



## Ways to Give

A gift to DePauw University is a meaningful statement of your belief in the mission of the institution and its ability to provide its students with a transformative, liberal arts experience. Whether you support our Annual Giving programs, make life-changing opportunities for study abroad possible or establish an endowed scholarship fund, your gifts to DePauw are deeply appreciated.

Your philanthropy at DePauw can take many forms, each equally important, and allows for you to make the best gift for your financial situation. Whether it is an immediate gift of cash, securities or property; a life-income gift, such as a gift annuity or a charitable remainder trust; or a planned gift through your will, your loyalty to DePauw will support this generation of students and beyond. Every gift to DePauw is important and may qualify you for membership in special giving clubs and recognition at special giving levels.

### TYPES OF GIVING AND ASSETS

- » Pledges or new commitments can be made at any point and are most commonly fulfilled through gifts of cash, securities, Visa and MasterCard. A gift of securities may also yield additional tax benefits through the avoidance of capital gains; you should discuss this with your financial adviser, as every situation is different. These gifts are used to fulfill annual, capital and special project commitments.
- » Many donors are eligible through their employers to receive matching funds for gifts to DePauw. If you are unsure if this benefit is available to you, please check with your employer's human resources department.
- » Life-income gifts, such as a charitable gift annuity or remainder trust, can provide a lifetime of income. In some cases, if using cash or low-yield assets such as a certificate of deposit, you may increase your annual income through establishing a life-income gift with DePauw.
- » A bequest in your will, or through your living trust, allows you to make a gift to DePauw that, in many cases, was not possible during life. You maintain control over your assets during life to meet unexpected needs, and your estate will earn an estate tax deduction for the value of your gift when realized by DePauw. Life income gifts and bequests qualify you as a member of our planned giving society, the Indiana Asbury Legacy Society.
- » Real estate and personal property make wonderful gifts. Primary residences, vacation homes, farms or personal property, such as art, are popular choices for many donors.
- » Beneficiary designations of retirement plan benefits and tax deferred assets, such as IRA and 401k plans, make excellent gift choices. When given to DePauw, these assets pass untaxed to the University, whereas leaving them to heirs can result in tax liabilities. Check with your financial adviser to see if you are eligible to make tax-free IRA rollover directly to DePauw.
- » Life insurance is a forward-thinking gift that often allows you to make a larger gift than otherwise may have been possible. Whether you have an existing policy that is no longer needed or a new one, you can name DePauw as either the beneficiary or the owner, and may be able to deduct your premium payments.
- » Charitable Lead Trusts are an effective planning vehicle that incorporate both the transfer of wealth within families and charitable giving. Assets placed into a lead trust provide an immediate tax deduction for the donor and immediate income to DePauw, usually for a fixed term of years. At the trust's termination, the assets pass back to the donor or the donor's designated beneficiary, usually children or grandchildren, with the potential for substantial tax savings. A lead trust is a powerful instrument for donors who anticipate high federal estate or gift tax issues in the future.
- » Please visit our website to make a gift online ([www.depauw.edu/giving](http://www.depauw.edu/giving)) or contact the Development Office at 800-446-5298 for additional information about making a gift or charitable plans for DePauw.



# 2013 Endowment Stewardship Report



DEPAUW  
UNIVERSITY

Est. 1837





"I have been talking about my investments in DePauw, but they are not investments in DePauw University; they are investments in humanity, in the men and women who are to carry on the work of our country and the world when you and I are gone."

» EDWARD RECTOR, in his 1919 remarks to the Board of Trustees on his initial \$1,069,000 gift to establish the Rector Scholarship Fund. Ninety-four years later, this endowment continues to fulfill Rector's dream of helping the best and brightest students secure a college education. Generations of Rector Scholarship recipients have returned Edward Rector's generosity by providing their own gifts for scholarship endowment at DePauw.



P.O. Box 37 • Greencastle, Indiana 46135-0037  
800-446-5298 • www.depauw.edu

Dear Alumni, Parents and Friends,

Your investment in an endowed fund at DePauw underpins an exceptional experience for DePauw students – both today and into the future. Distributions from the University's endowment currently provide more than a quarter of the resources used each year at DePauw. Absent these funds, a DePauw education would not be possible for many who receive it, and it would be very different for those who do.

You are receiving this report because of your commitment to this exceptional experience. Herein, you will find answers to several basic questions about the management, use and performance of DePauw's endowment. You will also find a report on the endowed fund(s) specific to your investment in DePauw's future.

