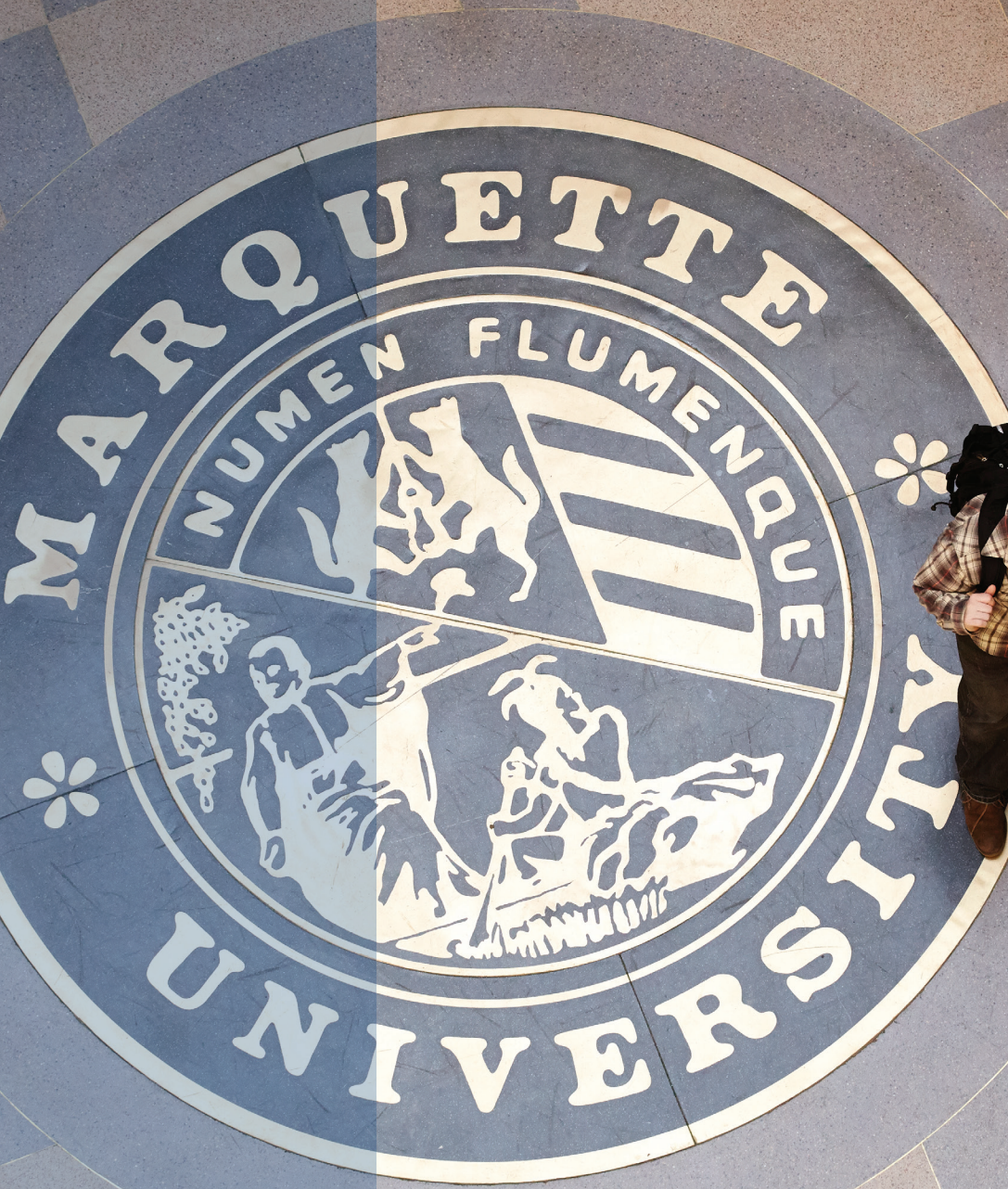


# 2013

FINANCIAL REPORT



**MARQUETTE**  
UNIVERSITY

Be The Difference.

# SOUND STEWARDSHIP FOR A STRONG FUTURE

As the entire higher education sector experiences increased macroeconomic pressures, efforts to control costs and increase operating efficiency helped keep a Marquette education affordable for students and their families while helping the university achieve positive financial results in fiscal year 2013. At the same time, the university community devoted considerable attention to planning for the future. Approved by the Board of Trustees in May 2013, Marquette's new strategic plan, *Beyond Boundaries*, will help it navigate future challenges and build on current conditions, including nationally ranked academic programs, ongoing cost-efficiency initiatives, continued donor support, a strong credit rating (A2) and a conservative approach to operations.

## Supporting excellence through philanthropy

Nearly 28,000 alumni, parents and friends invested in Marquette in FY 2013, an increase of 3 percent over the previous year's donor base. These supporters were responsible for more than \$44 million in new gifts and pledges to the university. In addition to 30 newly endowed scholarships, the university received three gifts larger than \$1 million, the largest being \$8.3 million for the J. William and Mary Diederich College of Communication to fund the new O'Brien Fellowship in Public Service Journalism.

