



BREAKING NEW GROUND

The United States Air Force Academy Endowment
2010 Annual Report

BREAKING NEW GROUND ...

Letter from the Chairman

Dear Academy Friends,

This has been a truly remarkable year for our Academy.

As an old football player, I must admit that I was quite pleased when we finally returned the Commander in Chief's Trophy to its rightful home in Colorado Springs. Coach Calhoun and our team deserve a hearty "congratulations" for their hard-earned success.

But this past year was important for other reasons as well – many that are closely connected with our business at the Endowment. Most critically, 2010 provided concrete evidence that the cooperative agreement with the Association of Graduates is productive and has real staying power.

Beginning in January of last year, the Endowment assumed the principal fundraising responsibilities for the Academy. The Association of Graduates, in turn, has focused its attention on alumni and parent services, and the complex business we call "friendraising." This was a significant transition for both organizations, and as you might expect, not without its challenges. We faced an integration of two large databases, the coordination of millions of dollars of outstanding pledges, and the effective communication of these changes to over 60,000 current and future donors. We also shared the difficult task of rebuilding confidence among the graduate community in our collective efforts to support the Academy – a job we took very seriously.

I am pleased to report that amidst these challenges, we exit the year having achieved every target proscribed by the agreement between the two organizations, and share a mutual commitment to continue our collaborative work. In the end, the proof of the value of our model can be seen in our record-breaking results. Specifically:

- The Endowment concluded the most successful fundraising year in the institution's history, raising over \$14.5 million in 2010, more than double the previous high water mark for fundraising in a single calendar year.
- Graduate donor participation increased by 17 percent, including an equal increase in the number of Sabre Society donors. This is a remarkable result and has had the effect of increasing unrestricted funding levels to the Academy by 19 percent.
- We broke ground on the largest privately funded capital project in Academy history, the Holaday Athletic Center, exceeding our fundraising goals for the project ahead of schedule.
- We engaged with nine classes on projects to support the Academy.
- We maintained a cost of fundraising of less than ten percent, a remarkable level of efficiency that our donors should continue to expect.
- And finally, we launched the leadership gift phase of the initiative for the new

Center for Character and Leadership Development. As of the end of the year, we had raised more than 40 percent of the total funds necessary to reach the project goal.

Indeed, 2010 has been a breakthrough year, and I firmly believe that each of these successes can be attributed to two essential dynamics.

First, we have benefited from the extraordinary generosity of our donors. Increasingly, this charitable giving to the institution by graduates, parents and friends is properly reflective of the national reputation of our Academy. In the future, we will be called upon more often to provide substantive enhancements to those resources available from federal sources. Like every great public university, private support will play a role in the institution's success.

And second, I believe that our positive results are a credit to the strength of the relationship with the Association of Graduates. We anticipate that our mutually supportive partnership will continue to drive greater levels of engagement and participation within the various constituencies that care deeply about the future of the institution. Since the Endowment's inception in July of 2007, we have raised \$30 million in support of the Academy, and expect the pace to quicken in the years to come.

Finally, I would like to acknowledge the continued dynamic leadership of our Superintendent,



Lieutenant General Mike Gould. General Gould has demonstrated great vision in guiding our Academy over the past few years. We are very fortunate that he is at the controls – and we expect many more positive developments for our school in the year to come.

Thank you, once again, for your continuing generous support for our Academy, the Association of Graduates and our ongoing efforts at the Endowment. We sincerely appreciate your help and hope to have it again in 2011.

Best wishes,

A handwritten signature in cursive script that reads "Bart Holaday".

Bart Holaday '65
Chairman



Archival photo, Cadet Area

Breaking New Ground ...

At the beginning of 2010, the Endowment, in support of the Air Force Academy, embarked on an unprecedented new stage of development, leading to many firsts for our school and our organization.

We **broke ground** on the new Holaday Athletic Center, beginning the construction of the largest privately funded capital project in Academy history. When complete in June of 2011, the facility will be among the finest indoor practice facilities in the country, demonstrating anew the commitment of our graduates, parents and friends to the future of the institution.

