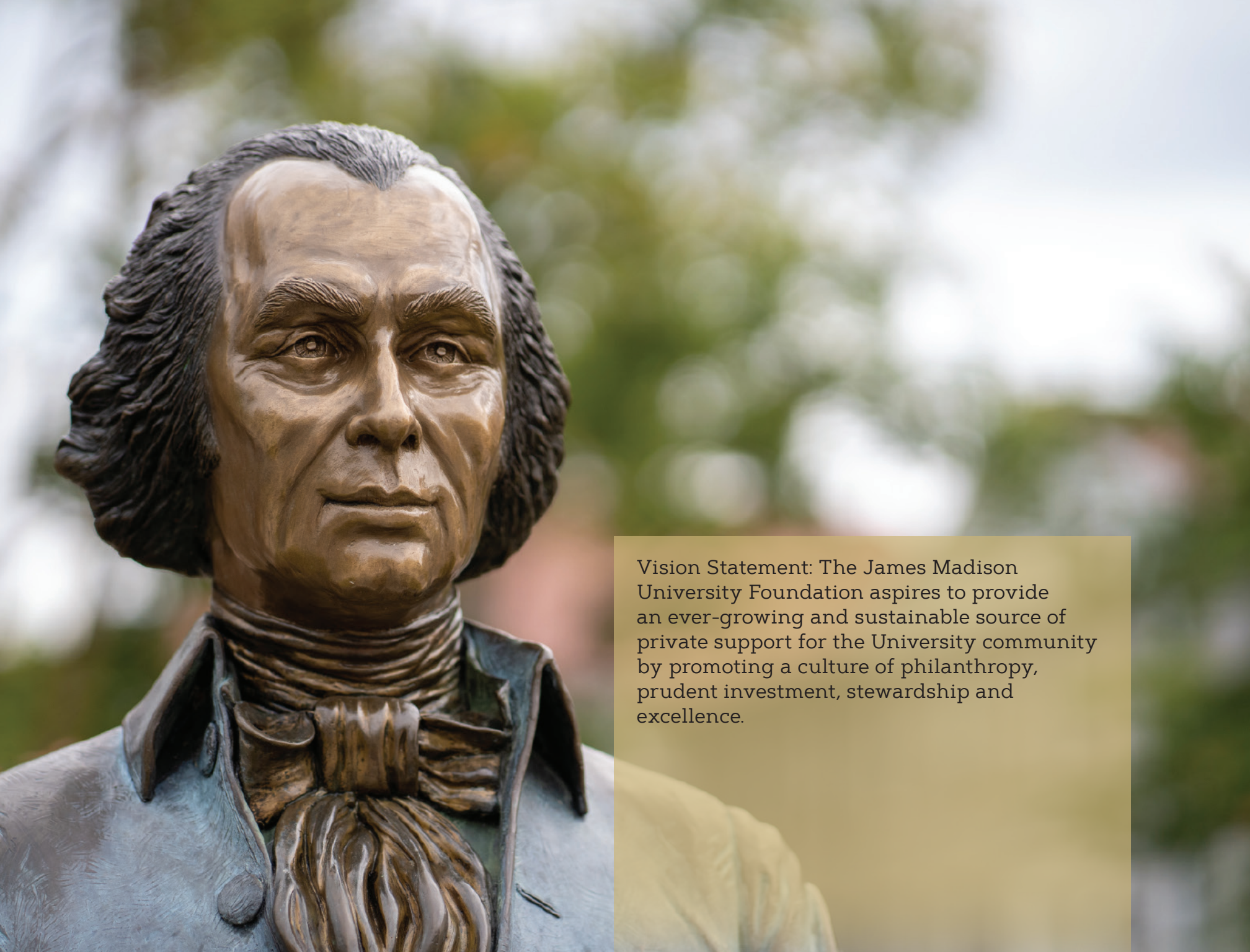




2019-2020
ANNUAL REPORT



JAMES MADISON UNIVERSITY.
FOUNDATION



Vision Statement: The James Madison University Foundation aspires to provide an ever-growing and sustainable source of private support for the University community by promoting a culture of philanthropy, prudent investment, stewardship and excellence.

