A LETTER FROM THE PRESIDENT

DEAR FRIENDS,

AS WE CELEBRATE THE UNIVERSITY OF SOUTH FLORIDA’S 50TH ANNIVERSARY THIS YEAR, OUR UNPRECEDENTED GROWTH, WORLD-CLASS RESEARCH, AND IMPACT IN THE COMMUNITY CONTINUE TO DEVELOP TO EXTRAORDINARY LEVELS, PERPETUATING THE TRADITION OF EXCELLENCE THAT HAS SUSTAINED USF FOR A HALF CENTURY.

It is only due to the collective leadership, vision and generosity of thousands of alumni, friends and volunteers that USF has been able to reach such heights. Thanks to the endless passion and tireless efforts of our many supporters, USF has greatly exceeded expectations, rapidly becoming one of the nation’s premier universities. This year alone, philanthropic gift and pledge commitments reached an all time high, completing what has already been one of the most successful years in USF’s history.

Since its inception, USF has been a beacon of knowledge, leadership, and service for this community. In some respect, this university’s continuing success is a reflection of the metropolitan region we serve. As the Tampa Bay area grows, so too do the demands for excellence in education, healthcare, and a strong workforce. And for 50 years, USF has remained the leader in setting a standard of excellence in supporting these needs.

We remain committed to improving undergraduate and graduate academic programs that promote intellectual development and student success through a diverse, student-centered environment. USF strives to engage service that strengthens cultural and community life, and promotes lifelong learning and economic opportunity. And we aim to increase fiscal self-sufficiency and appropriate state support to carry out our mission.

At this monumental point in our history, it is a time to reflect, as well as look ahead. Certainly, the University of South Florida will continue to flourish in the years to come, but without your continuing support, USF could not have achieved so much. It is your generosity that grants this university the opportunity to be great, and I encourage you to remain steadfast in your support of USF as we prepare for our next 50 years and beyond.

I am pleased to present to you the 2005-2006 USF Foundation Performance Report. The pages that follow detail the Foundation’s purpose, accomplishments, and performance over the past fiscal year. Because of you, USF had an extraordinary year that will continue to impact the community, region and nation for years to come.

Sincerely,

Judy Genshaft
President
June 18, 1955
Florida Governor Lee Roy Collins signs into law House Bill 1007, written by Representative Sam Gibbons, creating a new state university in Hillsborough County.

July 1, 1965
USF occupies the site of the St. Petersburg campus on Bayboro Harbor.

September 26, 1960
The first day of classes and a convocation ceremony are held. With classes underway, USF becomes the first major state university planned, built and opened in the 20th century as well as Florida’s first metropolitan university.

May 25, 1971
First doctoral degree awarded to Joseph Houbrick, a student of biology and marine science.

July 16, 1957
The Board of Control names John S. Allen the first president of USF.

December 1963
First commencement ceremonies are held, with 326 degrees conferred. The first commencement took place on December 22.

September 6, 1974
New College in Sarasota joins the state university system and USF Sarasota.

1966
June 1965 – USF plays its first intercollegiate sports event, defeating Florida Southern’s soccer team.

1980 Graduate School created.

1986 H. Lee Moffitt Cancer Center and Research Institute opens on the USF campus.

1987/1988 USF reaches the mark of conferring 100,000 degrees.

1988 USF Lakeland opens.

1991 Campaign USF reaches its goal by raising $117 million. It’s the largest fundraising campaign in the history of the State University System.

1994 USF is ranked as the nation’s 18th largest university in terms of enrollment; it is the 8th largest urban university.

1996 The Martin Luther King Plaza was rededicated after the students funded renovations to symbolize Dr. King’s spirit and values as well as to provide an environment for campus life and student activities. It was rededicated in November to celebrate USF’s 40th anniversary.

May 20, 2005 Drs. Kiran and Pallavi Patel pledge $18 million to USF. With the state match, the gift is valued at $34.5 million, the largest gift in USF’s history. The gift will be used to construct the Dr. Kiran and Pallavi Patel Center for Global Solutions.

July 5, 2000 Judy Genshaft takes office as the sixth president of USF.

September 11, 2001 Professor Robin Murphy sends search and rescue robots to New York City to aid in World Trade Center recovery efforts.
THE UNIVERSITY OF SOUTH FLORIDA

AT A GLANCE

FOUNDED: 1956

CAMPUSES:
Four, the main campus is located in Tampa, and campuses are also in St. Petersburg, Sarasota-Manatee and Lakeland.

ENROLLMENT: 44,038

GRADUATE: 8,153

UNDERGRADUATE: 34,077

USF is annually at the top of the list of Florida schools for transfer students to attend.

RESEARCH FUNDING:
Last year, the university reported its eighth consecutive record-breaking year with $310 million in research contracts and grants.

OPERATING BUDGET: $1.6 billion

ECONOMIC IMPACT: $3.2 billion

ENDOWMENT:

ENTERING FRESHMAN PROFILE:
- Average GPA: 3.61
- Average SAT: 1131
- 48% were in the top twenty percent of their class
- 33 valedictorians
- 23 National Merit Finalists
- 49% National Honor Society
- 48% participated in varsity athletics

GRADUATE STUDENT PROFILE:
- 2,298 new graduate students enrolled, including 1,785 master’s students, 393 doctoral students and 120 MD students

HONORS STUDENT PROFILE:
- 1,617 students enrolled
- Average SAT: 1321
- 70 students enrolled in the Research Scholars Program

HONORS COLLEGE:
Offers the very best undergraduate students a collaborative environment in which to develop their thinking, reasoning and analytical skills and to provide opportunities to be engaged in the research of faculty mentors.