The fiscal year ended June 30, 2013, and it was an important one for the University's endowment. Performance was strong – well above strategic benchmarks established for the portfolio. Additionally, the University began a new relationship during the year. In May 2013, CornerStone Partners, based in Charlottesville, Va., was selected to help guide the University's portfolio decisions.

CornerStone brings an investment approach and philosophy that is closely aligned with that of the University's Investments Committee, access to a group of fund managers that are new to DePauw's endowment and a best-of-class approach to governance and investment stewardship. CornerStone was selected as DePauw's investment adviser after a substantive process that began with a review of a national field of highly qualified investment managers. CornerStone joins a very capable service team that includes Northern Trust as custodian and Crowe Horwath as auditor. Most importantly, CornerStone provides support to an exceptional Investments Committee that is chaired by Jeffrey A. Cozad '86. He is joined on the committee by the following trustees:

- |                     |                            |                          |
|---------------------|----------------------------|--------------------------|
| Rhett W. Butler '62 | Kenneth W. Coquillette '82 | Matthew S. Darnall '85   |
| Don R. Daseke '61   | Marvin E. Flewellen '85    | Andrew J. Paine Jr. '59  |
| Ian M. Rolland '55  | Janet Prindle Seidler '58  | James B. Stewart Jr. '73 |
| Lee E. Tenzer '64   | Timothy H. Ubben '58       | R. Lee Wilson '76        |

Should you have any questions about this report, please contact Dawna S. Wilson '82, director of stewardship, at 765-658-4213. Thank you for entrusting your investment in DePauw to us, and thank you for all that you do for current and future DePauw students.

Sincerely,

Brad A. Kelsheimer  
Vice President for Finance and Administration

## Endowment Overview

July 1, 2012 through June 30, 2013

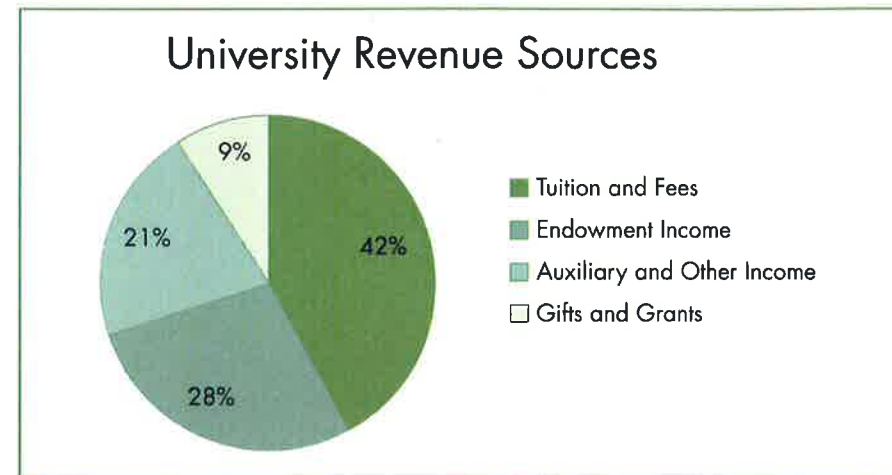
DePauw University's Endowment comprises 850 separate funds, which provide sustaining support for students, faculty, programs and facilities today and in perpetuity. Each fund is named and used in accordance with the donor's wishes. The collective value of all funds as of June 30, 2013, was \$549 million, a \$66 million increase over the previous year.

Endowment highlights for the 2012-13 year include:

- » \$36.5 million in gifts and transfers were contributed to the Endowment.
- » 25 new endowment funds were established.
- » The Endowment distributed almost \$26 million in support of University activities.
- » The Endowment return was 11.9 percent, exceeding the strategic benchmark.