2019-2020 ANNUAL REPORT



JAMES MADISON UNIVERSITY
FOUNDATION

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Mission Statement: We support and serve the James Madison University community. Through our advocacy, philanthropy, asset management, and stewardship we enrich the collegiate experience of its students, faculty and staff.

An Extraordinary Year of Challenges and Accomplishments

In February, the Foundation was experiencing a banner year. Gift totals raised by University Advancement were on pace for a record year, endowment levels were reaching new highs, and a full slate of events was scheduled to push us towards the most successful fundraising year to date. Then in March our world turned sideways, just like the rest of the global economy and health of our nation.

We were tested but did not break. The Foundation implemented our Continuity of Operations Plan and configured our critical IT processes so we could resume operations off-site. Staff began working remotely, and Zoom meetings became the “new” normal until we were able to return to our office in June. Our Board meetings were also moved to a virtual format. Even though virtual meetings kept us productive, we definitely missed seeing and interacting with our Trustees in person.

While the 3rd quarter of FY20 was a very volatile time in the investment world, our asset allocation performed as intended. We did not have the large drawdowns experienced by the general markets. I am also very happy to report that by June 30, 2020 the endowment rebounded to report a positive return of 4.5% for FY20. The diversity of our investment managers and the expertise of our Investment Committee supported success even in uncertain times. This return allowed us to provide scholarships as promised in February and record 5% growth in our endowment balance.

In addition to building a stronger endowment in FY20, we teamed up with the University and Harrisonburg Construction to construct the first building in the history of the Foundation. This new four story 44,000 sq. ft. building, which is located at 1031 Harrison Street, will be home to the Foundation and numerous JMU departments in FY21. University Advancement Information Systems is one of the departments moving into the new building, and its close proximity to the Foundation will be synergistic. Our team works with this department on a daily basis and now the commute is one flight of stairs versus a drive across town.

