$0	\$0
Athletic Programs	\$2,951,694	\$1,316,930	\$1,634,763	\$167,730	\$2,034	\$1,151,234
Falcon Football	\$710,411	\$368,230	\$342,180	\$167,730	\$2,010	\$202,510
Indoor Practice Facility	\$2,241,283	\$948,700	\$1,292,583	\$0	\$24	\$948,724
Character and Leadership Programs	\$1,816,000	\$742,000	\$1,074,000	\$183,673	\$7,026	\$565,352
Chair in Character and Leadership	\$516,000	\$502,000	\$14,000	\$183,673	\$7,005	\$325,331
Center for Character and Leadership	\$1,000,000	\$0	\$1,000,000	\$0	\$0	\$0
Senior Scholar-In-Residence	\$300,000	\$240,000	\$60,000	\$0	\$21	\$240,021
Falcon Foundation	\$4,000	\$4,000	\$0	\$0	\$0	\$4,000
Totals for Charitable Program Funds	\$5,593,800	\$2,299,636	\$3,294,163	\$363,419	\$13,586	\$1,949,803
Totals for USAFA Endowment, Inc.	\$13,182,948	\$4,578,216	\$8,604,733	\$847,180	(\$686)	\$3,730,349

Notes: 1) Pledged totals include gifts received without a corresponding prior pledge, deferred gifts, and matching gifts.
2) Deferred gift is stated at current value as of February 2008.

"WE WILL NOT LIE, STEAL,
OR CHEAT, NOR TOLERATE
AMONG US ANYONE
WHO DOES."



Board of Directors

A. Bart Holaday '65, *Chairman*

George W. Burch '59

Terrance M. Drabant '65

John M. Fox '63

Timothy J. Fyda '79

Col (Ret) Frederick D. Gregory '64

Max F. James '64

Paul G. Kaminski '64

Jack N. Kucera '78

Edward E. Legasey '67

Jerrold T. Lundquist '71

Paul S. Madera '78

John W. Martin '69

William W. Maywhort '68

Richard D. McConn '66

Gilbert D. Mook '67

Harry J. Pearce '64

Terrence L. Petrzelka '70

Charles E. Phillips, Jr. '81

Gregg C. Popovich '70

Gen (Ret) Michael E. Ryan '65

Brig Gen (Ret) Harvey W. Schiller

Richard T. Schlosberg III '65

Col (Ret) James A. Shaw '67

William H. Simpson '63

William E. Wecker '63

F. Keith Withycombe '66

The Honorable Michael W. Wynne

Gen (Ret) Ronald W. Yates '60

R. David Yost '69

The USAFA Endowment

A NEW APPROACH TO GIVING

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www.usafaendowment.org