Dear Friends,

I am delighted to bring you the Campaign Annual Report for 2009–2010, a year of extraordinary accomplishments. This June, your cumulative Campaign giving surpassed $3 billion, taking Yale Tomorrow to its original fundraising goal in just four years and setting us firmly on course to reach our revised $3.5 billion goal by June 30, 2011.

During this time of constrained budgets, your generosity is especially welcome. Campaign contributions have an immediate impact on teaching and research at Yale, helping to close the gap in our financial aid funding and relieving the pressure on budgets across the University. Thanks to you, students and faculty members can remain focused on their dual mission of education and innovation.

For example, in Yale College, a donor is enabling biologist Jo Handelsman to develop a pioneering approach to teaching science; others have supported expanded language instruction in Sanskrit, Tamil, and Hindi, adding an important dimension to our curricular coverage of India and South Asia. And construction is well underway at Ezra Stiles College, the last of Yale’s twelve residential colleges in line for a roof-to-basement renovation.

With donor support, workers also broke ground this spring on a new home for the Yale School of Management, clearing the way for a Foster + Partners building that is destined to be a campus landmark. Other gifts this year are funding programs in the Yale Repertory Theatre, fellowships for international students in the School of Forestry & Environmental Studies, and an endowed chair for the director of the Yale Cancer Center.

These are but a few examples of your contributions. They touch every area of the University, and sustain the work of faculty and students. The Campaign is an effort to build an even greater Yale for tomorrow, and I am deeply grateful that alumni, parents, friends, foundations, and corporations continue to advance this goal.

Sincerely,

Richard C. Levin '74 PH.D.
Dear Friends,

Conventional wisdom holds that the fourth year of a capital campaign is the most challenging. So we are all the more pleased to recognize the steadfast support that pushed the Yale Tomorrow campaign over $3 billion this June, at the end of its fourth year.

For the past twelve months, despite the economic recession, donors have shown extraordinary loyalty to the University with giving focused in two broad areas—first, ensuring the resources to sustain the highest standards in today’s research and learning; and second, providing new funds to continue Yale’s leadership tomorrow.

In fiscal 2009–2010, giving reached $317.3 million, bringing the Campaign total to $3.026 billion, or 86.5 percent of its goal. As President Levin has pointed out, contributions from alumni, parents, and friends supported every area of the University.

Looking ahead, we are excited to be part of such a historic effort as we gear up for the final year of Yale Tomorrow. We are confident that this wonderful community will rise to the challenge once more to meet and surpass our $3.5 billion goal by June 30, 2011.

The following pages offer details of this year’s fundraising results and further acknowledge the many donors who made this milestone possible. To all of Yale’s supporters and volunteers, thank you. With your generous participation, we are building a bright tomorrow for our University.

From the Campaign Co-Chairs
The Financial Story

Report from the Vice President for Development

In fiscal 2009–2010, Campaign gifts played an important role in funding core academic programs across the Yale campus. Alumni, parents, and friends were generous despite the recession, supplying new resources for teaching and research as well as funds for financial aid, an area of growing need. All told, donors provided $317.3 million in new gifts and pledges during the period July 1, 2009–June 30, 2010.

An important contribution to this year’s Campaign total came through annual giving, which generated gifts of over $30.5 million, up by more than $1.5 million from 2008–2009.

Reunion giving, always a source of pride for Yale College classes, was also up in 2009–2010. The Class of 1975 achieved an all-time record for a 35th reunion, raising more than $37 million; the Class of 1980 achieved a record for its 30th reunion with $34 million; and five other classes moved up to the top ten, all-time, for their respective Yale reunion gift totals. To all, we extend our heartfelt thanks!

“I am deeply grateful for the dedication of Yale alumni, parents, and friends. Giving in 2010 has not only supported faculty and students, but also set us on a course to reach and even surpass our Campaign goal by June 30, 2011.”