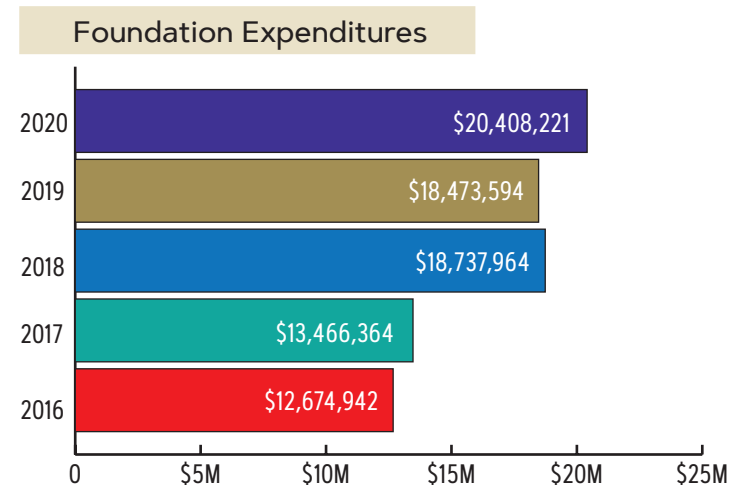
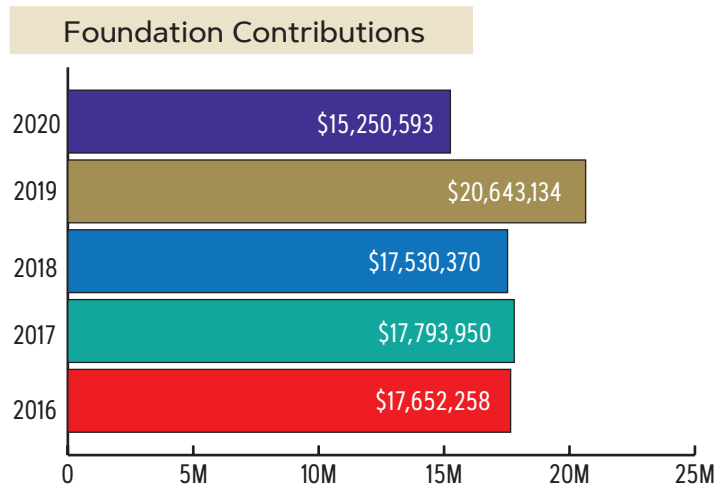
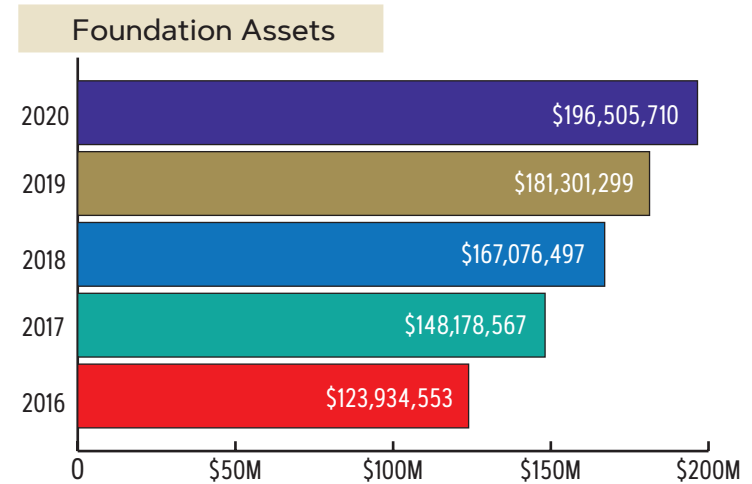
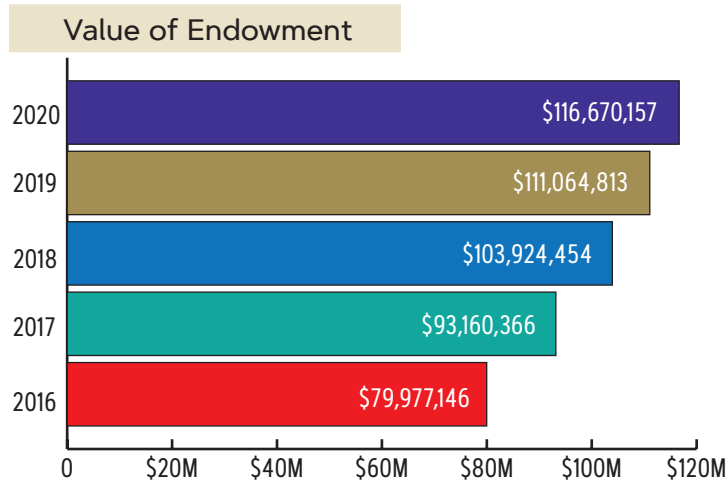
I want to thank you, our donors, for your continued support to the University and the Foundation. The members of our staff, our Board and University Advancement bonded together as a strong team during these last months of FY20 and have cleared many hurdles to achieve new milestones in FY20. We know FY21 will be a great year as we all continue to pull together and provide the JMU community with the tools necessary to create excellence in all they do.



Warren K. Coleman ('79, '81M, '07P)
Chief Executive Officer
James Madison University Foundation, Inc.



