

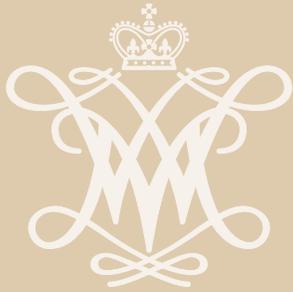


WILLIAM & MARY

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2014 PRESIDENT'S REPORT



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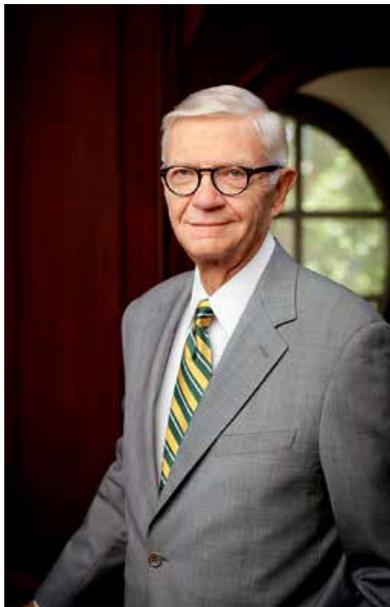
University Administration

2014 PRESIDENT'S REPORT

Another Great Year at the Alma Mater of the Nation

A Message from President Taylor Reveley

Though we call ourselves a college, William & Mary has been a university since 1779, when our law school, the first in the United States, was created. We are now a university with undergraduate, graduate and professional programs centered in five schools — arts & sciences, business, education, law and marine science. Over the past 50 years, William & Mary has also become a research university committed to expanding the frontiers of human understanding and helping to meet society’s challenges. And we have become that rare research university still powerfully invested in teaching, especially undergraduates. The result is a William & Mary of great range and quality. There is much cause these days for confidence in the Alma Mater of the Nation.



W. Taylor Reveley, III

Let me mention a few highlights of last year.

In December 2013, the arts & sciences faculty adopted a path-breaking new framework for William & Mary’s undergraduate “general education” requirements, which had last been revised in 1993. The revisions affect about 25 percent of the undergraduate curriculum. The new framework is called the College Curriculum (COLL). Faculty members are now preparing to launch COLL for the fall 2015 entering class. It will extend over all four years of the undergraduate experience and provide more interdisciplinary and international work than has been the case before, as well as renewed emphasis on written and oral communication. There will be a significant research component for all undergraduates from their freshman to their senior years. In June 2014, the Andrew W. Mellon Foundation awarded W&M a \$900,000 grant, distributed over four years, to support implementation of COLL. These types of grants from the Mellon Foundation are highly prized, and ours is a testimony to the potential Mellon believes COLL has as a model for effective liberal arts education in today’s world.

In the September 2014 *U.S. News & World Report* ranking of universities with a “strong commitment to undergraduate teaching,” W&M was tied for second among all universities, surpassed only by Princeton. Overall in the *U.S. News* sweepstakes, W&M ranked 33rd among all national universities, public and private, and sixth among publics.

The undergraduate Class of 2018 was selected from a pool of more than 14,500 applicants. This was the 10th consecutive year W&M had a rising number of undergraduate applications. We enrolled 1,511 freshmen in August, including 22 in the St Andrews-W&M Joint Degree Programme. Eighty-one percent of the students who have a class rank graduated in the top 10 percent, and 2014 freshmen had a median SAT score of 1370 on math and critical reading. The SAT profiles of our entering classes are consistently among the very strongest of all public universities.

Last year, W&M had more Fulbright awards per student than all but one other university, public or private. This fall, W&M ranked first among public universities in the U.S. in percentage of undergraduates studying abroad. In fact, nearly 50 percent of our undergraduates participate in study abroad or institutionally-supported international research. The W&M Debate Society, currently the top-ranked public university debate team in the nation, took top honors this fall at a tournament at Harvard, beating varsity teams from Brown, Yale and Princeton.

