



The Power of philanthropy

San José State University

**Donor Honor Roll & Tower Foundation Annual Report
2012–2013**



PHOTO: CHRISTINA OLIVAS



PHOTO: BRUCE CRAMER



PHOTO: CHRISTINA OLIVAS



PHOTO: CHRISTINA OLIVAS



Dear friends and fellow Spartans,

This has been a transformative year for San José State University. The success of *Acceleration: the Campaign for San José State University* is an investment in our students that will create a better future for our university, our state and the world.

Over the course of the campaign, 30,000 individuals showed their commitment to our university and community by giving to San José State. We are grateful for the participation of students, faculty and staff members, corporations, foundations and alumni who helped this effort conclude a year ahead of schedule—and nearly \$9 million beyond our goal. We are also pleased to report that as of June 30, 2013, more than \$41 million had been put to use on campus to support student scholarships, faculty projects, innovative programs and facilities improvements.

More than 50 percent of the donors who made our success possible live and work right here in the greater San José area. Your investment truly helps us power Silicon Valley—and the world. Soon, we will be meeting with you, our campus and community partners, to discuss what's next for San José State. Expect to hear from us, as we need your thoughts, opinions and creativity. By building on our current momentum, we will continue to create an imaginative future and transform higher education for everyone.

Mohammad H. Qayoumi

President
San José State University

SPECIAL THANKS TO OUR CURRENT AND PAST TOWER BOARD MEMBERS FOR THEIR SUPPORT DURING THE CAMPAIGN:

IRENE BABA, JOHN BAIRD, KEITH BARNES, SHAWN BIBB, GENE BLEYMAIER, LAURENCE BOUCHER, THOMAS BOWEN, PHILLIP BOYCE, NANCY BUSSANI, STEPHEN CAPLAN, WAI-YAN "SANDY" CHAU, JEFF CLARKE, CHARLES DAVIDSON, DANA DITMORE, LESLIE FRANCIS, JOHN GIBBS, WANDA GINNER, RACHEL GREATHOUSE, WANDA HENDRIX, ANTHONY JACKSON, JIM JIMINEZ, ELLEN JUNN, GARY KALBACH, DON KASSING, MICHAEL KAUFMAN, JACK KELLY, TOMASZ KOLODZIEJAK, ROOP LAKKARAJU, CYNTHIA LAZARES, ROSE LEE, CAROLYN LEWIS, DONALD LUCAS, ARTHUR LUND, AMIR MASHKOORI, JENNY MING, CONSTANCE MOORE, FRED NAJJAR, EDWARD OATES, JOSEPH PARISI, JAY PINSON, A. ROBERT PISANO, KIM POLESE, RICHARD PREVITE, P. ANTHONY RIDDER, GARY SBONA, GERRY SELTER, CARMEN SIGLER, PATRICIA SMITH, ALEXANDER STEPOVICH, PETER UEBERROTH, DAVID WASICK, DAVID WENG, JON WHITMORE AND BRAD ZARO.



PHOTO: THOMAS SANDERS

Dear friends,

Seven years ago, San José State set out to change lives, enhance our ability to power Silicon Valley, and transform how people learn through *Acceleration*. On the eve of our 150th anniversary, we resolved to raise \$150 million in the university's first-ever comprehensive fundraising campaign.

It was a daunting pledge, and not everyone believed we could do it. But we quickly realized that the dedication and passion of our alumni, partners and community members was so powerful that we could certainly achieve our goal. And \$150 million was simply not enough. The goal became \$200 million. We did it. In fact—we *beat* it!

Together and, through the generosity of each and every one of you, we raised \$208,863,349 to benefit our students, faculty, campus and community. Congratulations and thank you!

This year's Donor Honor Roll and Tower Foundation Annual Report is special because it marks the conclusion of this remarkable campaign, an historic moment for the university that we all love so dearly. We also aim to recognize the donors who gave to the university during this fiscal year and to share information about the Tower Foundation, San José State's auxiliary organization that connects private giving and the campus community.

Thank you for helping our university make history, for transforming our campus and community, and for changing the way the world sees San José State. Thank you, most of all, for believing in us.

Constance B. Moore, '77 Business
Immediate Past Chair
Tower Foundation Board of Directors



PHOTO: BRUCE CRAMER

Thank you, Spartans!