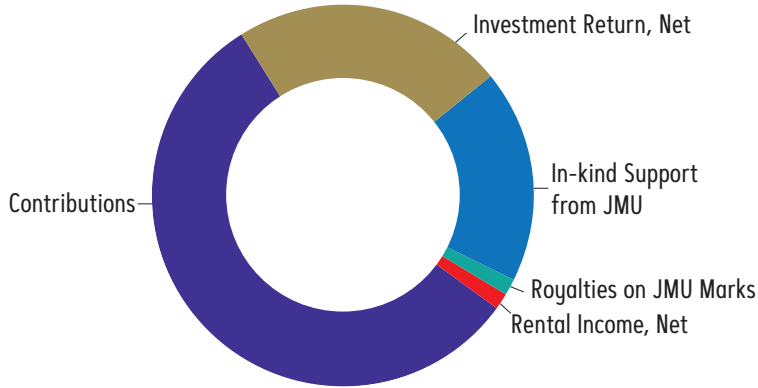
2019–2020 Financial Highlights



The Foundation's financial reporting follows U.S. Generally Accepted Accounting principles (GAAP)

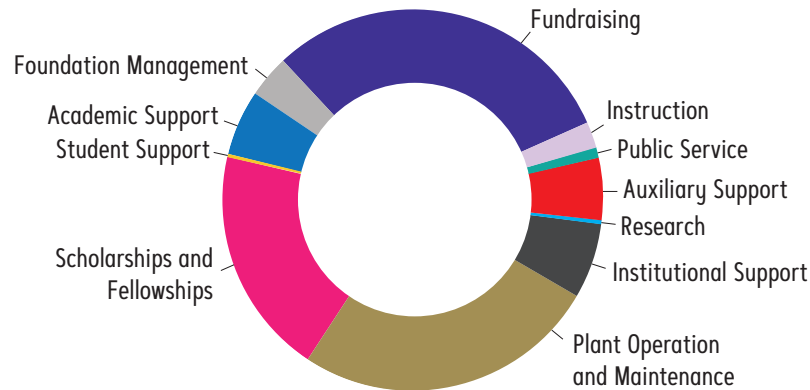
2019–2020 Financial Highlights

Revenue, Gains and Other Support



Contributions	\$ 15,250,593	56.0%
Investment Return, Net	\$ 6,353,986	23.3%
In-kind Support from JMU	\$ 4,922,470	18.1%
Royalties on JMU Marks	\$ 367,275	1.3%
Rental Income, Net	\$ 360,451	1.3%
Total Revenue, Gains and Other Support	\$ 27,254,775	100.0%

Expenditures by Function



Instruction	\$ 508,344
Research	\$ 36,050
Public Service	\$ 144,997
Academic Support	\$ 1,118,613
Student Support	\$ 51,585
Institutional Support	\$ 1,275,095
Plant Operation and Maintenance	\$ 5,298,962
Scholarships and Fellowships	\$ 3,928,390
Auxiliary Support	\$ 1,158,318
Foundation Management	\$ 727,194
Fundraising	\$ 6,160,673
Total Expenditures by Function	\$ 20,408,221

2019–2020 Financial Highlights

Contributions by Area

Area	Total
Arts and Letters	\$ 279,486
Business	\$ 821,135
Education	\$ 704,251
Health and Behavioral Studies	\$ 665,191
Integrated Science and Engineering	\$ 601,455
Science and Mathematics	\$ 187,887
Visual and Performing Arts	\$ 272,764
Honors College	\$ 104,092
Academic Affairs	\$ 470,552
Student Affairs	\$ 128,621
Intercollegiate Athletics	\$ 2,258,763
Facilities and Operations	\$ 3,507,581
Advancement and Development	\$ 191,652
Financial Aid	\$ 3,644,359
Foundation Grants and Support	\$ 1,412,804
Total Contributions	\$ 15,250,593