In the March 2014 *U.S. News* rankings of graduate programs and professional schools, William & Mary Law School climbed nine spots to 24th in the U.S. This is the highest rank ever given the country's oldest law school by *U.S. News*. Our School of Education also remained in the top 40, ranking 39th among the nation's education schools. In the Raymond A. Mason School of Business, *Bloomberg Businessweek* ranked our undergraduate program 22nd out of the teeming horde of undergraduate business programs nationally.

The impact of research at W&M is both local and international. For instance, our scientists in geology and at the Virginia Institute of Marine Science are working on the vital matter of sea level rise using sophisticated modeling and GIS technology. W&M neuroscientists are making progress on apnea in premature babies. Faculty in arts & sciences and at the School of Education are working on ways to improve the quality of STEM education in K-12. The impressive work at the Law School's Lewis B. Puller, Jr. Veterans Benefits Clinic is providing a model for other such initiatives around the country.

W&M's staff are unsung heroes, but they are essential to many aspects of the life of the university. Last spring, we honored one of those campus heroes, Ernest "Vinnie" Russell, with our annual Duke Award. W&M's campus is often named among the most beautiful in the nation. Vinnie, who is in his 35th year at W&M, is responsible for maintaining some of our most high-profile outdoor spaces such as the grounds of the Alumni House, the Sunken Garden and the Wren Yard.

Despite a pervasive lack of salary increases for state employees since the Great Recession hit in 2008, we have been able to make progress on compensation for our faculty and staff. For the second year in a row, we were able to provide meaningful merit-based increases.

William & Mary continues to determine what areas of our educational experience can be delivered effectively and efficiently through digital means. Several projects with an e-learning component were announced in June, including a planned 12-credit hybrid (online and in-person) certificate program in college teaching at the School of Education. This program will be the first of its kind in

"Overall in the U.S. News sweepstakes, W&M ranked 33rd among all national universities, public and private, and sixth among publics."





Virginia. In addition, arts & sciences innovations last year included two online summer courses and “flipped” courses in English literature, computer science and applied science where students learn the core material online and come to class to discuss concepts and explore their implications with their professor and classmates, without the need to devote class time to lectures. The Mason School will begin offering an online MBA in fall 2015.

Almost 100 varsity athletes graduated in the Class of 2014. They won 16 Colonial Athletic Association (CAA) championships and two Eastern College Athletic Conferences (gymnastics) over the past four years, and earned degrees in 22 different disciplines. Forty-two of them earned all-conference honors during their careers, and 29 were inducted into the national honor society for college athletes. Forty of them earned Provost Awards last year for achieving cumulative grade point averages over 3.5. Swimmer Andrew Strait '14 was named the CAA's top male scholar-athlete, the third Tribe man in the last four years to receive the honor.

W&M varsity athletes have the best graduation rate in the CAA and in Virginia. The cumulative grade point average for all 500 of our varsity athletes consistently averages 3.0.

This fall, the Tribe added conference championships in men's and women's cross country to raise the total to 116, by far the most of any CAA school. The women's team won its first regional NCAA title and went on to finish 17th in national championships. In recognition of an outstanding season, Natalie Hall, the women's head coach, was named the Southeast Region Coach of the Year.

William & Mary has been producing leaders in all walks of life for over 300 years. Our Chancellor, Bob Gates '65, L.H.D. '98, was director of the CIA and then secretary of defense for two U.S. presidents. Now in office are our alumni and alumnae who head the FBI, SEC and national park service. An alumna is chief scientist of NASA. Another alumna chaired the Council of Economic Advisers in President Obama's first term. A W&M alumnus is overseeing America's largest real estate project ever. And yet another alumnus founded and runs a healthcare conglomerate that delivers services to all 50 states and several countries abroad. And in May, U.S. Soccer named a W&M alumna head coach of the Women's National Team.

Amid all the success that William & Mary now enjoys, it is crucially important that we also provide a campus environment in which people can do their best work and enjoy their activities while both being safe and feeling safe, especially from sexual assault or

“When you combine excellent faculty and staff, smart and intellectually curious students, an administration and Board of Visitors working together and willing to take bold steps when necessary, and a vibrantly engaged alumni body, good things happen.”