With support, generosity and creativity from you, San José State's friends and alumni, our students study and dream, our faculty members teach and discover, and our graduates influence and shape the region, the state and the world. Taken together, the impact of gifts—*big and small*—is exponential. And that's the power of philanthropy.

The Power of vision

“Establishing the World Changer Scholarship is not only allowing me to give back, but also to build a community of people who want to make an impact, locally and globally.”

— TRAVIS LOPEZ, '13 BUSINESS ADMINISTRATION

Changing the world, one student at a time. That's the intention of Travis Lopez, '13 Business Administration, who established the World Changer Scholarship as an undergraduate at San José State. A recipient of multiple scholarships himself and one of SJSU's 2013 Outstanding Graduating Seniors, Lopez is no stranger to applications, but his \$500 annual scholarship is intentionally lacking the normal criteria. Students who apply for the scholarship don't need a particular GPA, a resume or a list of awards and accomplishments. There's just one requirement: vision.

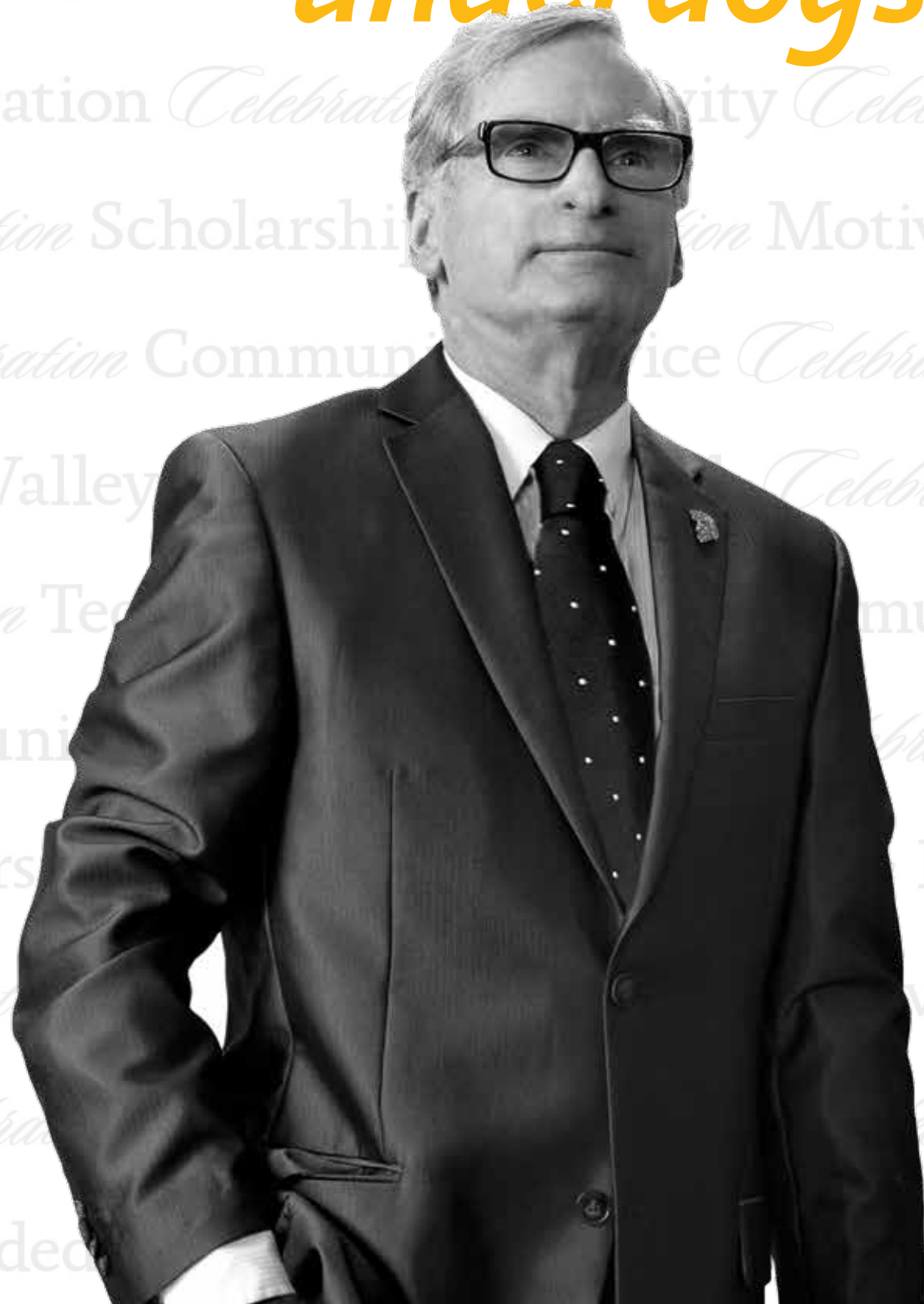
“A World Changer Scholar is someone who is deeply passionate about changing the world and making an impact. He or she is someone who thinks big but is realistic, has dabbled in social entrepreneurship and who is driving positive change in the world,” says Lopez. “Establishing the World Changer Scholarship is not only allowing me to give back, but also to build a community of people who want to make an impact, locally and globally.”

