



# 2014 FINANCIAL REPORT



MARQUETTE  
UNIVERSITY

**BE THE DIFFERENCE.**

# POISED FOR NEW LEADERSHIP, NEW EXCELLENCE

One day before Marquette University's first lay president Dr. Michael R. Lovell assumed office on July 1, 2014, the university concluded a fiscal year in which continued careful financial stewardship resulted in an improved fiscal outlook. Generous philanthropic support combined with efforts to achieve operational efficiencies helped Marquette widen its operating margins while putting aside \$4 million in a new contingency fund, providing merit increases for high-performing talent and reducing the rate of tuition growth. At the dawn of a new era of university leadership, Marquette was positioned favorably to pursue new strategic opportunities to innovate, to excel academically and to deliver an outstanding student experience.

## A year of philanthropic gains

In FY 2014, nearly 28,000 benefactors contributed \$55.1 million in new gifts and pledges to the university, a 26 percent increase over the previous year's total. Inclusion of deferred gifts brings the FY 2014 total to \$60.7 million, a 30 percent increase over the comparable FY 2013 total. Marquette recorded nine gifts in excess of \$1 million, three times as many as in FY 2013. Alumni, parents and friends funded \$18.4 million in student scholarships, a nearly 5 percent annual increase and an important component of the \$115.8 million in scholarships awarded to undergraduate, graduate and professional students.

Philanthropic support also made possible \$22.3 million in cash contributions to the university's endowment. At the end of FY 2014, that endowment stood at \$531.7 million, an increase of 15.1 percent from FY 2013, which edged the account's benchmark policy index by .3 percent.

## New opportunities flow from strong financial stewardship

Through a proactive approach to managing university resources, Marquette achieved notable financial progress during FY 2014. Operating expenses increased by just 3 percent while operating revenues grew by 7 percent, resulting in overall net operating income of \$41.4 million, an 83 percent increase from FY 2013. Unrestricted net operating income reached \$7.5 million, a remarkable tenfold one-year increase.

These positive results reflect a commitment to a financial strategy that includes both administrative cost reductions and the pursuit of new and expanded revenue sources. This effort extends beyond FY 2014 and includes development of a comprehensive university-wide enrollment strategy through which Marquette will expand high-demand programs to offset factors such as the softened demand nationally for graduate and professional study programs.

Entering FY 2015 on sound financial footing, Marquette quickly embarked on exciting initiatives under Dr. Lovell's leadership. These priorities include research and technology partnerships based in Milwaukee's Global Water Center, as well as a new strategic innovation fund to seed creative ideas and entrepreneurial ventures proposed by faculty, students and staff. The fund will also support discipline-specific innovation and entrepreneurship education across campus. Through these efforts, Dr. Lovell is propelling the university forward as a place where innovation enriches the university's treasured Catholic, Jesuit mission.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2014

(dollars in thousands)

**Assets:**

Cash and cash equivalents	\$67,551
Collateral held under securities lending agreement	29,475
Unexpected bond proceeds	19,274
Contributions receivable	56,904
Accounts receivable	11,394
Student loans receivable	42,681
Investments	560,506
Funds held in trust by others	19,313
Net property, buildings and equipment	508,511
All other assets	8,533

**Total assets** \$1,324,142

**Liabilities:**

Accounts payable and accrued liabilities	\$40,357
Payable under securities lending agreement	29,475
Deferred income and deposits	33,229
Refundable federal loan grants	35,940
Notes and bonds payable	235,294
All other liabilities	16,026

**Total liabilities** \$390,321

**Net assets:**

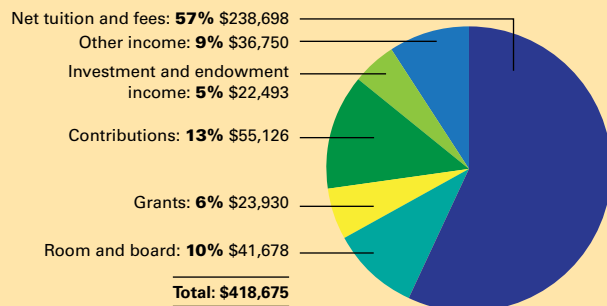
Unrestricted	\$216,159
Temporarily restricted	359,731
Permanently restricted	357,931

**Total net assets** \$933,821

**Total liabilities and net assets** \$1,324,142

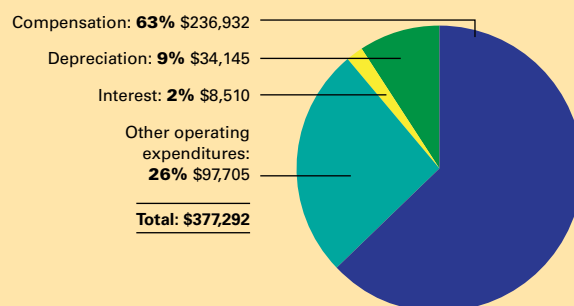
## TOTAL OPERATING REVENUES

(dollars in thousands)



## TOTAL OPERATING EXPENDITURES

(dollars in thousands)



## CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating revenues:</b>				
Net tuition and fees	\$238,698	-	-	\$238,698
Government and private grants	23,930	-	-	23,930
Contributions	4,143	32,435	18,548	55,126
Investment income	322	654	(82)	894
Endowment income used in operations	5,287	15,984	328	21,599
Auxiliary and all other	78,428	-	-	78,428
<b>Total operating revenues</b>	<b>\$350,808</b>	<b>49,073</b>	<b>18,794</b>	<b>\$418,675</b>
Net assets released from restrictions	33,987	(33,987)	-	-
Total revenues and net assets released from restrictions	384,795	15,086	18,794	418,675
<b>Expenses:</b>				
Instruction	\$115,257	-	-	115,257
Academic support	41,819	-	-	41,819
Research and grants	22,152	-	-	22,152
Libraries	19,794	-	-	19,794
Student services	52,902	-	-	52,902
Auxiliary enterprises	42,552	-	-	42,552
Institutional support	78,228	-	-	78,228
Public service	4,588	-	-	4,588
<b>Total operating expenses</b>	<b>\$377,292</b>	<b>-</b>	<b>-</b>	<b>\$377,292</b>
Operating income	7,503	15,086	18,794	41,383
<b>Nonoperating income (loss)</b>	<b>6,109</b>	<b>36,067</b>	<b>1,124</b>	<b>43,300</b>
<b>Changes in net assets</b>	<b>13,612</b>	<b>51,153</b>	<b>19,918</b>	<b>84,683</b>
<b>Net assets, beginning of year</b>	<b>202,547</b>	<b>308,578</b>	<b>338,013</b>	<b>849,138</b>
<b>Net assets, end of year</b>	<b>\$216,159</b>	<b>359,731</b>	<b>357,931</b>	<b>\$933,821</b>

## ANNUALIZED RETURNS

as of 6/30/2014

	1 Year	3 Year	5 Year	10 Year
S&P 500 Index	24.6%	16.6%	18.8%	7.8%
MU Endowment ( <i>Net</i> )	15.1%	9.0%	12.4%	7.2%
Policy Index	14.8%	6.8%	9.7%	6.3%
<b>+ / - Relative to Policy Index</b>	<b>0.3%</b>	<b>2.2%</b>	<b>2.7%</b>	<b>0.9%</b>

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