50 FACTS

Rocky the Bull got his start as a toy for the Bookstore to sell in 1965. His first drawn rendition appeared in Athletics’ newsletters in the early ’70s. Transforming along with the university over the past 50 years, Rocky’s image was first trademarked in 1974 and redesigned in 1984 and 2003.
USF AT A GLANCE

50\textsuperscript{TH} ANNIVERSARY


DIVERSITY:
USF is diverse and inclusive, with students from every state and U.S. territory and 132 countries around the world.
- 11.3% are African American
- 10.3% are Hispanic
- 5.3% are Asian

COLLEGES:
- School of Architecture & Community Design
- College of Arts & Sciences
- College of Business Administration
- College of Education
- College of Engineering
- Honors College
- College of Marine Sciences
- College of Visual & Performing Arts
- USF Health: comprised of the
  - College of Medicine
  - College of Nursing
  - College of Public Health

NUMBER OF COURSES:
About 7,000

DEGREES AWARDED IN 2005-2006:
- Bachelors: 6,098
- Master’s: 2,064
- Ed. Specialist (EdS): 11
- Doctoral: 184
- First Professional (MD): 93

ACCREDITATION:
The University of South Florida is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award degrees at the baccalaureate, master’s, and doctoral levels, including the Doctor of Medicine.

SCHOOL COLORS: Green and Gold

ATHLETIC MASCOT: Rocky the Bull

ATHLETICS: The USF Bulls joined the Big East Conference in 2005. USF Athletics sponsors 18 NCAA varsity sports, with 10 women’s teams and 8 men’s teams.

ALUMNI: There are approximately 200,000 USF alumni in all 50 states and 111 foreign nations. Nearly 90,000 live in the greater Tampa Bay area.

FINANCIAL AID AWARDS: USF awarded $71,065,030 in student financial aid to 22,834 students for the fall semester 2006.
December 18, 1956 – The Florida Cabinet approves a resolution to build the new university on the Fowler Avenue property. At the time, World War II’s Henderson Air Field occupied the space. USF would later be built on the practice bombing range just north of the airfield.

The University of South Florida is one of the nation’s top 63 public research universities as designated by the Carnegie Foundation for the Advancement of Teaching. USF received more than $310 million in research contracts and grants last year, and it is ranked by the National Science Foundation as one of the nation’s fastest growing universities in terms of federal research and development expenditures. The university has a $1.6 billion annual budget and serves more than 44,000 students on campuses in Tampa, St. Petersburg, Sarasota - Manatee and Lakeland. USF is a member of the Big East Athletic Conference.

July 1, 1965 – USF occupies the site of the St. Petersburg campus on Bayboro Harbor.

USF St. Petersburg is the oldest and largest regional campus within the USF system. USF St. Petersburg offers students a strong liberal arts curriculum as well as professional programs in Business and Education. Today, USF St. Petersburg enrolls more than 3,430 students in 26 undergraduate programs and 12 graduate programs. In the fall of 2006, the first residence hall opened on campus. USF St. Petersburg is fiscally autonomous and earned separate accreditation in 2006 from the Southern Association of Colleges and Schools. This recognition is evidence that USF St. Petersburg stands on its own academically and affirms the quality of the faculty and programs.
In 1975, USF Sarasota-Manatee and New College, a residential liberal arts program, began sharing the current campus location.

USF Sarasota-Manatee is an upper-division, regional campus that provides junior, senior, and graduate course work leading to baccalaureate and master’s degrees along with certificate programs. The campus serves more than 3,200 students annually with 39 academic programs. The new USF Sarasota-Manatee campus center is housed in a 100,000-square-foot, state-of-the-art academic facility that houses 24 classrooms, a 190-seat lecture/exhibition hall, seminar and video-conferencing rooms, computer labs, student gathering places, faculty and staff offices, a technology and learning center, dining facilities, and training facilities for the School of Hotel and Restaurant Management.

January 24, 1988 – USF Lakeland opens.

USF Lakeland is located at the heart of the emerging Florida High Tech Corridor (FHTC). FHTC is attracting high tech industry in five sectors, including Information Technology, Medical Technologies, Microelectronics, Modeling, Simulation and Training, and Optics and Photonics. USF Lakeland is a leader in the field of Information Technology and offers benefits including business partnerships, internships, research endeavors, and growth in economic development by providing an educated workforce attracting new companies to the area. USF Lakeland serves more than 2,000 students and offers 20 complete undergraduate and graduate degrees in Arts and Sciences, Business, Education, Engineering, and Information Technology. In November 2004, USF Lakeland signed a land agreement to develop its own campus.
Over the past half century, USF continues to astound with its rapid growth, groundbreaking research, and gifted faculty, staff, and students. Through the generosity of our supporters, USF has quickly emerged as one of the fastest growing universities in the country, second only to Vanderbilt, and is on its way to becoming one of the top 50 research universities in the nation. This year marks the University’s 50th Anniversary, and fittingly, this milestone accompanies one of USF’s most successful years ever.

The same rings true for the USF Foundation. Highlighted by a substantial gift from Tampa philanthropists Frank and Carol Morsani, fiscal year 2005-2006 resulted in an astounding $69.8 million in gifts and pledges, setting a new record for charitable giving at USF. This amount marked a 22 percent increase in donations over the previous fiscal year’s record-breaking mark, and our total endowment grew to $329.8 million, with a total investment return of 11.6 percent. Once again, USF exceeded expectations, surpassing the Standard & Poor's Index for the same period last year. In addition, our total net assets grew to $441.8 million, a 2.7-fold increase over the past 10 years.

A strong endowment at USF is essential for securing its long-term fiscal health. Your gifts for endowment are needed to ensure that USF has the financial resources to provide a challenging curriculum, to attract and retain talented faculty, to enhance financial aid, and to maintain a stimulating campus life while keeping tuition affordable. For example, it costs more to educate a student than what a student pays in tuition.

Governed by the USF Foundation Board of Trustees, the USF Foundation, Inc. allocates your gifts accordingly, ensuring that they are applied to the designated departments. The Foundation also protects your investment for the long-term so that it retains the value of your original gift. Through the USF Foundation, your support becomes a reality, fueling our mission to better serve the students, faculty, staff, and community.