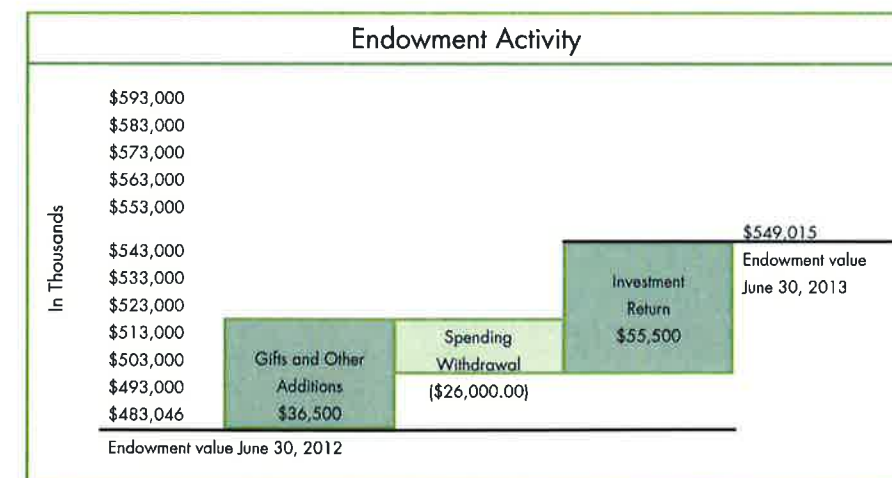
## Revenue Sources for the 2012-13 University Budget

In 2012-13 DePauw derived less than half of its revenue from student tuition and associated fees. Income from the endowment is an important funding source and last year provided for approximately 28 percent of expenses. Auxiliary revenue and other income made up most of the remaining sources, with gifts and grants contributing the balance of the University's operating revenue.



## Endowment Activity

DePauw University's total endowment market value was \$549 million as of June 30, 2013, an increase of \$66 million over the previous year. The net increase in value reflects the addition of \$36.5 million in gifts and transfers into the endowment and \$55.5 million of investment gains. These increases were partially offset by a draw of \$26 million to support University activities.

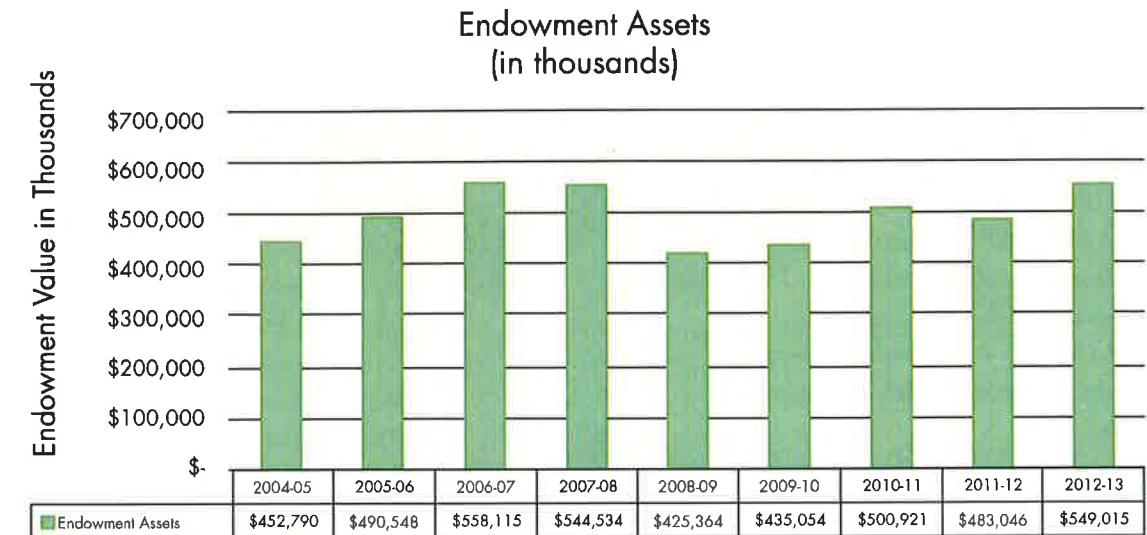


## WHAT IS THE UNIVERSITY ENDOWMENT, AND WHY IS IT IMPORTANT?

The DePauw University Endowment Fund (Endowment) is intended to support the University and its educational mission in perpetuity while providing generational equity for current and future students. The Endowment's financial objective is to preserve and enhance its real purchasing power while simultaneously providing resources to help meet current needs. The endowment spending policy provides approximately 28 percent of DePauw's annual budget. By protecting the principal, DePauw ensures that funding will remain intact for future years.