Additionally, before the dust had even settled on our groundbreaking ceremony for this project, we initiated the first phase of fundraising for the Academy's next major priority: the new Center for Character and Leadership Development. By the end of 2010, we had received more than 40 percent of necessary commitments for the Center.

All of this came during a year when total donations for the Academy broke every record in the book, eclipsing the previous mark by a factor of two. Most importantly, more donors than ever joined in our collective efforts to "give back" in support of the Academy.

To support this growth, the Endowment's staff quadrupled in size as we added members to our team with the proper expertise to effectively steward each and every gift. The Endowment was able to significantly expand and refine fundraising efforts, meeting many new friends of the Academy and reconnecting with many old friends. We expanded our efforts to communicate and meet with you, bringing im-

portant opportunities and Academy needs to the forefront and responding quickly to your feedback.

In combination, these efforts resulted in a remarkable growth and created a surge of momentum that culminated in the most successful fundraising year in the Academy's history.

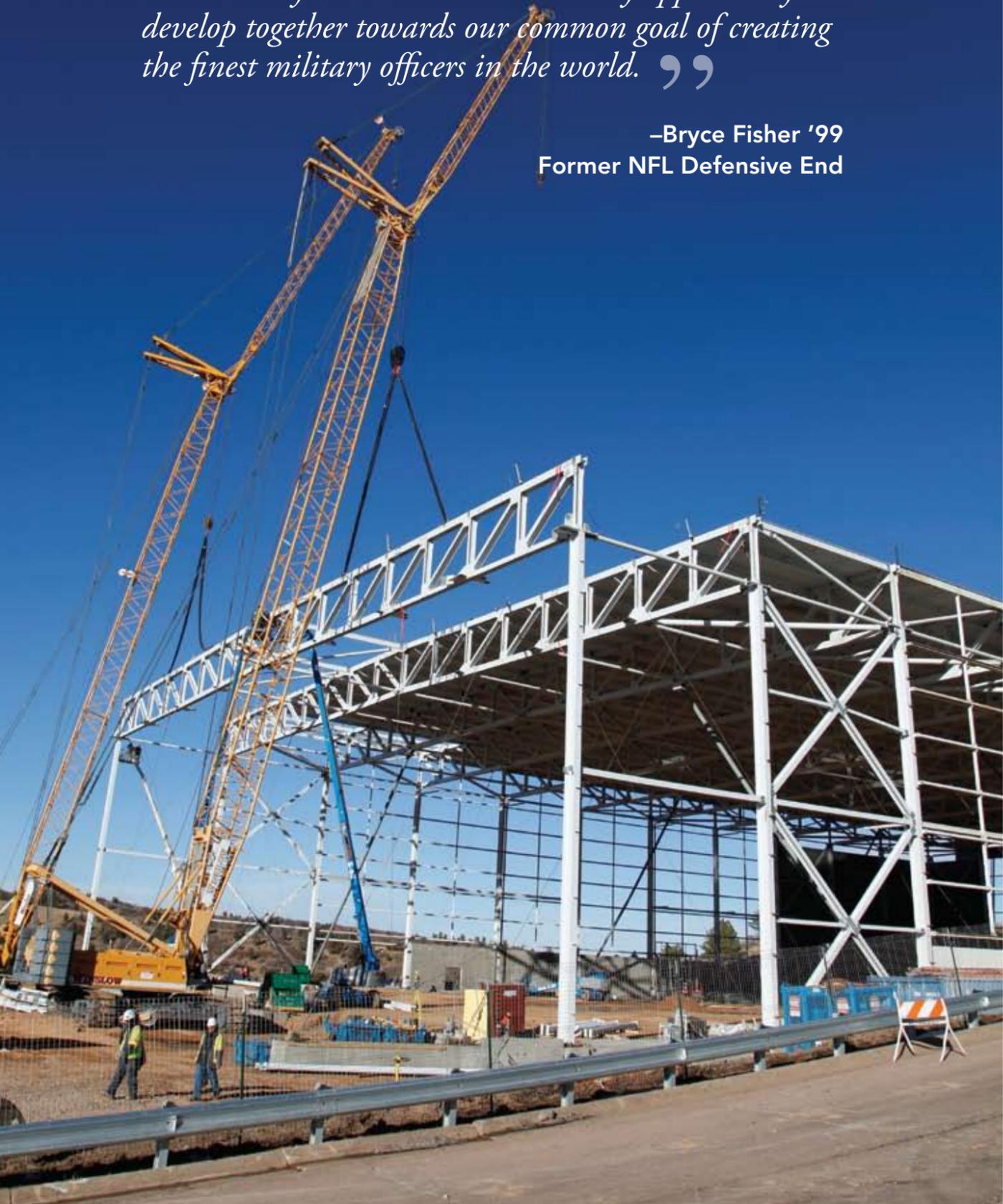
Despite the prodigious amount of activity and growth of the past year, we remain true to our guiding principles of efficiency, transparency, and positive support, and are steadfast in our singular dedication to providing transformative private support to the Academy. Because of this commitment, we held our fundraising costs below ten percent, even while maintaining our "no fees" approach in which all contributions are used exclusively for their intended charitable purpose.