Since establishing its charter in 1958, the USF Foundation has been guided by a philosophy which ensures that your investment in the University will pay dividends the way you intended. And the Foundation has set the precedent for fiduciary accountability and performance. Strong investment returns continue to supplement the growth of the Foundation. The actual results have surpassed their benchmarks over a one-, three-, five-, and ten-year basis. In fact, since 2000, the Foundation has outperformed all of the other state universities in Florida.

For 48 years, the USF Foundation has made an impact across USF’s campuses, influencing scholarship support, new construction, and fundraising initiatives. In 1958,
the USF Foundation set out to change our university’s landscape by raising more than $80,000 for “Dollars for Dorms,” and helped students offset tuition costs by accepting its first student loan gift of $2,000 from Mutual Finance Company of Tampa. This year, the Foundation awarded more than $2.9 million for scholarships and more than $10.4 million went to salaries and benefits to support Endowed Professors and Chairs. In addition, brick and mortar projects on our campuses are at an all time high.

Thanks to the dedication and commitment of the USF Foundation’s Board of Trustees and staff, the Foundation continues to contribute significantly to the University’s achievements and position itself to provide an even greater level of support in helping USF achieve its vision of becoming a top tier national research university.

On behalf of the USF Foundation, I thank you for your generous investment of time, talent and trust in supporting the vision of John Allen, the University’s first president. In accordance with his dreams, excellence in teaching and research has become the University’s trademark. With its talented and diverse student body continuing to grow, and positive and productive partnerships with the community in place, USF has truly developed into an outstanding institution unlike anywhere else in the region.

Sincerely,

John P. Borreca, Chairman
USF Foundation Board of Trustees

Ernst & Young issued an unqualified (clean) opinion on the USF Foundation’s financial statement for fiscal year 2006 and issued no Management Letter Comments for the sixth consecutive year.

Financial Statement highlights include:

- Total assets $441.8 million, up from $384.4 million for fiscal year 2005.
- Short- and long-term pooled investments increased $57.4 million.
- Total revenue for FY2006 was $90.7 million, up from $74.0 million for FY2005.
- Total expenses for the year totaled $49.0 million, up from $36.5 million over the previous year.
- Approximately $41.2 million of the $49.0 million in expenses were program services supporting the University for salaries and other supplements, scholarships and awards, supplies, etc. This also includes approximately $16 million sent to the Florida Department of Education for the Courtelis Facilities Match Program.
STATEMENT OF PURPOSE

The USF Foundation is a private, not-for-profit corporation chartered pursuant to Florida law as the legal conduit for the solicitation, acceptance, investment, and distribution of all private gifts made to the University of South Florida.

The USF Foundation promotes higher education in general, and specifically encourages the advancement of teaching, research and public service through private support for the University’s academic and student development endeavors.

The Foundation is guided by a Board of Trustees composed of business and community leaders who are vitally interested in the welfare of higher education in the greater Tampa Bay region and in Florida. The Board directs the receipt and administration of private funds, properties, and services contributed to USF. It accepts gifts in support of activities directly related to the mission of the University of South Florida, including cash, property (real or otherwise), securities, bequests, and trust and life income agreements.

Dr. John Allen commissioned Henry “Hank” Gardner to design the official university seal in 1958. Using President Allen’s own cornerstone – Truth and Wisdom – he also incorporated other symbolic images. The globe symbolizes globalization of the university and the universal reach of academic opportunity and challenge. The sun gives life to all living things, while the lamp symbolizes learning.
“At the initial meeting, Sam Gibbons (then State Representative) was elected the Foundation’s first President, and attorney John Germany was designated to write the first charter and by-laws. On September 4, 1958, $170.00 was collected in membership dues and the first donation was presented by the Mutual Finance Co., $2,000 earmarked for a student loan fund.

Dr. John Allen, the University’s first president, suggested that the Foundation embrace as their first projects funding for residence halls, scholarship and loan funds, library enrichment and research facilities. There was an immediate positive response from the community. By November, 1959, the “Dollars for Dorms” campaign had raised $80,000; $25,000 over the goal of $55,000.”

Taken from the notes of Henry “Hank” Gardner’s “The History of the USF Foundation”

USF Campaign History

“Campaign for USF”
$117 million raised

Campaign II (1995 – 2001)
“Great Achievements Great Expectations”
$256 million raised

Growth in Endowment

“Campaign for USF” = 393% increase

Campaign II (1995 – 2001)
“Great Achievements Great Expectations” = 208% increase
In 1958, USF acquired Chinsegut as its first permanent building for the University. The 1849 manor home located 55 miles to the north of Tampa served as the primary location for many of the USF Foundation’s earliest board meetings and social functions.

USF’s Asset and Endowment Growth

Five decades of phenomenal growth. The chart below displays the assets and endowment growth for the University of South Florida Foundation from its charter in 1958 to present.

**1958**
- Assets: $0
- Endowment: $0

**1968**
- Assets: $1,363,924
- Endowment: $589,842

**1978**
- Assets: $1,796,410
- Endowment: $1,686,717

**1988**
- Assets: $32,970,965
- Endowment: $22,577,657

**1998**
- Assets: $233,610,525
- Endowment: $173,318,440

**2006**
- Assets: $441,813,160
- Endowment: $329,832,102

### Campaign Commitments by Purpose

**Campaign 1 (1985 – 1991)**
- “Campaign for USF”

**Campaign II (1995-2001)**
- “Great Achievements Great Expectations”

- **Operations**
  - Campaign I: 32%
  - Campaign II: 29%

- **Endowment**
  - Campaign I: 55%
  - Campaign II: 60%

- **Facilities & Equipment**
  - Campaign I: 13%
  - Campaign II: 11%
The Board has a fiduciary responsibility to comply with the restrictions imposed by donors on all operating and endowment funds. Income from the endowment is expended in accordance with restrictions of the fund. The Board also has a legal responsibility to manage the funds in compliance with the laws of the State of Florida and other applicable laws.
PICTURED:
USF Sarasota-Manatee’s new campus center opened this fall.
The USF Foundation is committed to the highest standards of ethics in interactions with donors. The USF Foundation subscribes to the principles of the Donor Bill of Rights.