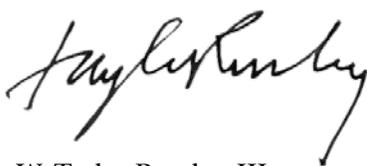
harassment. Sexual violence on campus is an ill with which schools across the country are struggling. At the beginning of the academic year, I created a W&M task force of faculty, staff and students and charged it to examine our efforts to prevent sexual assault and harassment of any sort. The task force is looking at the climate that now exists on campus and recommending improvements in how we educate students about and prevent sexual violence, how we train faculty and staff about relevant matters, and how we investigate and adjudicate cases involving rape or harassment. We have made progress already, and our efforts continue in earnest.

In W&M’s first 319 years, the university had just one year in which it raised \$100 million. We just reached that mark in back-to-back years, fiscal years 2013 and 2014, and we are moving toward ever greater heights in philanthropy to ensure a future for William & Mary worthy of its past.

William & Mary’s financial future rests on four legs, which we are in the process of building with notable success: (1) innovation on campus to become more efficient, cut some costs and reduce the rate of increase of others; (2) significant earned income (tuition) from both in-state and out-of-state students, coupled with enough need-based aid so that W&M is affordable for students of limited means; (3) alumni engagement and support of the robust sort long enjoyed by our private ivy counterparts; and (4) continued if diminishing support from the Commonwealth.

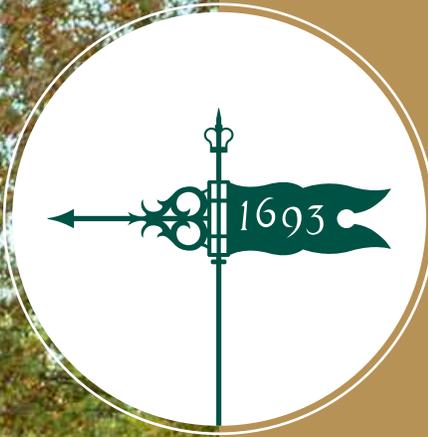
Essential to the strength and stability of this financial foundation is confidence among all members of the William & Mary family that all other members are doing their part: faculty and staff through productivity gains on campus; students and their families through tuition and fees; alumni and friends through giving for annual support, endowment and bricks-and-mortar; and the Commonwealth through William & Mary’s share of public funds for higher education.

When you combine excellent faculty and staff, smart and intellectually curious students, an administration and Board of Visitors working together and willing to take bold steps when necessary, and a vibrantly engaged alumni body, good things happen. Great things are happening at William & Mary!



W. Taylor Reveley, III

PRESIDENT, COLLEGE OF WILLIAM & MARY



FEATURES

A GUT DECISION THAT WORKED OUT PERFECTLY

WILLIAM & MARY OPENED UP NEW worlds to Jaclyn “Jackie” Iannucci ’16. Having lived her entire life in the small coastal town of Narragansett, Rhode Island, she spent just one hour at the College before arriving to start her freshman year in fall 2012.

But that hour was enough: “I loved how beautiful and historical everything was, and the sense of community,” Jackie said. “It was a gut decision that worked out perfectly.”

At the College, Jackie has been able to pursue her diverse passions: neuroscience and history (her major and minor, respectively), as well as education and soccer (through extracurricular activities).

Jackie currently is a lab manager in Associate Professor of Psychology Robert Barnet’s behavioral neuroscience research laboratory. Last summer, she conducted independent research in the lab for her James Monroe Scholar project, a component of one of the College’s most academically distinguished undergraduate programs. Aligning with the lab’s recent focus in anxiety studies, Jackie examined the effects of nonphysical bullying on anxiety.

“The goal was to build an animal model for bullying that will help us understand how a bullying encounter might affect not only a rodent but a person on a neural level,” she said.

So far, her research suggests that negative stress effects from bullying can be behaviorally silent while the bullying is ongoing but can be manifested later, after the bullying has ended.

“This is an important finding because it suggests psychosocial stress from bullying may render the person more vulnerable to other stressors encountered later, even though the bullying has stopped,” Barnet explained. The results have implications for the timing of interventions to prevent the harmful effects of bullying.