We are confident that with the broad support of the entire Academy community, we will together continue this momentum through 2011, moving forward with new endeavors and projects. The coming year holds the promise of new levels of achievement, with the planned addition of new Endowment staff, increasing diversity and depth of our Board, and many new friends for our Academy. The initiatives for the Center for Character and Leadership Development, planned giving program, and class giving projects will be at the forefront of our fundraising efforts.

Breaking new ground together, we will continue serving the highest aspirations of the Air Force Academy and each new generation of cadets.

“Most of what I know about leadership, discipline and teamwork, I learned from the Air Force Academy. The fields of friendly strife are where my teammates and I built a foundation of excellence and camaraderie. I strongly support the Holaday Athletic Center because I believe today’s cadets should have every opportunity to develop together towards our common goal of creating the finest military officers in the world.”

—Bryce Fisher '99
Former NFL Defensive End



Holaday Athletic Center construction

BREAKING NEW GROUND ...



The Holaday Athletic Center

The Endowment hosted a groundbreaking ceremony for the new Holaday Athletic Center on October 1, 2010, officially beginning construction on the largest privately funded capital project in the Academy’s history.

At 94,000 square feet, this new indoor training facility will easily house a regulation-sized field that can accommodate lacrosse, soccer and football, in addition to many other cadet activities.

The Holaday Athletic Center is the response to one of the Academy’s most pressing long-term needs. The Academy’s current indoor field facilities, constructed in 1968, were no longer adequate to support the intensive year-round athletic training and competition schedules for the Academy’s 27 intercollegiate sports, 14 intramural sports and numerous physical education classes—

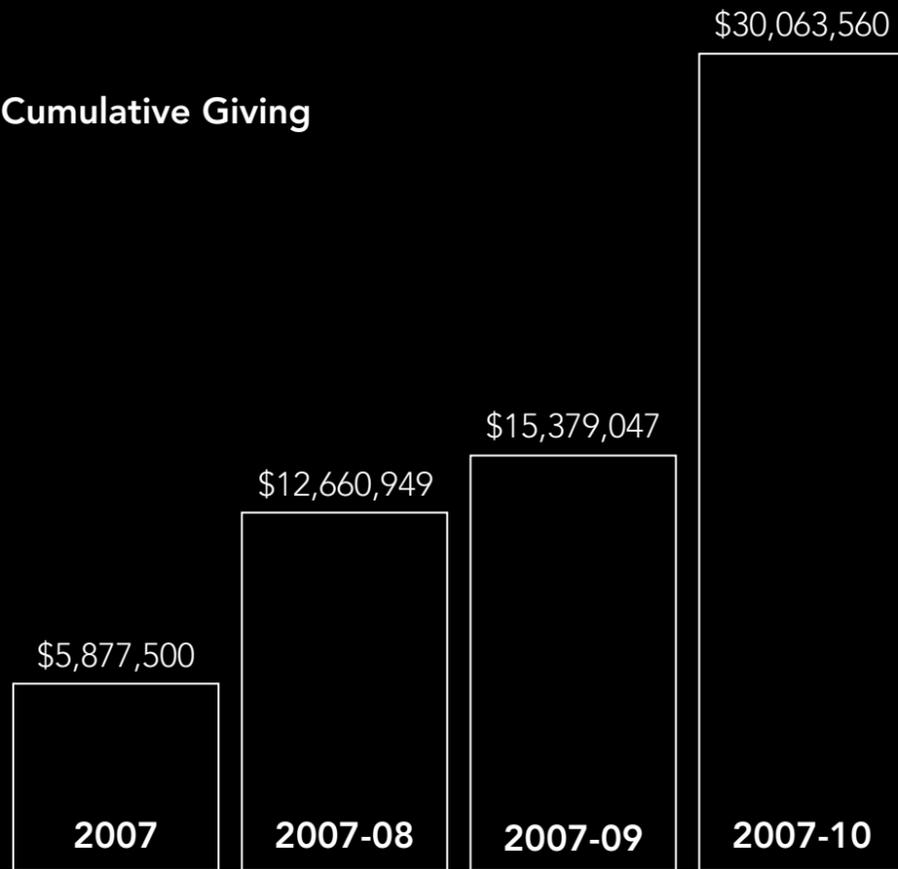
leaving many cadets to endure practices in potentially dangerous weather conditions, or suffer delays due to thunderstorms, lightning, snow and high surface winds.