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is essential to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization’s mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

2. To be informed of the identity of those serving on the organization’s governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

3. To have access to the organization’s most recent financial statements.

4. To be assured that their gifts will be used for the purposes for which they were given.

5. To receive appropriate acknowledgment and recognition.

6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The text of this statement in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993.

This year, Tampa philanthropists Carol and Frank Morsani gave USF a $10 million gift for facility construction and improvement projects. A portion of the Morsani’s gift qualifies for a $7 million matching grant and will help to create a Center for Advanced Health Care that will be a model for teaching health care students in an advanced patient care center. The gift will also provide $3 million to help build a new football practice complex and a new stadium for the women’s softball team.

The Alma Mater was composed by music professor Wayne Hugoboom and first used in 1961. Hugoboom won a USF song competition, receiving a $250 prize for creating the lyrics and melody.
PICTURED:
The reflecting pool at the Tampa campus
Martin Luther King Plaza.
USF first celebrated Homecomings around the Golden Brahms basketball game. In 1997, USF celebrated two homecomings—the only time in USF history—as the festivities transitioned into a celebration for USF football.
## STATEMENTS OF FINANCIAL POSITION

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$869,135</td>
<td>$249,015</td>
</tr>
<tr>
<td>Short-term pooled investments</td>
<td>57,898,655</td>
<td>45,215,526</td>
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<tr>
<td>Investments – restricted</td>
<td>___</td>
<td>222,521</td>
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<tr>
<td>Accrued interest receivable</td>
<td>300,890</td>
<td>203,082</td>
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<tr>
<td>Contributions receivable, net</td>
<td>25,984,014</td>
<td>26,572,983</td>
</tr>
<tr>
<td>Other receivables, net</td>
<td>364,962</td>
<td>394,757</td>
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<tr>
<td>Long-term pooled investments</td>
<td>332,569,236</td>
<td>287,723,871</td>
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<tr>
<td>Contributed land held for investment</td>
<td>350,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Funds held in trust by others</td>
<td>5,616,635</td>
<td>5,304,515</td>
</tr>
<tr>
<td>Books and art objects</td>
<td>4,358,173</td>
<td>4,326,402</td>
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<tr>
<td>Land, building and equipment, net</td>
<td>577,922</td>
<td>653,335</td>
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<tr>
<td>Interest rate swap receivable</td>
<td>213,538</td>
<td>___</td>
</tr>
<tr>
<td>Capitalized leases receivable, net</td>
<td>12,710,000</td>
<td>13,200,000</td>
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</tbody>
</table>

**Total Assets**  
$441,813,160  
$384,416,007

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$1,753,658</td>
<td>$1,119,347</td>
</tr>
<tr>
<td>Due to Florida Department of Education</td>
<td>16,557,707</td>
<td>2,044,825</td>
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<tr>
<td>Annuities and life income trusts payable</td>
<td>826,683</td>
<td>754,644</td>
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<tr>
<td>Amounts due to third-party beneficiaries</td>
<td>8,254,686</td>
<td>7,590,060</td>
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<tr>
<td>Due to the University of South Florida</td>
<td>213,538</td>
<td>___</td>
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<tr>
<td>Bonds payable</td>
<td>920,000</td>
<td>1,000,000</td>
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<tr>
<td>Certificates of participation payable</td>
<td>12,710,000</td>
<td>13,200,000</td>
</tr>
</tbody>
</table>

**Total Liabilities**  
$41,236,272  
$25,708,876

**Unrestricted net assets**  
$7,296,963  
$7,051,030

**Temporarily restricted net assets**  
134,090,993  
117,754,426

**Permanently restricted net assets**  
259,188,932  
233,901,675

**Total Net Assets**  
$400,576,888  
$358,707,131

**Total Liabilities and Net Assets**  
$441,813,160  
$384,416,007

For more complete financial information, audited statements can be obtained from the Foundation Office of Business and Financial Services by calling (813) 974-1801.
### 2006

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions, gifts, and bequests</td>
<td>$2,633,529</td>
<td>$22,808,689</td>
<td>$24,956,762</td>
<td>$50,398,980</td>
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<tr>
<td>Special events &amp; fund-raising activities</td>
<td>$266,863</td>
<td>$1,870,018</td>
<td>–</td>
<td>$2,136,881</td>
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<tr>
<td>Lease income</td>
<td>$796,513</td>
<td>–</td>
<td>–</td>
<td>$796,513</td>
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<tr>
<td>Interest and dividends, net</td>
<td>$256,794</td>
<td>$8,498,973</td>
<td>–</td>
<td>$8,755,767</td>
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<tr>
<td>Net realized gain (loss) on investments</td>
<td>$201,802</td>
<td>$12,554,729</td>
<td>$18,375</td>
<td>$12,774,906</td>
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<tr>
<td>Net change in fair value of pooled investments</td>
<td>$(353,508)</td>
<td>$16,243,300</td>
<td>–</td>
<td>$15,889,792</td>
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<tr>
<td>Net assets released from restrictions</td>
<td>$45,471,467</td>
<td>(45,471,467)</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Total revenues</strong></td>
<td>$49,273,460</td>
<td>$16,504,242</td>
<td>$24,975,137</td>
<td>$90,752,839</td>
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<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>$41,220,129</td>
<td>–</td>
<td>–</td>
<td>$41,220,129</td>
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<tr>
<td>Operating costs</td>
<td>$7,807,398</td>
<td>–</td>
<td>–</td>
<td>$7,807,398</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td>$49,027,527</td>
<td>–</td>
<td>–</td>
<td>$49,027,527</td>
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<tr>
<td>Change in net assets before change in value split interest agreements</td>
<td>$245,933</td>
<td>$16,504,242</td>
<td>$24,975,137</td>
<td>$41,725,312</td>
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<tr>
<td>Change in value of split interest agreements</td>
<td>–</td>
<td>(167,675)</td>
<td>312,120</td>
<td>144,445</td>
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<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td>$245,933</td>
<td>$16,336,567</td>
<td>$25,287,257</td>
<td>$41,869,757</td>
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<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>$7,051,030</td>
<td>$117,754,426</td>
<td>$233,901,675</td>
<td>$358,707,131</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$7,296,963</td>
<td>$134,090,993</td>
<td>$259,188,932</td>
<td>$400,576,888</td>
</tr>
</tbody>
</table>