Change the world in small and big ways. Create your own scholarship at sjsu.edu/giving.



PHOTO: THOMAS SANDERS

The Power of underdogs



“When I was in college, I struggled. I hope that my small contributions give some students at least part of the experience that I missed out on.”

— DONN BURCH, '72 BUSINESS

One afternoon, Donn Burch, '72 Business, received a thank you card from the latest recipient of the Donn A. Burch Scholarship in the mail. It was from a student who had run into financial difficulties. With only a handful of units left to go toward his degree, his GPA had fallen below a 3.0—mainly because the student had been working one or more jobs while taking a full course load. “He wrote in his note that he never thought it was possible for him to be eligible for a scholarship,” says Burch. “As soon as I read it I thought, now there’s the kind of student I’ve been trying to reach. It touched me greatly.”

Burch knows well the effects that strong financial pressure can have on a college career. “When I was in college,

I struggled. All the fellows sitting next to me on Monday had gone to Homecoming, and I never experienced anything like that because I worked,” he says. Today, Burch gives to a wide range of programs, from music to athletics, in an effort to afford students like him the opportunity he never had: to both excel and enjoy.

“I hope that my small contributions give some students at least part of the experience that I missed out on. And if it puts their minds at ease financially, they’re going to do better in their studies. When they’re burning the midnight oil, they’re not going to have to worry about whether they can afford the midnight oil. I just wish I could do more.”

You can ensure that all students have a vibrant blue and gold college experience! Visit sjsu.edu/giving.

The Power of humanity

“The humanities add valuable and necessary perspective—and balance—across all disciplines.”

— MARCIA WELLS-LAWSON, '73 MUSIC

Being a Humanities Honors student at San José State taught Marcia Wells-Lawson, '73 Music, how to think. She says “the program planted all these beautiful seeds of understanding,” seeds that are both increasingly important and unsung in this technology-focused era. “We live in a world full of inventions that theoretically make our lives easier, but may not make life flourish more.”

Wells-Lawson set up her Humanities Honors Endowment to provide funds to engage students in cultural and intellectual excursions that complement

their studies, such as the opera and theater, which are dear to the music major's heart. Her hope is that these students will find an educational equilibrium in the humanities that they will carry with them into their chosen fields.

“The humanities add valuable and necessary perspective—and balance—across all disciplines, and are especially important for innovation and technology. The San José State Humanities Honors Program takes the most talented students in the university from every field of study and teaches them balance.”

Higher education is at a major crossroads. You can shape the transformation! Go to sjsu.edu/giving.



The Power of many

Acceleration



“When alumni give, it creates a positive ripple effect. It inspires others to give.”

—MARYLOIE RIVERA, '13 MUSIC EDUCATION

Throughout her four years at San José State, Maryloie Rivera, '13 Music Education, worked in Annual Giving's Student Call Center. She called alumni—new and old—to ask them for money. But more than that, she was creating connections. “Once, I called a married couple who met here at San José State years ago when they were students. Talking to them about the university today brought up a lot of really wonderful memories between the two of them,” she says. “When alumni share their stories, it makes us feel more connected to the university.”

Call Center students like Rivera make thousands of phone calls every week. The gifts that result from these efforts

may be small, like this year's Senior Gift of \$20.13, honoring 2013 graduates, but they are many. In this fiscal year, 4,550 individuals gave between \$5 and \$500 to benefit programs and departments across the university. But Call Center students do more than raise dollars; they renew and strengthen connections to the university community and build pride in San José State.