Remarkably, though an institution where every cadet is a student-athlete, the Air Force Academy was the only service academy in the nation and one of only three institutions in the Mountain West Conference without a dedicated indoor training facility.

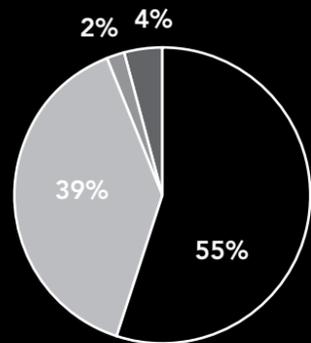
This project was made possible by a generous lead gift of \$5 million from Lynn and Bart Holaday, Class of 1965—the largest gift from a graduate to the Academy in the institution’s history. The Holaday Athletic Center is a landmark that heralds a new era of private philanthropy at the Academy, enhancing cadet character and athletic development, and enabling Academy athletes to compete at the highest levels.

2010 Giving by the Numbers

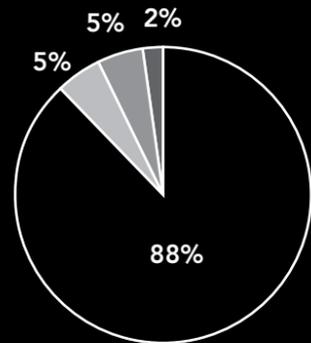
Cumulative Giving



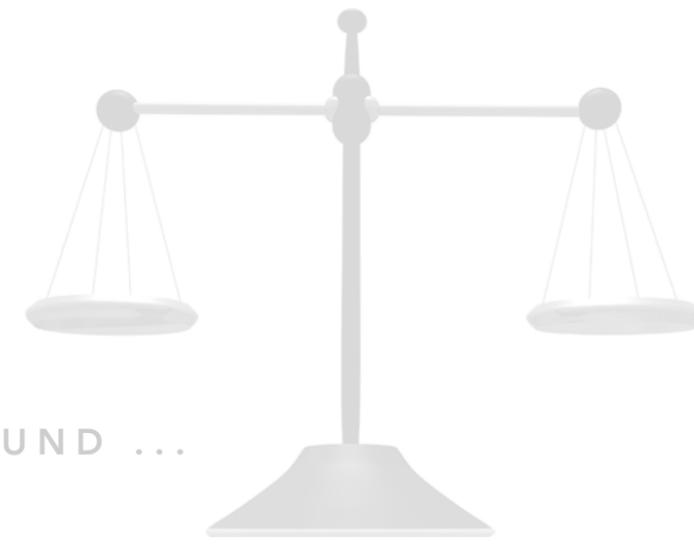
Donors



Contributions



- Graduates
- Parents
- Corporations/Foundation
- Other



BREAKING NEW GROUND ...