### 2005

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions, gifts, and bequests</td>
<td>$2,652,090</td>
<td>$20,823,812</td>
<td>$12,332,290</td>
<td>$35,808,192</td>
</tr>
<tr>
<td>Special events &amp; fund-raising activities</td>
<td>$251,113</td>
<td>$1,468,457</td>
<td>315</td>
<td>$1,719,885</td>
</tr>
<tr>
<td>Lease income</td>
<td>$2,449,221</td>
<td>–</td>
<td>–</td>
<td>$2,449,221</td>
</tr>
<tr>
<td>Interest and dividends, net</td>
<td>$201,910</td>
<td>$6,572,561</td>
<td>–</td>
<td>$6,774,471</td>
</tr>
<tr>
<td>Net realized gain (loss) on investments</td>
<td>$(2,069)</td>
<td>$33,824,631</td>
<td>–</td>
<td>$33,822,562</td>
</tr>
<tr>
<td>Net change in fair value of pooled investments</td>
<td>$(274,635)</td>
<td>$(6,243,127)</td>
<td>–</td>
<td>$(6,517,762)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>$31,686,905</td>
<td>(31,686,905)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$36,964,535</td>
<td>$24,759,429</td>
<td>$12,332,605</td>
<td>$74,056,569</td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>$29,285,305</td>
<td>–</td>
<td>–</td>
<td>$29,285,305</td>
</tr>
<tr>
<td>Operating costs</td>
<td>$7,222,658</td>
<td>–</td>
<td>–</td>
<td>$7,222,658</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$36,507,963</td>
<td>–</td>
<td>–</td>
<td>$36,507,963</td>
</tr>
<tr>
<td>Change in net assets before change in value split interest agreements</td>
<td>$456,572</td>
<td>$24,759,429</td>
<td>$12,332,605</td>
<td>$37,548,606</td>
</tr>
<tr>
<td>Change in value of split interest agreements</td>
<td>–</td>
<td>(40,365)</td>
<td>243,682</td>
<td>203,317</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td>$456,572</td>
<td>$24,719,064</td>
<td>$12,576,287</td>
<td>$37,751,923</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>$6,594,458</td>
<td>$93,035,362</td>
<td>$221,325,388</td>
<td>$320,955,208</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$7,051,030</td>
<td>$117,754,426</td>
<td>$233,901,675</td>
<td>$358,707,131</td>
</tr>
</tbody>
</table>
**FINANCIAL COMMITMENTS BY TYPE, PURPOSE AND SOURCE**

### Commitments by Purpose – Type

- **Current Operations** $16,963,999 24.4%
- **Endowment** 15,263,414 22.0%
- **Facilities & Equipment** 37,178,527 53.6%
- **Total** $69,405,937 100.0%

### Commitments by Area – Purpose

- **Chairs** $3,914,339 5.6%
- **Equipment** 89,188 0.1%
- **Facilities** 37,089,339 53.4%
- **Lectures** 20,650 0.1%
- **Other Restricted** 12,606,398 18.2%
- **Professorships** 3,285,816 4.7%
- **Research** 5,466,729 7.9%
- **Scholarships** 4,695,959 6.8%
- **Unrestricted** 2,237,519 3.2%
- **Total** $69,405,937 100.0%

### Commitments by Source

- **Agency** $3,800 0.1%
- **Alumni** 5,005,817 7.1%
- **Corporation** 15,564,995 22.4%
- **Employee** 2,117,044 3.1%
- **Friend** 21,618,023 31.1%
- **Group** 141,291 0.2%
- **Parent** 410,240 0.6%
- **Private Foundation** 4,482,936 6.5%
- **State Match** 20,061,791 28.9%
- **Total** $69,405,937 100.0%

### Number of Gifts by Source

- **Agency** 3 0.1%
- **Alumni** 9,166 25.8%
- **Corporation** 1,180 3.3%
- **Employee** 1,596 4.5%
- **Friend** 21,346 60.0%
- **Group** 133 0.3%
- **Parent** 1,985 5.6%
- **Private Foundation** 106 0.3%
- **State Match** 1 0.1%
- **Total** 35,516 100.0%
FINANCIAL OVERVIEW

Total Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds Payable</td>
<td>$13,630,000</td>
<td>3%</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>27,606,272</td>
<td>6%</td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>7,296,963</td>
<td>2%</td>
</tr>
<tr>
<td>Temporarily Restricted Assets</td>
<td>134,090,993</td>
<td>30%</td>
</tr>
<tr>
<td>Permanently Restricted Net Assets</td>
<td>259,188,932</td>
<td>59%</td>
</tr>
<tr>
<td>Total</td>
<td>$441,813,160</td>
<td>100%</td>
</tr>
</tbody>
</table>

Total Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$397,604,551</td>
<td>90%</td>
</tr>
<tr>
<td>Receivables</td>
<td>26,348,976</td>
<td>6%</td>
</tr>
<tr>
<td>Capitalized lease receivables and interest rate swap</td>
<td>12,923,538</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>4,936,095</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>$441,813,160</td>
<td>100%</td>
</tr>
</tbody>
</table>

Total Commitments to USF by Fiscal Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/2003</td>
<td>$20,014,603</td>
</tr>
<tr>
<td>2003/2004</td>
<td>$42,681,342</td>
</tr>
<tr>
<td>2004/2005</td>
<td>$53,989,293</td>
</tr>
<tr>
<td>2005/2006</td>
<td>$59,466,491</td>
</tr>
<tr>
<td>2006/2007</td>
<td>$58,940,937</td>
</tr>
<tr>
<td>2006/2007 Projected</td>
<td>$75,000,000</td>
</tr>
</tbody>
</table>
When USF opened its doors to students in 1960, the campus had only the Administration Building, the University Center (now the Phyllis P. Marshall Center, USF’s student union) and the Chemistry Building. Fowler Avenue was a dirt road.
INVESTMENT OBJECTIVES

The primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the “spending rate,” plus long-term inflation (as measured by the Consumer Price Index), plus the costs of managing the investment fund. For example, if the spending rate is 5.0 percent, the rate of inflation averages 2.5 percent, the administrative fee for the Foundation’s operating expenses is 2.5 percent, and investment management expenses average 0.5 percent, then nominal total return needs to be 10.5 percent per year. Performance against this objective should be measured over rolling periods of at least five years.