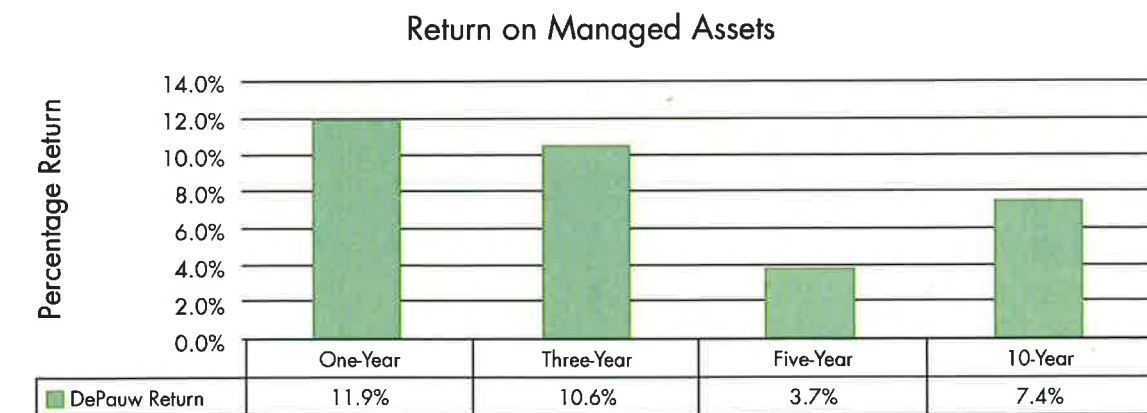
## Total Endowment Assets

The market value of the total Endowment on June 30, 2013, was \$549 million, an increase of almost \$100 million since 2005.



## Return on Managed Assets

The 2013 return on managed assets was strong and exceeded the portfolio's strategic benchmark of 9 percent. Over a 10-year period, DePauw's return on managed assets was 7.4 percent.



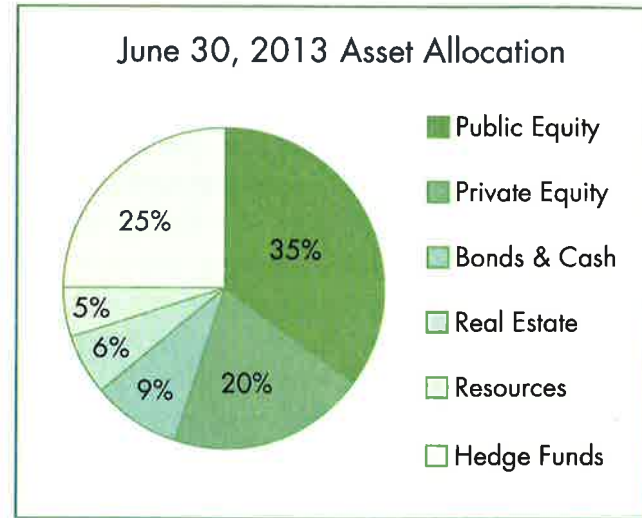
## HOW IS THE MARKET VALUE OF A FUND DETERMINED?

When a gift is made to the Endowment, that gift, in effect, buys shares – or units – in the Endowment, based upon the fair market value of the Endowment for the previous quarter. All Endowment funds are commingled. Therefore, the entire Endowment grows or declines as a unit, and each fund's shares grow or decline at the same rate. This is called the unitized pool method.