Impact of Giving

Through the generous support of Dr. and Mrs. Mike and Marie Parkinson, '68, the Endowment established a Law Department Fund to provide private support for two curriculum enhancing programs. The Jean-Pictet Humanitarian Law Competition and the Law of Armed Conflict (LOAC) Competition offer cadets the opportunity to participate in internationally renowned law competitions. At each conference, cadets deepen their understanding of the law by making arguments from differing legal and political perspectives on difficult subjects related to international humanitarian law and the law of armed conflict. These competitions test the cadets' knowledge of the law, oral and written advocacy, problem solving, and teamwork skills.

"My wife and I are both attorneys and former college professors. We were particularly enthusiastic about supporting some academic program. I won the national ABA moot court competition twice in the late 1980s so when we learned of the Pictet Humanitarian Law and Law of Armed Conflict Competitions, they seemed a perfect fit for our interests and support," said Dr. Parkinson.

The Jean-Pictet Competition is a week-long training event on international humanitarian law (IHL) intended for Law and Political Sci-

ence students in military academies and universities around the world. This competition consists of simulations and role plays, allowing the jury of the competition to evaluate teams' theoretical knowledge and practical understanding of IHL.

The LOAC Competition is addressed specifically to officer candidates worldwide to offer enhanced training in LOAC and the opportunity to promote the respect of the rule of law. As armed conflicts become more complicated, this domain is becoming increasingly vital to the profession of military officers and armed forces in general. Cadets participate in debates, attend lectures from LOAC experts, and participate in a Joint Operations Center to simulate a United Nations multilateral operation where countries participate in various types of fictitious military operations.

Dr. Parkinson is a retired associate dean, college professor, and attorney. He has more than 35 years of experience in academia, including Southern Illinois University and Texas Tech University, and 12 years of experience as a practicing attorney, specializing in criminal defense and appellate advocacy. He is also a Founding Director of the Endowment.



BREAKING NEW GROUND ...

The Air Force Academy Fund

The Air Force Academy Fund is an annual, unrestricted fund that enables the Endowment and the Association of Graduates to fulfill their missions in support of the Academy.

Thanks to the broad support of graduates, parents and friends, 2010 was a very successful year for the Fund. The total number of donors increased by 23 percent over the previous year, including a 13 percent increase in graduate donors and a 39 percent increase in parent donors. Because of this increase in participation, the Endowment has been able to give 19 percent more unrestricted funding to the Academy compared to 2009.

Moving forward, the Endowment is focused on ensuring this meaningful trend in unrestricted giving continues, especially those gifts at the prestigious Sabre Society level. And in light of the recent announcement that the Academy's budget will be cut by more than \$41 million, unrestricted gifts are even more necessary. These gifts ensure that the valuable opportunities available to cadets at this elite institution will continue.

Specifically, gifts to the Air Force Academy Fund, including the Sabre Society, enable the Endowment to support the following areas:

Academy Priorities

- Cadet Clubs and Intramurals
- Character Development Programs and Seminars
- Distinguished Speakers Series
- Engineering Programs
- Summer Internships with NASA, NATO and Congress
- The Unmanned Aerial Systems Program
- Military History Symposium
- The Center for Character and Leadership Development
- The Holaday Athletic Center

AOG Programs and Services

- Chapter Programs
- Appointee Bed and Breakfast
- Career Services
- Class Ring Maintenance
- Class Legacy Program
- Checkpoints* Magazine and *ZoomiEnews*
- Graduate Dependent Scholarships
- Inprocessing Support
- Next of Kin Support
- Parent Handbook and WebGuy



Archival photo, Cadet Chapel Area

BREAKING NEW GROUND ...

Guidon Society: Lifetime Giving to the Academy

Recognition for total commitments by donors of over \$100,000 through the USAFA Endowment and the Association of Graduates through December 31, 2010.