Benchmarks are established and performance measured for each manager on a quarterly basis by an independent advisor retained by the Foundation. The advisor is recommended by the Investment Committee and approved by the Board.

Finally, the total return of the Foundation’s investment portfolio is weighted according to the board’s asset allocation targets and evaluated against the return of various appropriate indices.

USF FOUNDATION BOARD OF TRUSTEES
INVESTMENT COMMITTEE

The Investment Committee is the Board’s conduit for the receipt, investment and distribution of all funds housed in the USF Foundation. Investments comply with approved Operating and Endowment Fund investment policies, objectives, guidelines, and restrictions set by the Board. In carrying out this responsibility the Investment Committee, with the approval of the Board, employs professional investment managers to invest/oversee marketable securities of the Foundation’s endowment, quasi endowment, and operating funds. The Investment Committee adopts rules and regulations to provide the investment manager with investment guidelines. The rules and regulations adopted by the Committee require Board approval.

The Investment Committee may recommend that the Board employ one or more banks or trust companies to have custody of securities of the Foundation.

PHILOSOPHY OF ASSET MANAGEMENT

The philosophy of the USF Foundation is to consider all combinations of asset classes; reduce risk through diversification; then select the portfolio that will obtain the highest return given an acceptable level of risk. Investment managers are selected by the Investment Committee to manage funds in each of the asset classes in the portfolio.
GIFT ACCEPTANCE CRITERIA
The USF Foundation accepts various types of gifts to support the efforts of the University of South Florida. The Foundation accepts gifts at the fair market value or at the appropriate value allowed by law. These include such gifts as:

A. DEFERRED AND FUTURE GIFTS – Deferred gifts will be reported on the USF Foundation financial statement when appropriate and at the appropriate rate. These include such deferred gift vehicles as: Charitable Gift Annuities, Charitable Remainder Trusts, Revocable Trusts, Life Estate, Bequests, Life Insurance.

B. GIFTS OF CASH OR CASH EQUIVALENT – Check, cash, credit card, and debit card. Gifts of cash are the easiest and most direct way to give to USF and are fully deductible for individuals who itemize on their federal income tax return. Cash equivalents are safe investments that can easily be converted into cash, such as money market funds.

C. SECURITIES – Publicly traded stocks and bonds will be accepted at fair market value as determined under Internal Revenue Service rules. Stock in a closely held corporation will be accepted if a valuation has been made by a reputable accounting or appraisal company. The value of bonds that are not routinely reported in financial journals may be established by obtaining estimates from bond specialists with whom the Foundation deals.

D. GIFTS IN KIND

1. REAL PROPERTY – After review and upon recommendation by the USF Foundation’s real estate consultant, unencumbered real property may be accepted at fair market value as established by a qualified appraisal.

2. ASSETS RELATED TO REAL PROPERTY – Trust deed notes and mortgages may be accepted as gifts using the unpaid principal balance as the fair market value in most cases.

3. TANGIBLE PERSONAL PROPERTY – Tangible personal property is difficult to value and the appraisal process can be both expensive and time-consuming. The donor is required to obtain an appraisal prior to transferring the tangible personal property to the Foundation, except in unusual circumstances. The Foundation will give written advice to prospective donors concerning the “related use” issue. Works of art will be accepted under the procedures established and approved by the Board.

SOURCE OF FUNDS/ASSETS & INVESTMENT ALTERNATIVES
This report reflects the various types of Foundation assets and various investment methods.

ASSET SELECTION
In addition to a small portion in private equity and venture capital investments, the portfolio is invested in readily marketable securities such as domestic or international common stocks, domestic bonds, and cash equivalents.

The total endowment is diversified both by asset class and, within asset classes, by economic sector, industry, and market capitalization (size). The purpose of diversification is to limit the risk associated with any single security or class of securities. The Investment Committee shall periodically review overall asset allocation to ensure appropriate diversification.

The purpose of investment in common stocks is to earn high rates of return, to provide both long-term capital appreciation, and income growth that exceeds the rate of inflation.

The purpose of investment in bonds is to provide a hedge against deflation or stock market downturn, a relatively high level of current income, a stable source of revenue, and diversification of endowment assets.
For the total endowment pool, the market value of investments in various assets shall remain within the approved ranges except for minor deviations due to fluctuations in market value or current spending.

**Asset Class/Style and Statement of Diversity**

In reviewing the different asset classes/styles, the Investment Committee recommends that due to the growth in the assets being managed, there should be diversity in the style of managers. Based on that recommendation, the Foundation has selected the following styles:

**BONDS:**
- SHORT-TERM CASH EQUIVALENT FIXED INCOME
- HIGH QUALITY BONDS
- HIGH YIELD BONDS

**STOCKS:**
- DOMESTIC LARGE VALUE EQUITIES
- DOMESTIC LARGE GROWTH EQUITIES
- DOMESTIC SMALL VALUE EQUITIES
- DOMESTIC SMALL GROWTH EQUITIES
- INTERNATIONAL EQUITIES
- EMERGING MARKET EQUITIES
- REAL ESTATE INVESTMENT TRUST (REIT)
- PRIVATE EQUITY
- VENTURE CAPITAL

The Investment Committee reviews the recommendation of the investment advisor for managers in each style.