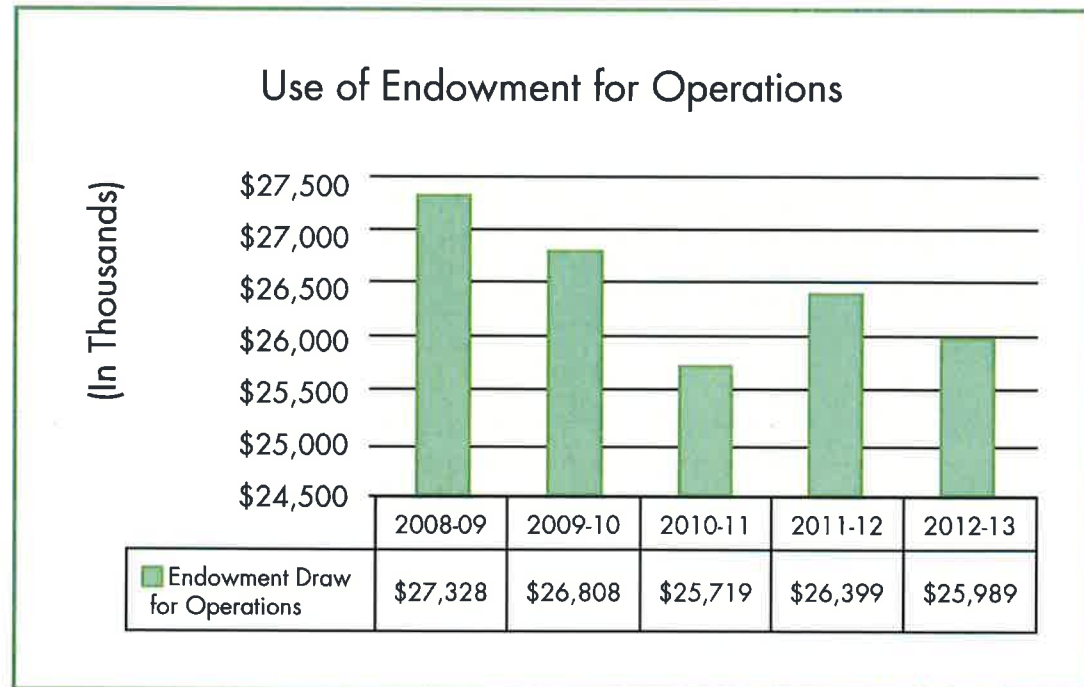
## Endowment Investment Strategy

The University's current investment strategy requires the Endowment to be broadly diversified, both by asset class and within each asset class, to ensure that a single security, class of securities or individual investment will not have a disproportionate impact on the fund's overall return. The Endowment is divided into four broad categories – Growth Assets, Diversifying Assets, Inflation Protected Assets and Liquidity Pool, which represent a spread of investment risk and targeted return.



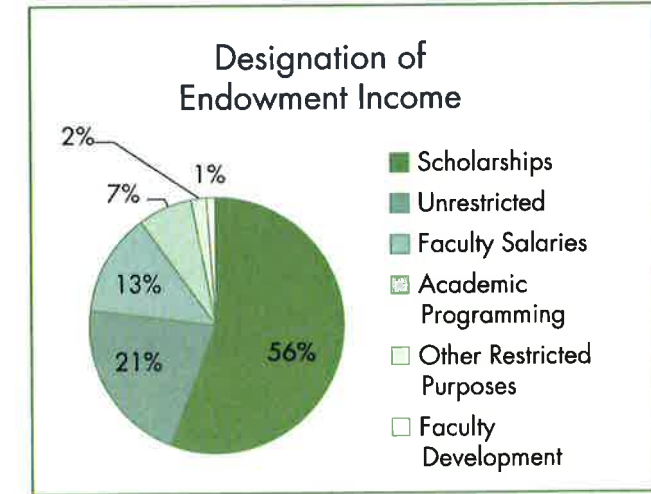
## Use of Endowment for Operations

The operations draw from the Endowment decreased slightly in the last fiscal year, from approximately \$26.4 million to just under \$26 million.



## Designation of Endowment Income

The majority of the draw from the Endowment in fiscal 2013 supported scholarships. This distribution follows donor intent and is closely linked to the University's longstanding commitment to provide access for the best and brightest students. More than 20 percent of the Endowment draw in the fiscal year was unrestricted as to use, allowing the University the ability to direct support where it is most needed. The remaining use of Endowment draw was designated for support of faculty salaries, academic programming, faculty development and other restricted purposes.



### HOW IS THE SPENDING RATE FROM THE ENDOWMENT DETERMINED?

The Board of Trustees currently appropriates 5.5 percent of the 12-quarter moving average of the market value of the fund for spending. The spending percentage can fluctuate and has decreased in recent years, thus strengthening the Endowment.



Rachel A. Cheeseman '12, left, with a fellow VISTA and friend at the Grand Canyon.

As I sit in my office, realizing the doors that have been opened and will continue to open for me as I continue my work, I grow ever more grateful for the people who supported and continue to support the school I'm happy to call my alma mater. The legacies left by Gertrude and G.D. Crain, J. David Hogue Jr. '21, and the DeWitt Wallace family made my education, and by extension my accomplishments, possible.

Thank you for all you have done, are doing and will continue to do by the legacy you've left with our great University.

Here's to you,  
Rachel A. Cheeseman '12

*Rachel is in her second year of service with AmeriCorps VISTA. During 2012-13 she served with a refugee resettlement agency in Phoenix, leveraging her experience as a Media Fellow to assist with an organizational re-branding and development of [www.refugeefocus.org](http://www.refugeefocus.org). This year, she returned to the Midwest to serve as a VISTA leader, supporting a team of nine VISTAs as they began their own years of service.*