\$5,000,000+

Mr and Mrs A. Bart Holaday '65
The Dorothy D. and Joseph A. Moller Foundation

\$2,500,000-\$4,999,999

The George and Carol Olmsted Foundation
Mr and Mrs John M. Fox '63
Dr and Mrs Paul G. Kaminski '64
Mr and Mrs Edward E. Legasey '67
Mr and Mrs John W. Martin, Jr '69

\$1,000,000-\$2,499,999

Anna Keesling Ackerman Trust
Anonymous '79
El Pomar Foundation
Estate of Richard A. Yudkin
Mr and Mrs Max F. James '64
Mr and Mrs Jack N. Kucera '78
Lockheed Martin
Mr John H. Martinson '70
Mr and Mrs Richard D. McConn '66
Mr Harry J. Pearce '64
Mr and Mrs Richard T. Schlosberg III '65
Mr and Mrs William H. Simpson '63
Mr and Mrs William E. Wecker '63
Mr and Mrs F. Keith Withycombe '66

\$500,000-\$999,999

The Boeing Company
Jostens, Inc.
Maj Gen (Ret) and Mrs William Lyon

MBNA America Bank

McDonnell Douglas Foundation
Mr and Mrs Charles E. Phillips, Jr '81
Mr and Mrs Gregg C. Popovich '70
Mr and Mrs R. David Yost '69

\$250,000-\$499,999

Dr and Mrs Robert P. Barnes '67
Brig Gen (Ret) Mark G. Beesley '75
Mr Irwin I. Belk
Roshi and Mrs George W. Burch '59
Delta Air Lines
Mr and Mrs Terrance M. Drabant '65
EDS
Mr and Mrs J. Scott Kirby '89
Ms Nancy Kudla '80 and Mr Frank Kudla
Dr and Mrs P. Michael Leahy '71
Gen (Ret) and Mrs John Michael Loh '60
Mr Jerrold T. Lundquist '71
Mr and Mrs Paul S. Madera '78
Mr and Mrs Gilbert D. Mook '67
Mr and Mrs John R. Muse '73
Northrop Grumman
Mr Joe O'Gorman and
Mrs Gail Seidel-O'Gorman
Dr and Mrs Michael G. Parkinson '68
Mr and Mrs Terrence L. Petrzalka '70
Dr and Mrs Harvey W. Schiller
Mr and Mrs Dan Schnepf '83
Ambassador and Mrs Craig Stapleton
Col (Ret) and Mrs Gary W. West '63
Zoltan and Addilee Tober Trust



Archival photo, 1960 Graduation Parade

BREAKING NEW GROUND ...

 **Guidon Society: Lifetime Giving to the Academy**

\$100,000-\$249,999

Lt Col (Ret) and Mrs David L. Blisk '78

Mr Frank L. Brienzo '73

Mr and Mrs Howard H. Burkart II

Mr and Mrs Troy Calhoun '89

Mr and Mrs Benjamin S. Catlin IV '73

Mr and Mrs Michael A. Chipman '69

Col (Ret) and Mrs Leslie G. Denend '63

Mr and Mrs William P. Dickey '64

Earle Nutter Irrevocable Trust

Mr Edward Erath

Falcon Foundation

Mr and Mrs Michael D. Freeborn '68

CW4 (Ret) and Mrs Frederick G. Funk

General Motors

Dr and Mrs Harold D. Gilbert

Dr and Mrs Kenneth C. Hancock '74

Mr and Mrs Roderick E. Hennek '75

IBM

Lt Col (Ret) David L. Jannetta '75

Mr and Mrs Robert F. Kay, Sr

RADM (Ret) John E. Kirkpatrick

Col (Ret) and Mrs H. M. Lambert '70

Maj Gen (Ret) and Mrs Eugene A. Lupia '67

The McGraw-Hill Companies

Mr and Mrs David J. Phillips '59

Pratt & Whitney - Military Engine Division

Raytheon Company

Brig Gen (Ret) and Mrs David H. Roe '62

Rolls Royce

Science Applications International
Corporation

Dr and Mrs Alfred O. Steldt

Sun Microsystems Foundation

Ms Holly Emrick Svez '80

Mr Goodwin H. Taylor, Jr

TRW, Inc.