The selection procedure is to review the managers in a particular style, evaluate their responses to a request for proposal, and reduce the number of choices to a small number that are then screened by the advisor. Managers recommended by the advisor and approved by the Investment Committee are advised of the proportion of the portfolio they are to manage and advised that termination may occur with a thirty-day written notice. As fund amounts change based on investment performance and new cash added to the investment pools, the total amount for each investment manager will change. On a monthly basis, the actual percentage for each manager is compared to the target percentage to determine if there is a need to rebalance the assets by manager style to maintain the intended diversification.

**ASSET ALLOCATION**

The Investment Committee sets asset allocation targets within the ranges below. The actual allocation of assets is adjusted as needed through additions and withdrawals of funds among managers to conform to these targets.

The Investment Committee may revise the asset allocation targets within this range, but permanent targets outside of these ranges must be approved by the Board.

The asset allocation of the Endowment Fund investments are determined by the market evaluation indicators. Based on those indicators, the asset allocation limits are as follows:

<table>
<thead>
<tr>
<th>ASSET CLASS CATEGORY</th>
<th>MINIMUM ALLOCATION</th>
<th>TARGET ALLOCATION</th>
<th>MAXIMUM ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. EQUITY</td>
<td>35%</td>
<td>40%</td>
<td>45%</td>
</tr>
<tr>
<td>INTERNATIONAL EQUITY</td>
<td>17%</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>REAL ESTATE</td>
<td>3%</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>ALTERNATE INVESTMENTS</td>
<td>0%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>FIXED INCOME</td>
<td>20%</td>
<td>25%</td>
<td>30%</td>
</tr>
</tbody>
</table>
INVESTMENT MANAGEMENT
The USF Foundation endowment and other funds are managed primarily by external investment management organizations. Investment managers have discretion to manage the assets in each portfolio to best achieve the investment objectives within the policies and requirements set forth in this statement and the statements for each investment manager.

Equity managers are selected to provide diversification of the overall portfolio among industry groups, economic sectors, market capitalization, and stylespecific investment philosophies.

Each investment manager is provided with a copy of the statement of investment objectives and policies. In turn, as part of the investment management contract that governs the portfolio, the investment manager is expected to provide a written statement of the firm’s expectations, stated in terms of the objectives and comparative benchmarks that are used to evaluate performance and the proposed securities that are used to achieve these objectives. These statements are consistent with the statement of investment objectives and policies and are incorporated as appendices.

From time to time, investment strategies to limit and protect asset value are used to avoid major market declines.

Miscellaneous
All goals, objectives, and policies are in effect until modified by the Investment Committee. The Investment Committee intends to review these at least annually.

Between committee meetings, managers are monitored by the consultant. Any deviations from policy shall be brought to the Investment Committee for review at its next regularly scheduled meeting.

INVESTMENT MANAGEMENT FEES
The USF Foundation, with the assistance of an investment consultant, contracts with investment managers to invest the assets of the Foundation. Fees for these services average about 0.60% and are paid from earnings on each investment account.

SPENDING POLICY
The Investment Committee has recommended that the Endowment Fund policy allow spending a portion of the total return each year for current needs, with the remainder of the return being reinvested to keep pace with and exceed inflation. The current spending policy for dividends is 4.0% of the five-year average market value of the funds as of December 31, and 2.0% for administrative fee. The spending policy is scheduled to decrease over the next several years such that the sum of the dividends and administrative fees (total spending) levels off at 5.0%. The following schedule indicates the annual allocation of the total spending:

<table>
<thead>
<tr>
<th></th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIVIDENDS</td>
<td>4.00%</td>
<td>3.80%</td>
<td>3.75%</td>
<td>3.25%</td>
</tr>
<tr>
<td>ADMIN. FEE</td>
<td>2.00%</td>
<td>2.00%</td>
<td>1.75%</td>
<td>1.75%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6.00%</td>
<td>5.80%</td>
<td>5.50%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

The total spending rate of 5.0% was determined by the Investment Committee and the Finance and Administration Committee and approved by the Board of Trustees to ensure that the dividends could grow on an inflation-adjusted basis, given our projected long term rate of return. If investment returns exceed projections for an extended period, the dividend portion of the spending rate could be increased to a maximum rate of 5.5% of the five-year average market value. Annually, the Investment Committee will evaluate performance and determine the appropriate total spending value.
ADMINISTRATIVE FEE POLICY

In order to cover expenses of Foundation operations, an administrative fee is charged annually against the carrying value in each investment pool. The Foundation retains the earnings from the operating investment pool and retains 2% of the endowment investment pool calculated based on the five-year average market value.

These fees will decrease as a percent over the next several years given the schedule listed in the ‘Spending Policy’ section on preceding page. It is anticipated that as the endowment balance grows, the reduced administrative fee rate will provide funding to cover the current cost of fund raising and fund raising operational expenses (such as accounting, auditing, and gift reporting) including minimal assistance with other University needs.

REBALANCING

The rebalancing of the USF Foundation investments is divided into two areas: the rebalancing of the asset classes (equities, fixed income, etc.) and the rebalancing of the sub-asset classes (growth vs. value, domestic equities, large cap vs. small, etc.). The two rebalancing procedures are as follows:

Ministerial Rebalancing of the Asset Allocation

Monthly, the USF Foundation business office prepares a report which provides the market value and percent of asset allocation as well as the market value and the percent of each type of investment held. This report is used to determine if there is a need for ministerial rebalancing of the asset mix (equities, fixed income, etc.) within the Endowment Fund. This action is in accordance with the target asset allocation, as determined by the market evaluation indicators that are recommended by the USF Foundation Investment Committee and approved by the Board (these ranges are listed on page 28). To complete this action, the USF Foundation’s chief financial officer reviews the percentage of equities, fixed income, etc. to ensure they are within the targeted allocation. If the percentages exceed the ranges, the chief financial officer transfers the required dollar amounts between funds (Bond/Equity). New contributions are directed toward an asset class which is below the desired target allocation.