“Working in the Call Center has made me a more giving person,” says Rivera. “It made me more passionate about San José State, and even prouder that I graduated from here. It really opened my eyes to what giving back means.”

Start your very own ripple of inspiration! Support the SJSU Fund at sjsu.edu/giving.

The Tower Foundation

The Tower Foundation is San José State's auxiliary organization dedicated solely to philanthropy. Formed in April 2004, the foundation encourages private gifts, trusts and bequests for the benefit of San José State, and fully manages, expends and accounts for all university donations.

By serving on the Tower Foundation Board of Directors, prominent alumni and citizens are engaged in the life of the university. Board members play a critical role in advising the university president on campus issues and in shaping philanthropic strategy. They work closely with university leaders to reach out to graduates and businesses to build support and funding for San José State. Board members are the university's philanthropic leaders, and make annual contributions to San José State.

The Board of Directors is composed of up to 35 community members, most of whom are San José State alumni. The university president appoints members for three-year terms. Board members elect officers who serve one-year terms. Six *ex officio* members, including San José State's president and his senior cabinet, also serve on the board.

The board's five committees are the Executive, Finance & Investment, Nominating & Governance, Campaign, and Audit Committees. Committees advise the foundation on campaign development, investments, audit compliance, public relations and long-range planning. The board meets four times a year, and committees meet as needed.



WATERCOLOR BY BRIANA ROMERO, '12 BFA PICTORIAL ART

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WATERCOLOR BY MARIA GONZALEZ, '13 BEA PICTORIAL ART

Financial Overview

For the year ending June 30, 2013, the Tower Foundation was audited by McGladrey LLP, Certified Public Accountants. The audit was conducted in accordance with generally accepted auditing standards and, in their opinion, the financial statements presented fairly, in all material respects, the financial position of the Tower Foundation as of June 30, 2013. Their independent auditor's report expressed an unqualified opinion, and conformed with accounting principles generally accepted in the United States.

Total Tower assets increased approximately \$34.3 million from fiscal year 2012 to fiscal year 2013 due to increases in the endowment and cash and short-term investments. This compares with an increase of approximately \$1.5 million from fiscal year 2011 to fiscal year 2012, which was primarily due to increases in cash and short-term investments. Current assets increased \$3.2 million from 2012 to 2013 primarily due to increases in cash and short-term investments. Current and noncurrent liabilities increased nominally from 2012 to 2013, primarily due to increases in other liabilities.

Gifts, pledges, and bequests increased by \$10.8 million from 2012 to 2013 and decreased by \$3.5 million from 2011 to 2012. Nonmonetary gifts increased by \$14.2 million from 2012 to 2013 and decreased by \$371,000 from 2011 to 2012. Tower's administrative fee income increased by \$479,000 from 2012 to 2013, primarily due to increased expenditures for campus programs. Other operating revenue decreased \$19,000 from 2012 to 2013 due to a decrease in fringe benefits revenue.

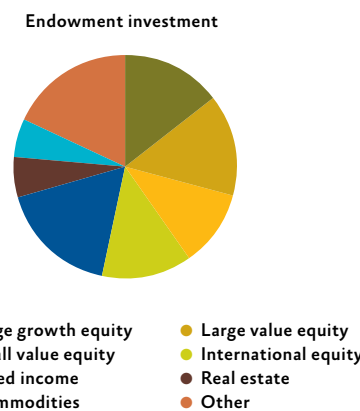
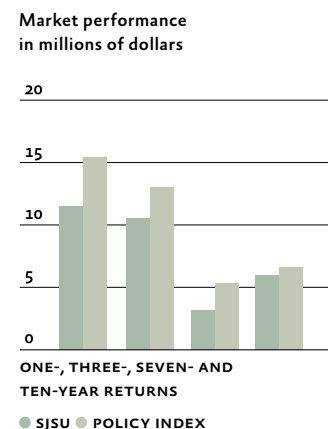
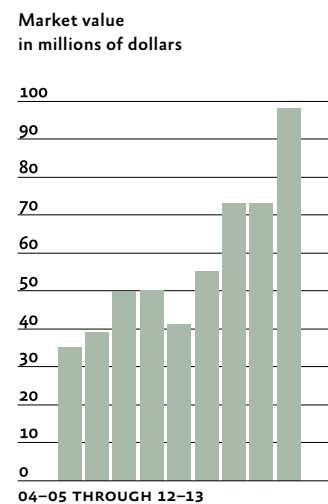
Expenses shown as "Support Activities of SJSU" represent the use of gift funds by the campus for scholarships and academic programs. The funds represented \$15.3 million in 2013, an increase of \$3.2 million from 2012. General and administrative expenses increased by \$117,000 from 2012 to 2013, and they represent 3.3 percent of operating revenue.