Expenditures by Area

Area	Scholarships	Program Support	Total
Arts and Letters	\$ 104,155	\$ 166,290	\$ 270,445
Business	\$ 243,012	\$ 787,554	\$ 1,030,566
Education	\$ 276,567	\$ 76,069	\$ 352,636
Health and Behavioral Studies	\$ 432,898	\$ 129,515	\$ 562,413
Integrated Science and Engineering	\$ 26,050	\$ 99,233	\$ 125,283
Science and Mathematics	\$ 139,833	\$ 61,236	\$ 201,069
Visual and Performing Arts	\$ 288,651	\$ 77,399	\$ 366,050
Honors College	\$ 55,335	\$ 5,854	\$ 61,189
Academic Affairs	\$ 52,015	\$ 151,001	\$ 203,016
Student Affairs	\$ 38,461	\$ 51,957	\$ 90,418
Intercollegiate Athletics	\$ 1,032,588	\$ 1,717,614	\$ 2,750,202
Facilities and Operations	-	\$ 5,300,770	\$ 5,300,770
Advancement and Development	\$ 31,000	\$ 5,580,695	\$ 5,611,695
Financial Aid	\$ 1,037,475	\$ 14,125	\$ 1,051,600
Foundation Grants and Support	\$ 170,350	\$ 2,260,519	\$ 2,430,869
Total Expenditures	\$ 3,928,390	\$ 16,479,831	\$ 20,408,221

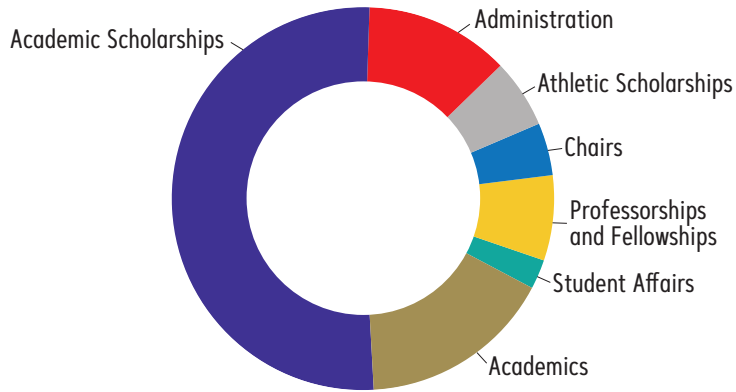
Unleashed: The Campaign for James Madison University Goal: \$200 Million



Values Statement: We are guided by an abiding commitment to the University, valuing generosity and fiscal responsibility.

2019–2020 Endowment Highlights

2019–2020 Endowment



Purpose	Percent	2020	2019
Academics	17%	\$ 19,261,706	\$ 17,724,350
Academic Scholarships	51%	\$ 59,968,186	\$ 57,291,066
Administration	12%	\$ 14,141,626	\$ 13,535,712
Athletic Scholarships	6%	\$ 6,969,450	\$ 6,841,094
Chairs	4%	\$ 5,021,831	\$ 4,686,079
Professorships and Fellowships	8%	\$ 8,655,437	\$ 8,606,621
Student Affairs	2%	\$ 2,651,921	\$ 2,379,891
Totals	100%	\$ 116,670,157	\$ 111,064,813



2019–2020 Endowment Highlights

As of June 30, 2020, the market value of the James Madison University Foundation endowment totaled \$116.7 million, a year over year growth of 5.0%.

The asset allocation that serviced the Foundation well during the significant downturn in March and April 2020 was built on the following allocation: 35% domestic equities, 20% international and emerging market equities, 15% hedged equities, 20% absolute return and 10% fixed income equivalents. This allocation achieved a total return of 4.50% for the year ending 6/30/20, 5.02% for the trailing five-year period and 7.35% for the ten-year period.

Our endowment fund is a permanent, self-sustaining source of funding. Endowment assets are invested in a long-term portfolio. Each year, a portion of the value of the fund is paid out to support the fund's purpose, and any earnings in excess of this distribution are used to build the fund's market value. In this way, the endowment fund can grow and provide support for its designated purpose in perpetuity.

The Foundation's endowment is not, as many may think, a single "pot" of money that can be used as the University wishes. In fact, there are 880 separate endowed funds which comprise the endowment, and each has its own donor-specified criteria about how and for what purpose the income may be used.