Rebalancing Within the Asset Classes

Often, asset classifications may be within the acceptable allocation range, but individual components may be out of balance from their own target allocations. The same procedure of rebalancing the portfolio is carried out. Normally these individual components can vary by about 25% of their target allocation.

COMMUNICATION AND REPORTING

The investment managers are responsible for frequent and open communication with the Investment Committee on all significant matters pertaining to investment policies and the management of the fund’s assets. Some of the key reporting responsibilities include the obligation to:

- Provide the appropriate information on the investments to the custodian;
- Inform the Investment Committee of major changes in the investment manager’s investment outlook, investment strategy and portfolio structure;
- Advise the Investment Committee of any significant changes in the ownership, organizational structure, financial condition or senior personnel staffing of each investment manager;
- Provide the Investment Committee with quarterly transaction, valuation and performance reports to coincide with the Foundation’s fiscal quarters;
- Ensure that all documents, exhibits and written materials that will be used during the quarterly conference between the Investment Committee and the investment manager be submitted to and received by the Investment Committee at least 10 business days in advance of these conferences;
- Provide the Investment Committee with proof of liability and fiduciary insurance coverage;
- Acknowledge in writing an ability and agreement to invest within the guidelines set forth in this investment policy; and
- Meet with the Investment Committee at least annually, unless arrangements are specified otherwise by the committee.

The preceding outlines the operations of the USF Foundation as a 501(c)(3) not-for-profit corporation, the fiduciary responsibility of its board of trustees, and the investment of the assets held by the Foundation. The USF Foundation supports the University of South Florida’s mission to advance teaching, research and public service. For further information about a particular aspect of the USF Foundation, please contact Chief Financial Officer John Scott at (813) 974-1801.
<table>
<thead>
<tr>
<th>FUND</th>
<th>BENCHMARK</th>
<th>ASSET CLASS</th>
<th>BENCHMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Operating Fund</td>
<td>A composite of the weighted averages of the targets of the Asset Classes</td>
<td>U.S. Equity</td>
<td>Wilshire 5000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>International Equity</td>
<td>MSCI ACWI Ex-US</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Real Estate</td>
<td>Wilshire Real Estate Securities</td>
</tr>
<tr>
<td>The Endowment Fund</td>
<td>A composite of the weighted averages of the targets of the Asset Classes</td>
<td>Alternative Assets</td>
<td>Wilshire 5000 + 3.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fixed Income</td>
<td>Lehman Aggregate Index</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>U.S. EQUITY FUND</th>
<th>BENCHMARK</th>
<th>INTERNATIONAL EQUITY FUND</th>
<th>BENCHMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Growth</td>
<td>Russell 1000 Growth Index</td>
<td>International Equity</td>
<td>MSCI EAFE Index</td>
</tr>
<tr>
<td></td>
<td>Russell 200 Growth Index</td>
<td>Emerging Markets</td>
<td>MSCI Emerging Markets Free Index</td>
</tr>
<tr>
<td>Large Value</td>
<td>Russell 1000 Value Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Core</td>
<td>S&amp;P 500 Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Growth</td>
<td>Russell 2000 Growth Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Value</td>
<td>Russell 2000 Value Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALTERNATIVE ASSET FUND</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Equity and Venture Capital</td>
<td>Wilshire 5000 + 3.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SOURCES OF FUNDS/ASSETS

1. OPERATING FUNDS
   - Expecting dollar-for-dollar return
   - Usually short-term investment
   - High volume activity charge

2. QUASI ENDOWMENT FUNDS
   - Short-term investment
   - Little activity
   - Low volume activity charge

3. GENERAL ENDOWMENT FUNDS
   - Requires current spending
   - Requires growth for future

4. EMINENT SCHOLAR FUNDS
   - Requires current spending
   - Requires growth for future

5. OTHER ASSETS
   - Real Estate
   - Collections
   - Receivables
   - Non-Marketable Securities

INVESTMENT POOLS/INVESTMENT SELECTIONS

1. CASH CLEARING FUND
   - Tied to checking account with excess invested in overnight repos
   - Returns full principal plus small return

2. SHORT-TERM MONEY MARKET FUND (out to 1 year)
   - Normally higher return than Cash Clearing Fund
   - Need to assure return of full principal amount at least
   - Minimum return of 90-Day Treasury Bill yield for use of the Common Fund

3. BALANCED GROWTH FUND
   - Provides current return
   - Provides growth for future
   - Unitized Pool
   - Asset Allocation Management
   - Multiple Managers
   - Each “customer’s” equity in fund will fluctuate and this value fluctuation (up or down) will be recognized

4. SPONSORED INVESTMENT GROUP
   - Project Loans
   - Others

5. OTHER ASSET MANAGEMENT
   - Real Estate
   - Art and Book Collections
   - Receivables
OFFICERS

Chairman
John P. Borreca ’75
Retired, Tampa

USF President
Judy L. Genshaft
President
University of South Florida

Vice Chairman
Tina P. Johnson ’78 ’80
Advisor to the CEO
Publix Super Markets Inc., Lakeland

Interim President, USF Foundation
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September 26, 1960

The first day of classes and a convocation ceremony are held. With classes underway, USF becomes the first major state university planned, built and opened in the 20th century as well as Florida's first metropolitan university.

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Circuit Court Judge
Pinellas County, Clearwater

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Chief Financial Officer
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Noreen E. Segrest ’82
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Vice President
CLW Real Estate Services Group
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Stella F. Thayer
Attorney at Law
Macfarlane Ferguson and McMullen
Tampa

Jerry Williams
Partner
Jerry Williams & Co., Inc.
Tampa

The Foundation welcomes its new members to the Board for 2006-07

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Brian P. Keenan ’86
Frank J. Rief, III
John R. Schueler

John T. Sinnott, M.D. ’74
William E. Terlop
Charles F. Touchton
Jose Vivero

William D. Whyte
Jordan B. Zimmerman ’80
THANK YOU