Marquette provided \$109 million to undergraduate and graduate students in scholarships and grants in FY 2013, a 6 percent increase over the previous fiscal year. Of that total, \$18 million was funded through the generosity of benefactors, which was unchanged from FY 2012. Among our full-time undergraduates, 98 percent receive some form of financial aid, including loans, student employment, and scholarships and grants.

## Prudent financial stewardship

In a highly competitive educational climate, Marquette achieved positive fiscal results. The university continues to have a strong balance sheet, and its growing endowment reached a market value of \$458 million, an 11.5 percent increase from FY 2012, outperforming its benchmark policy index by 2 percent.

Efficiency measures helped the university find cost savings, resulting in overall net operating income of \$22.7 million and unrestricted net operating income of \$776,000. To continue offering students and their families outstanding value, Marquette will maintain its focus on pursuing educational excellence while controlling costs and working to expand philanthropic giving, in keeping with two of the strategic plan's six core themes, "Enhancement of Organizational Effectiveness" and "Sustainability of Valuable Resources."

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2013

(dollars in thousands)

## Assets:

Cash and cash equivalents	\$41,692
Collateral held under securities lending agreement	20,186
Unexpected bond proceeds	37,945
Contributions receivable	62,897
Accounts receivable	12,277
Student loans receivable	41,899
Investments	481,158
Funds held in trust by others	21,086
Net property, buildings and equipment	498,853
All other assets	8,912

<b>Total assets</b>	<b>\$1,226,905</b>
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## Liabilities:

Accounts payable and accrued liabilities	\$33,789
Payable under securities lending agreement	20,186
Deferred income and deposits	27,821
Refundable federal loan grants	35,749
Notes and bonds payable	243,946
All other liabilities	16,276

<b>Total liabilities</b>	<b>\$377,767</b>
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## Net assets:

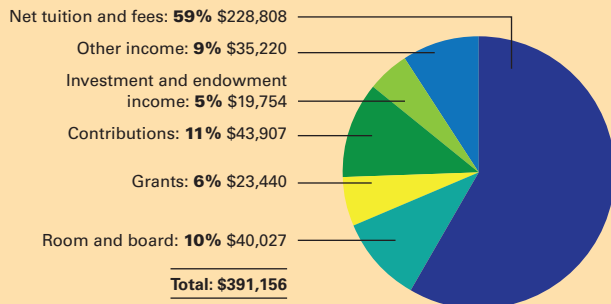
Unrestricted	\$202,547
Temporarily restricted	308,578
Permanently restricted	338,013

<b>Total net assets</b>	<b>\$849,138</b>
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<b>Total liabilities and net assets</b>	<b>\$1,226,905</b>
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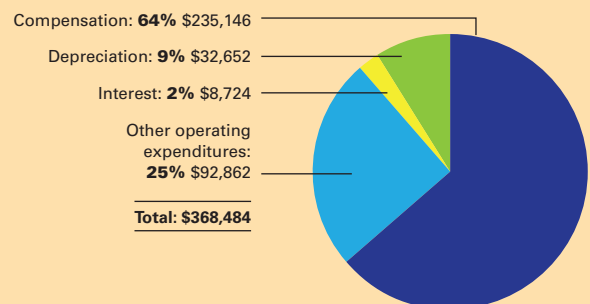
## TOTAL OPERATING REVENUES

(dollars in thousands)



## TOTAL OPERATING EXPENDITURES

(dollars in thousands)



## CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2013

(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating revenues:</b>				
Net tuition and fees	\$228,808	-	-	\$228,808
Government and private grants	23,440	-	-	23,440
Contributions	4,298	16,806	22,803	43,907
Investment income	240	333	(164)	409
Endowment income used in operations	4,855	14,193	297	19,345
Auxiliary and all other	75,247	-	-	75,247
<b>Total operating revenues</b>	<b>\$336,888</b>	<b>31,332</b>	<b>22,936</b>	<b>\$391,156</b>
Net assets released from restrictions	32,372	(32,372)	-	-
Total revenues and net assets released from restrictions	369,260	(1,040)	22,936	391,156
<b>Expenses:</b>				
Instruction	\$109,971	-	-	109,971
Academic support	42,880	-	-	42,880
Research and grants	22,374	-	-	22,374
Libraries	19,709	-	-	19,709
Student services	53,013	-	-	53,013
Auxiliary enterprises	42,754	-	-	42,754
Institutional support	73,562	-	-	73,562
Public service	4,221	-	-	4,221
<b>Total operating expenses</b>	<b>\$368,484</b>	<b>-</b>	<b>-</b>	<b>\$368,484</b>
Operating income	776	(1,040)	22,936	22,672
<b>Nonoperating income (loss)</b>	<b>6,257</b>	<b>8,231</b>	<b>(1)</b>	<b>14,487</b>
<b>Changes in net assets</b>	<b>7,033</b>	<b>7,191</b>	<b>22,935</b>	<b>37,159</b>
<b>Net assets, beginning of year</b>	<b>195,514</b>	<b>301,387</b>	<b>315,078</b>	<b>811,979</b>
<b>Net assets, end of year</b>	<b>\$202,547</b>	<b>308,578</b>	<b>338,013</b>	<b>\$849,138</b>