Jackie’s interest in neurological disorders developed from watching her late grandfather struggle with Alzheimer’s disease. Her experiences in William & Mary’s interdisciplinary neuroscience program have confirmed her interest in pursuing a doctorate in the field and a career in neurological disease research, working at either a private company or a university.

“There are so many diseases for which no one knows the cures or causes, so I feel this area is where I can do the most good to help the most people,” she said. “It’s been a good experience to take a leadership role in a lab early and be involved firsthand in the whole research process, from the literature review and proposal writing to data gathering and analysis.”

"It's been a good experience to take a leadership role in a lab early and be involved firsthand in the whole research process, from the literature review and proposal writing to data gathering and analysis."

JACLYN IANNUCCI '16



STEPHEN SALPUKAS

Jackie's passion for helping others extends well beyond her major. She serves as president of William & Mary's chapter of Building Tomorrow, an international organization that helps build schools in East Africa and was founded by William & Mary alumnus George Srour '05.

Jackie coaches soccer at a local elementary school through the Virginia Legacy Soccer Club Community Partnership, a program serving low-income families.

"This program has been a whole new experience for me — and it's been awesome," she said.

A soccer player since age 3, Jackie is also president of one of the College's two women's club soccer teams.

From the research lab to the playing fields, Jackie's scholarship support has been integral to allowing her to remain at William & Mary and excel academically as well as personally. As a James Monroe Scholar, Jackie was guaranteed a scholarship to support summer research. She also held the W.N. Cromwell Scholarship as a

sophomore and currently holds the Kristi Kay Wilson Scholarship. Both are endowed awards given on the basis of need and academic excellence. The former was established in 1949 through part of a bequest from William N. Cromwell, a distinguished lawyer and philanthropist from New York. The latter was established in 1999 by Suzann Wilson Matthews '71 in memory of her sister.

"Jackie is serious about her studies, engaged with the campus community and busy finding ways to use the knowledge and skills she is acquiring to make a difference in the world beyond William & Mary's campus," Matthews said. "I am both happy and proud to help her pursue her goals by providing scholarship support, and I look forward to hearing about her amazing accomplishments in the future."

Jackie, who has two brothers of college age, said the scholarships have lessened the burden of out-of-state tuition on her family.

"I love being here, and these awards allow me to continue to receive the best education possible," she said.

For more highlights from 2014, go to presidentsreport.wm.edu



WILL KING

HISTORY PROFESSOR CARVES NICHE

AT WILLIAM & MARY

ROBERT TRENT VINSON’S MOTHER and her friends had a prophetic running joke when he was a child.

“They called me the little professor,” Vinson said. “I was always reading history. I would bring a book to the dinner table, and they would tell me to put the book away. I thought, ‘How dare they interrupt my reading with dinner?’”

Vinson, the Frances L. and Edwin L. Cummings Associate Professor of History and Africana Studies at William & Mary, went on to earn a bachelor’s degree at the University of Nevada, Las Vegas, and a master’s and a doctorate from Howard University. He is still reading history, in addition to teaching and authoring books on the subject. A historian of Africa, Vinson also studies the African Diaspora, which looks at Africans and African-descended peoples around the world.

At William & Mary, Vinson has found bright students who have genuine interest in his area of study and a university that supports his teaching and research.

“History is about connections. It’s rarely about studying a particular nation-state or a particular region in isolation.”

ROBERT TRENT VINSON

*Frances L. and Edwin L. Cummings
Associate Professor
of History and Africana Studies*

“Being able to teach courses connecting the histories of Africa and the Americas was vitally important to me,” Vinson said. “History is about connections. It’s rarely about studying a particular nation-state or a particular region in isolation. You have to understand that people have moved throughout history, and quite often they move across borders of countries, continents and oceans.”

Vinson, who has been at the university since 2006, was awarded the Cummings Professorship in 2014. He said William & Mary students thrive in the university’s small classes, which foster free discussion and bolster faculty-student relationships.

“I love to teach,” he said. “When students are excited about the material, they want to know more. They’re digging into primary sources, asking deeper questions and pushing me.”