Inge T. Reichenbach
Vice President for Development

Through the close of 2009–2010, the Yale Tomorrow campaign stands at $3.026 billion, or 86.5 percent of its $3.5 billion goal.
The generosity that buoyed the Yale Alumni Fund in 2009–2010 was evident in every area of the Campaign, with steady support from individual donors as well as corporations and foundations. Current use giving accounted for 59.0 percent of contributions, reflecting a deep appreciation of Yale’s immediate budgetary needs. A further 24.3 percent of gifts were directed to the Yale Endowment, supplying resources for students and faculty today and well into the future.

The annual Campaign total—a measure of gifts and new pledges—declined compared to last year, but the annual cash total was up, reaching $383.5 million. This figure reflects actual cash revenues flowing to Yale in 2009–2010 from Campaign gifts and multi-year pledge payments, a positive trend moving into the last leg of the Yale Tomorrow campaign.
After a 24.6 percent decline in 2008–2009, this year’s positive return is cause for optimism. What were the highlights of Yale’s investment performance in 2009–2010?

The most compelling performance came from our marketable equity, absolute return, and private equity asset classes. Domestic equity returned 20.9 percent for the fiscal year, surpassing the benchmark return by 4.7 percent. Yale’s foreign equity and absolute return portfolios bested their benchmarks with returns of 15.0 percent and 12.4 percent, respectively. Private equity rebounded from a challenging fiscal 2009 to post a return of 18.1 percent.

Other endowments posted better returns than Yale this year. Why is that?

While Yale did well in many areas, its relative performance suffered from a large exposure to real assets. These assets, comprised of real estate, oil and gas, and timber, produced the Endowment’s weakest results for the second successive year, generating a loss of 4.5 percent. While real assets provide protection against inflation, which may prove beneficial in today’s highly uncertain global economy, in weak economic environments they tend to produce poor returns.

Are you planning to make any significant changes to your investment approach?

Returns over the past two years fall within the expected range of outcomes of an investment strategy that has produced handsome results for Yale (and many other endowed institutions) over the past two decades. This approach has placed the University in the top tier of institutional investors, and we believe it will serve Yale well in the future.

What are Yale’s longer term results?

Yale’s Endowment returned 8.9 percent per annum over the ten years ending June 30, 2010, surpassing results for stocks, which returned negative 0.7 percent annually, and for bonds, which returned 6.5 percent annually. Relative to the estimated 4.0 percent average annual return of college and university endowments over the past decade, Yale’s
investment performance added $7.9 billion of value in the form of increased spending and enhanced Endowment value. During the ten-year period, the Endowment grew from $10.1 billion to $16.7 billion.

**What does this mean for Yale faculty and students?**

To put the performance in concrete terms, consider an endowed scholarship fund. When considering only investment gains, an endowment valued at $100,000 in 2000 would have grown to almost $235,000 in 2010, a performance well above the mean of the broad universe of colleges and universities. When spending is factored in, the $100,000 fund would have grown to $154,000 in 2010 and distributed over $64,000 for financial aid.

From a big picture perspective, spending from the Endowment for the University’s 2010–2011 fiscal year amounts to $986 million, representing approximately 38 percent of the University’s net revenues. Endowment distributions to the operating budget have grown nearly threefold in the last decade.

**How have donors contributed to the Endowment?**

On a cash basis, donors gave $136 million to the Yale Endowment during the past year, including gifts in support of financial aid, faculty salaries, and a range of other programs. Over the years, the contributions of donors and investment performance on those contributions have expanded Yale’s Endowment dramatically. Every gift matters.

Consider this: in 1950, Yale’s Endowment was $132 million. Without subsequent gifts, if that $132 million were grown by each year’s investment performance and decreased by each year’s spending, Yale’s Endowment would be worth roughly $3.8 billion. If you include the impact of gifts and the investment performance of those gifts, you get to Yale’s actual Endowment value of $16.7 billion. The nearly $13 billion difference represents the impact of donations over the past six decades. Those gifts influence in a profound manner the experience of each individual in Yale’s community of scholars.