United Services Automobile
Association/USAA

Dr John B. Wheelock '74 and

Dr Margee Brennan

The Honorable and Mrs Michael W. Wynne

“ *This Center marks a new era in our mission of developing leaders of character for our nation—one devoted to a perfect balance of excellence in body, mind and spirit, and grounded in our enduring core values.* ”

—Lt Gen Michael Gould '76
Superintendent



BREAKING NEW GROUND ...



The Center for Character and Leadership Development

The new Center for Character and Leadership Development will be the first and only organization of its kind in the nation—the heart of character and leadership development at the Academy and the means for the total integration of this development into all aspects of the Academy experience. For the first time, the institution’s considerable academic, programmatic and personnel resources from all three mission elements will be housed in a single comprehensive structure.

Guided by nationally recognized scholars and leaders, the Center will conduct sophisticated

research concerning the contemporary challenges of the military profession and its relationship to our mission at the Academy and provide a coherent development program in which the inextricable link between character and leadership is preserved. The new Center has the potential to become the intellectual and physical nexus for national character and leadership dialogue in the 21st century.

The Endowment seeks to raise a total of \$10 million in support of this important endeavor by the end of 2012.



Giving Highlights

As reported in our financial statements⁽¹⁾, the Endowment has raised over \$29.5 million in support of the Air Force Academy since its inception in 2007. Included in that amount, in 2010, the Endowment raised nearly \$14.6 million in pledges, gifts of cash and securities, and gifts-in-kind.

In 2010, donors directed \$11.3 million of their support to Academy programs. Most notably, donors provided \$7.6 million for Athletics, including support for the Holaday Athletic Center. Additionally, in 2010, donors committed \$3 million to support the new Center for Character and Leadership Development, including the hiring of a Senior Scholar. The academic program at the Academy has also benefited from Endowment support, receiving total contributions of \$305,000 in 2010. This support went for initiatives like the Just-in-Time Teaching Program Extension, the Scowcroft Professorship, and the Distinguished Lectureship in War, Literature and the Arts.

A significant portion of remaining gifts has been directed by donors for unrestricted support and to underwrite the Endowment's operations. Last year, the Endowment raised

almost \$2.0 million in unrestricted support, including gifts to the Sabre Society, which were used to support the ongoing missions of the AOG and the Endowment, and to meet immediate critical needs of the Academy and cadets. Additionally, new commitments to the Founding Director Fund⁽²⁾, a primary source of the Endowment's operating funds for future years, totaled \$1.3 million for the year. Total cumulative commitments to this Fund exceed \$9.1 million.

Importantly, our cost of fundraising remained very low in 2010. This is an especially meaningful accomplishment given the dramatic increase in the Endowment's size and scope under the cooperative agreement with the AOG. The Endowment's cost of fundraising remained below ten percent in 2010, meaning that for every dollar we spent last year, we returned over ten times that amount in new gifts to support the Air Force Academy and our ongoing mission. We believe that the donors appreciate this level of efficiency, and support the "multiplying effect" that any contributions directed towards operations will have on the future success of the Academy. We will continue to honor our donors' trust by carefully stewarding their investments in the Academy with the utmost efficiency and transparency.

Giving to the Academy

The following summaries reflect the fundraising, stewarding and disbursement activities of the Endowment by major fund category for the year ended December 31, 2010, and for the period since the Endowment's inception on July 1, 2007 to December 31, 2010. The ending fund balances reflect the amount of funds that are available, or expected to be available, based upon previous gifts and existing donor commitments that will enable the Endowment to fund various Academy programs, along with AOG and Endowment operations:

	Beginning Fund Balances	Contributions ⁽³⁾	Investment Income	Expenses/Gifts to USAFA	Ending Fund Balances
Year Ended December 31, 2010					
Funds Available for Operations					
Founding Director Fund	\$7,301,805	\$1,287,027	\$314,474	\$664,000	\$8,239,306
Unrestricted Funds	95,338	1,992,965	482	1,735,115	353,670
Other Restricted Funds	91,543	—	—	91,543	—
Totals For Funds Available for Operations	7,488,686	3,279,992	314,956	2,490,658	8,592,976
Academy Funds					
Academy Related Funds	49,497	34,951	63	18,091	66,420
Academic Programs	725,591	305,250	25,850	466,389	590,302
Athletic Programs (excluding Holaday Athletic Center)	438,577	199,595	12,201	232,083	418,290
Holaday Athletic Center	2,635,246	7,384,578	47,045	10,066,869	—
Center for Character and Leadership Development (CCLD)	1,035,895	3,021,168	33,840	—	4,090,903
Character and Leadership Programs	653,814	163,405	13,035	183,160	647,094
Other Funds	131,527	216,869	163	25,695	322,864
Totals for Academy Funds	5,670,147	11,325,816	132,197	10,992,287	6,135,873
Total	\$13,158,833	\$14,605,808	\$447,153	\$13,482,945	\$14,728,849
July 1, 2007 to December 31, 2010					
Funds Available for Operations					
Founding Director Fund		\$9,104,040	\$510,811	\$1,375,545	\$8,239,306
Unrestricted Funds		2,591,180	710	2,238,220	353,670
Totals For Funds Available for Operations		11,695,220	511,521	3,613,765	8,592,976
Academy Funds					
Academy Related Funds		91,912	127	25,619	66,420
Academic Programs		1,295,064	51,307	756,069	590,302
Athletic Programs (excluding Holaday Athletic Center)		1,009,256	15,157	606,123	418,290
Holaday Athletic Center		10,017,776	74,834	10,092,610	—
Center for Character and Leadership Development (CCLD)		4,056,021	34,882	—	4,090,903
Character and Leadership Programs		1,056,466	22,826	432,198	647,094
Other Funds		350,080	242	27,458	322,864
Totals for Academy Funds		17,876,575	199,375	11,940,077	6,135,873
Total		\$29,571,795	\$710,896	\$15,553,842	\$14,728,849

(1) All figures in this section, including fundraising results, are provided in accordance with Generally Accepted Accounting Principles (GAAP). Pledges are reported net of discounts for present value and allowances for uncollectibility.

(2) The Founding Director Fund is a restricted fund specifically raised for the purpose of underwriting the ongoing mission of the Endowment, in support of the Academy. The vast majority of gifts to the Fund have been provided by Founding Directors, members of the Endowment Board giving \$250,000 or more to the Fund.

(3) Includes immaterial amounts of revenue from various fundraising and athletic events.



Financial Highlights

The following information is summarized and excerpted from the Endowment's audited financial statements as of and for the years ended December 31, 2010 and 2009, which are available online at www.usafaendowment.org:

STATEMENT OF FINANCIAL POSITION	2010	2009
Cash and cash equivalents	\$ 6,721,586	\$ 3,212,215
Investments	4,357,437	2,702,618
Pledges, net	12,368,419	7,064,667
Other assets	281,340	236,552
Total Assets	23,728,782	13,216,052

Accounts payable and accrued expenses	2,388,341	57,219
Gift commitments	6,611,592	
Total Liabilities	8,999,933	57,219

Unrestricted net assets	353,670	95,338
Temporarily restricted net assets	14,375,179	13,063,495
Total Net Assets	\$ 14,728,849	\$ 13,158,833

STATEMENT OF ACTIVITIES	2010	2009
Contributions	\$ 14,575,525	\$ 2,698,885
Investment income	447,153	264,427
Other income	30,283	62,323
Total Revenues	15,052,961	3,025,635

Academy support	11,731,517	567,025
Fundraising expense	1,257,899	437,567
General and administrative expense	493,529	210,155
Total Expenses	13,482,945	1,214,747
Change in Net Assets	\$ 1,570,016	\$ 1,810,888



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Terrance M. Drabant '65 **Vice Chairman**
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Timothy J. Fyda '79
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Dr Paul G. Kaminski '64
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Nancy R. Kudla '80
Dr P. Michael Leahy '71
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Charles E. Phillips, Jr '81
Gregg C. Popovich '70
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Brig Gen (Ret) Harvey W. Schiller
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THE UNITED STATES AIR FORCE ACADEMY

ENDOWMENT

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