CONDENSED SUMMARY OF NET ASSETS

	06/30/13	06/30/12	06/30/11
ASSETS			
Current assets	\$29,655,543	\$26,432,254	\$23,524,431
Other noncurrent assets	119,494,501	88,368,518	89,800,218
Total assets	\$149,150,044	\$114,800,772	\$113,324,649
LIABILITIES			
Current liabilities	\$851,602	\$627,424	\$501,996
Noncurrent liabilities	692,032	730,416	761,371
Total liabilities	\$ 1,543,634	\$ 1,357,840	\$ 1,263,367
NET ASSETS			
RESTRICTED			
Nonexpendable endowments	83,615,427	63,274,018	61,713,396
Expendable:			
Endowments	7,394,148	6,369,471	4,041,083
Other	51,165,750	39,133,943	41,875,682
UNRESTRICTED			
Board designated	402,965	312,965	262,965
Other	5,028,120	4,352,535	4,168,156
Total net assets	\$147,606,410	\$113,442,932	\$112,061,282

CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	06/30/13	06/30/12	06/30/11
OPERATING REVENUES			
Gifts, pledges and bequests	\$22,564,272	\$ 11,738,658	\$ 15,238,126
Nonmonetary gifts	14,448,354	220,609	592,030
Administration fee income	2,282,027	1,803,087	1,743,779
Other operating revenues	262,366	281,195	240,545
Total operating revenues	39,557,019	14,043,549	17,814,480
OPERATING EXPENSES			
Support activities of SJSU	15,321,697	12,089,801	10,667,376
General and administrative	1,293,950	1,176,803	908,030
Total operating expenses	16,615,647	13,266,604	11,575,406
Operating income	22,941,372	776,945	6,239,074
NONOPERATING REVENUES (EXPENSES)			
Interest income	940,790	908,941	631,662
Investment income (loss)	8,616,998	(1,562,650)	12,239,024
Total nonoperating revenues (expenses)	9,557,788	(653,709)	12,870,686
Other changes in net assets	1,664,318	1,258,414	1,987,971
NET ASSETS			
Beginning of year	113,442,932	112,061,282	90,963,551
End of year	\$147,606,410	\$113,442,932	\$112,061,282



Endowment report

Market Value & Investment Performance

In fiscal year 2012–2013, San José State’s endowment experienced significant growth from new endowments and gains in the investment portfolio. The endowment ended the year at \$98.3 million.

Our portfolio yielded an 11.5 percent investment gain, less than our benchmark of 15.4 percent. We continue to work closely with our investment firm, Beacon Pointe Advisors, to balance capital preservation, return requirements and risk management.

The Tower Foundation continues to perform well relative to other CSU foundations. The 10-year return is 6.0 percent, the seven-year return is 3.2 percent and the five-year return is 3.8 percent. As with the broader market, our investment performance continues to recover from the global financial crisis several years ago.

Endowment Investment

The Tower Foundation endowment policy frames our investment work and establishes asset classes in a mix of common stocks, bonds, cash equivalents and other alternative investments. The Tower Board, management team and investment advisors are focused on long-term results relative to the policy, believing they are the most meaningful to a sustainable future. We recognize that in order to achieve our investment objectives over extended periods, performance has to substantially exceed the objective during some periods in order to compensate for shortfalls during other periods. Regardless of challenging short-term investment performance, the Tower Foundation makes an annual distribution to the endowment’s designated programs in order to ensure steady and predictable support to the campus.

The return to rapid and sustained growth is a gradual process, and it will take several more years to recoup the losses sustained in previous years. We are confident that the endowment investment portfolio is positioned well, from both a risk and a return perspective, to support the university and its programs into the future.

Annual Contributions

New gifts continue to be added to the SJSU endowment even in the current challenging times. In fiscal year 2012–2013, \$19.2 million in new principal was added to the endowment. During the past three years, \$30.1 million has been added to SJSU’s endowment.