Our Foundation's endowment spending policy is set from time to time by the Board of Trustees at the recommendation of the Investment Committee. The Foundation's target policy spending rate is 5.0% of a 12-quarter moving average of the endowment's market value. A 12-quarter moving average provides greater predictability by smoothing the impact of year-to-year market fluctuations. In periods of extreme high or low returns like the 3rd quarter of FY20, the Investment Committee may recommend limiting or supplementing the distribution to smooth the effect of market fluctuations and protect the purchasing power of the endowment. With strong returns during the May and June period, a change to the 5% spend rate was not necessary. Of the distribution rate, 4% is made available for the endowment's purpose and 1% is used for endowment management expenses.

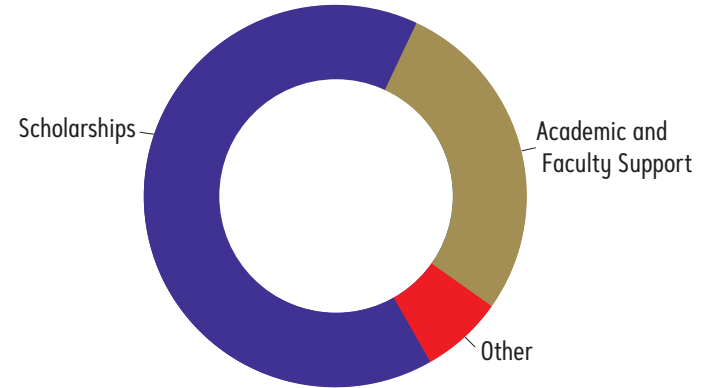
When you establish an endowment fund, you create a permanent legacy of support for James Madison University. If you would like to find out more about endowments, please contact Jeff Gilligan with University Advancement at gilligjj@jmu.edu or the Foundation Office at jmuf@jmufoundation.org, (540-568-3187).

2019–2020 Endowment Highlights

Endowment by Area

College/Area	Scholarships	Academic/ Faculty Support	Other	Total Market Value
Arts and Letters	\$ 2,655,238	\$ 2,744,367	–	\$ 5,399,605
Business	\$ 6,233,855	\$ 11,528,780	–	\$ 17,762,635
Education	\$ 8,293,827	\$ 1,543,682	–	\$ 9,837,509
Health and Behavioral Studies	\$ 3,457,651	\$ 3,853,082	–	\$ 7,310,733
Integrated Science and Engineering	\$ 1,355,794	\$ 899,918	–	\$ 2,255,712
Science and Mathematics	\$ 2,245,813	\$ 1,699,948	–	\$ 3,945,761
Visual and Performing Arts	\$ 3,838,623	\$ 1,048,352	–	\$ 4,886,975
Honors College	\$ 1,360,514	–	–	\$ 1,360,514
Academic Affairs	\$ 861,465	\$ 6,552,348	–	\$ 7,413,813
Student Affairs	\$ 752,433	–	\$ 890,803	\$ 1,643,236
Intercollegiate Athletics	\$ 6,969,450	\$ 32,597	\$ 1,761,118	\$ 8,763,165
Advancement and Development	\$ 1,136,751	\$ 534,959	\$ 10,466	\$ 1,682,176
Financial Aid	\$ 23,120,506	–	–	\$ 23,120,506
Quasi-endowment	–	–	\$ 12,600,575	\$ 12,600,575
Other Foundation Grants and Support	\$ 4,655,716	\$ 2,500,941	\$ 1,530,585	\$ 8,687,242
Totals	\$ 66,937,636	\$ 32,938,974	\$ 16,793,547	\$ 116,670,157

2019–2020 Endowment Payout



Scholarships	Academic and Faculty Support	Other	Total Payout
\$ 1,963,906	\$ 833,400	\$ 205,400	\$ 3,002,706



Investment Return	1 year	3 year	5 year	10 year
Foundation long-term portfolio	4.50%	5.72%	5.02%	7.35%
Foundation benchmark*	2.64%	4.89%	4.97%	6.89%

*The policy benchmark is the blended rate of 35% S&P 500, 20% MSCI EAFE, 15% HFRX Equity Hedge Index, 20% HFRX Absolute Return Index, and 10% BBgBarc US Aggregate TR.