## ANNUALIZED RETURNS

as of 6/30/2013

	1 Year	3 Year	5 Year	10 Year
S&P 500 Index	20.6%	18.5%	7.0%	7.3%
MU endowment ( <i>Net</i> )	11.5%	11.2%	4.3%	7.3%
Policy Index	9.5%	8.2%	1.7%	6.3%
<b>+ / - Relative to Policy Index</b>	<b>2.0%</b>	<b>3.0%</b>	<b>2.6%</b>	<b>1.0%</b>

2013 FINANCIAL REPORT



# MARQUETTE UNIVERSITY BOARD OF TRUSTEES

As of January 2014

## **John F. Ferraro**

Vice Chair of the Marquette Board, Bus Ad '77,  
Global Chief Operating Officer, Ernst & Young

## **Richard J. Fotsch**

Eng '77, Grad '84, Retired President,  
Global Power Group, Kohler Co.

## **Rev. James G. Gartland, S.J.**

Rector, Blessed Peter Faber Jesuit  
Community, Boston College

## **Darren R. Jackson**

Bus Ad '86, President and Chief  
Executive Officer, Advance Auto Parts

## **James F. Janz**

Bus Ad '62, Law '64, Managing Director,  
Joseph and Vera Zilber Family Foundation

## **Rev. Timothy R. Lannon, S.J.**

President, Creighton University

## **Rev. Thomas A. Lawler, S.J.**

Provincial, Wisconsin Province of the Society of Jesus

## **Patrick S. Lawton**

Bus Ad '78, Grad '80, Managing Director of Fixed Income Capital  
Markets, Robert W. Baird & Co.

## **John P. Lynch**

Arts '64, Retired Senior Partner, Latham & Watkins

## **Kelly McShane**

Arts '68, Retired School Psychologist

## **Dr. Arnold L. Mitchem**

Grad '81, Retired President, Council for Opportunity in Education

## **Rev. Joseph M. O'Keefe, S.J.**

Professor of Education, Boston College

## **James D. O'Rourke**

Bus Ad '87, Chief Executive Officer,  
A&A Manufacturing Company

## **Dr. Janis M. Orłowski**

Eng '78, Senior Director, Health Care Affairs,  
American Association of Medical Colleges

## **Kristine A. Rappé**

Special Advisor, Wisconsin Energy Foundation

## **Glenn A. Rivers**

Arts '85, Head Coach, Los Angeles Clippers

## **Scott A. Roberts**

Bus Ad '85, President, CEO and Chairman,  
Ziegler Lotsoff Capital Management

## **Hon. W. Greg Ryberg**

Arts '68, Retired Senator, State of South Carolina

## **Scott H. Schroeder**

Bus Ad '92, Grad '96, Law '96,  
Founding Partner, Balyasny Asset Management

## **Owen J. Sullivan**

Arts '79, Retired CEO of Right  
Management and Jefferson Wells and President of  
Specialty Brands, ManpowerGroup

## **Charles M. Swoboda**

Chair of the Marquette Board, Eng '89,  
Chairman and Chief Executive Officer, Cree Inc.

## **Cheryl T. Thomas**

Arts '68, President and Chief Executive Officer,  
Ardmore Associates, LLC

## **Benjamin S. Tracy**

Comm '98, Grad '04,  
National Correspondent, CBS News

## **Margaret Troy**

Nurs '74, President and Chief Executive Officer,  
Children's Hospital and Health System

## **Rhona Vogel**

Bus Ad '76, Chief Executive Officer,  
Vogel Consulting Group

## **James M. Weiss**

Arts '68, President, Weiss Capital Management, Inc.

## **Thomas H. Werner**

Eng '86, President, CEO and Chairman of the Board,  
SunPower Corporation

## **Rev. Robert A. Wild, S.J.**

Interim President, Marquette University

## **Hon. James A. Wynn, Jr.**

Law '79, Federal Appeals Court Judge,  
U.S. Court of Appeals for the Fourth Circuit

## **Rev. Michael A. Zampelli, S.J.**

Rector, Santa Clara Jesuit Community, and  
Associate Professor of Theatre and Dance,  
Santa Clara University

## **Anne A. Zizzo**

Jour '87, CEO, Zizzo Group Marketing  
+ Public Relations + New Media

## Other Corporate Officers

### **Dr. Margaret Faut Callahan**

Corporate Vice President

### **Steven W. Frieder**

Arts '95, Secretary

### **John C. Lamb**

Arts '74, Grad '76, Treasurer

### **Cynthia M. Bauer**

Arts '79, Law '83, Assistant Secretary

### **Mary L. (Mel) Austin**

Assistant Treasurer