Annual Distribution

Our endowment spending rate strikes a balance between generating a predictable stream of annual support for current needs of the campus and preserving the value for future generations. Protecting and growing our endowment is an

essential investment in the long-term quality and health of San José State.

The Tower Board approved a 2012–2013 distribution of \$2,839,094 based on the average market value of the endowment over the previous three years. With more favorable investment returns in the past year, the distribution was increased to 4 percent.

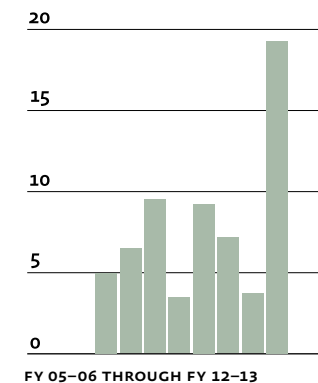
Use of Funds

Endowment funds are critical to maintaining San José State’s excellence, helping the university to deliver on its mission and providing a measure of stability over time. When donors establish an endowment fund that is often targeted to specific purposes that align with their priorities and passions, they create a permanent legacy of support for SJSU. These funds enhance state funding and student fees to support important faculty development, and academic and athletic scholarships.

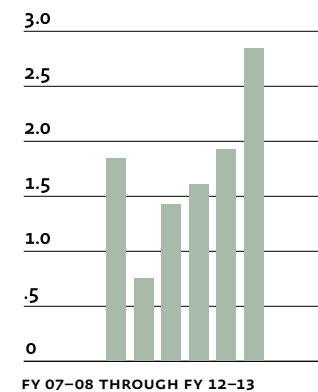


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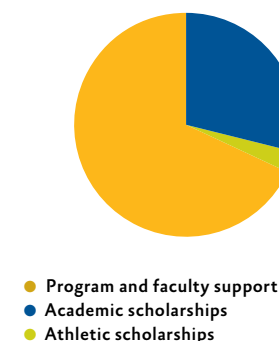
Annual contributions to the endowment in millions of dollars



Annual distribution in millions of dollars



Use of endowment funds

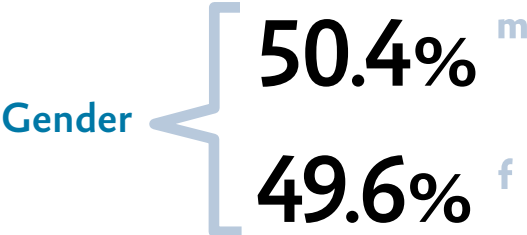


Giving at a glance

During the last year of *Acceleration*, San José State’s friends and alumni continued to show their Spartan pride by investing in our students, faculty and community. That kind of commitment makes the university a place where creativity, ingenuity and dedication thrive. Here, we are sharing a bit about you, our donors, and how you supported San José State this year.

Who gave to SJSU in 2012 – 2013?

Of these donors, 4,391 or 51.8 percent are San José State alumni. This figure represents the total number of donors for the 2012 – 2013 fiscal year.



Age

The average SJSU donor is 56 years old. Below, we’ve broken down our alumni donors according to the decade in which they graduated:

1930s	8	1980s	804
1940s	75	1990s	602
1950s	388	2000s	432
1960s	662	2010s	164
1970s	943		



How did they give in 2012 – 2013?



The *Acceleration* campaign at the end of fiscal year 2012 – 2013:

\$208,863,349

Gifts by Campaign Priority

Gifts to support students	\$20,759,578
Gifts to support our faculty & scholars	\$10,868,955
Gifts to support community programs	\$1,120,809
Gifts to support ongoing programs	\$3,540,759

Top gifts recipients by SJSU unit

Charles W. Davidson College of Engineering	\$37,539,806
College of Applied Sciences and Arts	\$32,694,832
Lucas College and Graduate School of Business	\$30,188,954

How much did our donors give?

10,032 gifts → \$1 to \$999	298 gifts → \$10,000 to \$99,999
1,040 gifts → \$1,000 to \$9,999	38 gifts → \$100,000 and up

Average Gift Size

\$1,385.17

Biggest Gift

\$6,038,000

Smallest Gift

\$1

Clearly, there’s a huge range in the size of gifts San José State receives each year. However, regardless of the amount you can give, we appreciate every penny.