Photos courtesy of Collegiate Licensing Company and Garrett King

Licensing

The JMU Foundation is unique in its role of managing all James Madison University related trademarks and assuring royalties are collected on all products. In most higher education institutions, brand licensing is not part of foundation duties but rather part of the University's business office.

In 1989, the University transferred all trademarks and registered marks to the Foundation. We are excited to manage the Licensing duties because royalty dollars are a much needed source of unrestricted revenue.

We kicked off the year with a new campaign #webleedpurple and encouraged all members of our community to wear purple or school logo apparel on Fridays. It was great to see the students, faculty, staff, and alums getting involved with this program and we hope you will continue or start this tradition in FY21. While you might not be back on campus, be sure to check out all the online sources for new products.

Even with these new ideas, FY20 was a very challenging year with the cancellation of sporting events, graduation and lost bookstore sales. Our royalties were down by about 8% from FY19, but this amount was 5% better than our peer universities. This performance was due in part to our work to bring on new licensees who understand the value of the JMU Brand and to ensure all vendors are properly licensed and paying royalties. Some of the key additions during the year were Orca coolers, Mascot Grills, Mano's Wines and new lines of apparel.

We are working to grow our royalties back to the pre-FY20 results as we bring sports and graduations back in the spring of FY21. Please continue to show your school spirit with officially licensed JMU products.

In addition to our mission of stewarding the assets of the endowment, the Foundation has another unique role.



**BEING THE
CHANGE.**

James Madison University Foundation Team

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Dr. A. Jerry Benson
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Mr. Larry Caudle, Jr. ('82)
Mr. Warren K. Coleman ('79, '81M, '07P), Adjunct
Ms. Linda W. Cross ('77, '13P)
Mr. Ronald C. Devine ('78)
Mr. Joseph K. Funkhouser, II ('99P, '02P)
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Ms. Jennifer E. Shirkey ('93)
Mr. Spencer R. Stouffer, II ('88)
Mr. Jeffrey E. Tickle ('90)
Mr. Michael S. Walden ('97)

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Ms. Linda W. Cross ('77, '13P), Chair of Board
Mr. J. Barry Purcell, III ('96), Vice Chair of Board
Mr. Warren K. Coleman ('79, '81M, '07P), CEO
Ms. Cheryl L. Lindsay, VP/CFO
Ms. Tammy K.C. Balsler, Secretary

Foundation Staff

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Ms. Leslie Bates, Foundation Accountant
Ms. Kristian Horneber ('04), Senior Accounting Manager
– Financial Reporting
Mr. David Huffman ('90, '94M), Accounting Manager
– Tax and Property
Mr. Garrett King ('14M), Licensing Director
Ms. Beth Phillips, Program Manager
Ms. Amanda Roadcap, Executive Assistant



The James Madison University Foundation, Inc. is a nonprofit 501(c)(3) organization (EIN 23-7156305). It acts as the depository for contributions supporting the various programs of James Madison University, including athletics. More information is available at jmu.edu/foundation.

This publication was directed, written and edited by the JMU Foundation Team

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Cover photo courtesy of Warren Coleman

Unless otherwise noted, all photos are courtesy of JMU Creative Media

*Some photos in this publication were taken before the COVID-19 pandemic began

JAMES MADISON UNIVERSITY FOUNDATION ... CHAMPION *of the* ENDOWMENT



Become part of the JMU Team with your support of the JMU Community.



Thank you to our donors for making our success possible. We could not have done it without your support!



JAMES MADISON UNIVERSITY
FOUNDATION

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12/2020