“They appreciate that their intelligence is being respected.”

Vinson said his classes often challenge students to rethink events like the Civil War, for which they already have a knowledge base from middle and high school history classes. He said teaching the war from the perspective of enslaved people, who saw it as an unprecedented opportunity to fight for abolition, changes the context.

“Now you look at the Civil War as something that just didn’t bring the rebellious states back in, but you look at it as a type of revolution because — in the space of five years — we’ve completely demolished the largest slave society in world history,” Vinson said. “We’re still telling the story, but we’re adding different perspectives. When you do that, you have a deeper appreciation for the significance of the war.”

Vinson’s research often involves travels to Africa and other parts of the world. He said he is grateful for support of the Lyon G. Tyler Department of History and the program in Africana studies and that of the Cummings Professorship, which provides research funding.

“I feel like the powers that be at the university understand the importance of the

research. They go beyond the lip service by helping to provide some of the resources that are needed to do that work,” he said.

Students also assist Vinson with his research, usually through the Chappell Undergraduate Research Fellowships, which are administered by William & Mary’s Roy R. Charles Center for Academic Excellence. The fellowships facilitate student-faculty summer research.

“It’s a reciprocal dynamic because I’m also mentoring them with their projects,” Vinson said.

South Africa — and its relationship with the Americas — has been an interest of Vinson’s since he watched the nation’s struggle to overcome apartheid in the 1980s and early 1990s. He was struck by how similar the images from South Africa were to those from the Jim Crow era in the U.S. Vinson’s latest book, *Before Mandela, Like A King: The Prophetic Politics of Chief Albert Luthuli*, tells the story of a man he described as “South Africa’s Martin Luther King, Jr.” It is scheduled for publication in 2015.

“It’s been wonderful writing about him,” Vinson said of Luthuli, the president of the leading anti-apartheid organization, the African National Congress, from 1952–1967 and the first African to be awarded a Nobel Peace Prize. “He’s a fascinating figure, but most people have never heard of him.”

Two additional books, for which the Cummings Professorship provided vital research funding, are forthcoming. Vinson said professorships show faculty members that their work at the university is appreciated.

“Our primary motivation is not money. The research and teaching that we’re doing are really important to us, and sometimes there can be a feeling that our work in the classroom and in the archives is not fully appreciated or understood,” he said. “When you get a professorship, it may come with a few dollars, it may come with a little research money, but what really warms you up is that you feel valued for what you do in the classroom and on campus.”

For more highlights from 2014, go to presidentsreport.wm.edu



FINANCIAL REPORT

William & Mary's Financial Performance

Fiscal year 2014 saw ongoing improvement in the College's finances as revenues remained strong, expenditures reflected strategic priorities, and endowment values and private giving were at, or near, record levels. The College's financial health continues to reflect our ability to recruit outstanding students, our status as both a public institution within the Commonwealth of Virginia and a nationally and internationally recognized "Public Ivy;" the ability to raise revenue through tuition and fees, grants and contracts, and philanthropy; and a willingness to reallocate funds toward higher priority items.

William & Mary continues to recruit, admit and retain top-caliber students even as the College competes against the most selective public and private institutions in the country. Freshman applications to the College reached a new high of 14,552 for fall 2014. The credentials of our admitted students remain strong, reflecting the highly selective nature of the College. This strength, coupled with the College's academic reputation, suggests significant student demand into the future.

State support for operations is a function of general economic conditions and the priority assigned to higher education among competing demands for Commonwealth resources. Fiscal year 2014 saw some rebound

in state funding as Virginia's economy and revenues began to recover. However, recent announcements of a shortfall in state revenues for the 2014–16 biennium followed by state action to reduce William & Mary's base state support by 5.7 percent in fiscal year 2015 require that we exercise caution in making budget commitments that assume state investment. Revenue from tuition and fees; self-supporting auxiliary enterprise activities (residence halls, food service, intercollegiate athletics, etc.); grants and contracts; and private giving continue to provide the diversity of funding critical to the university's overall financial health.

Fiscal year 2014 saw implementation of the William & Mary Promise, a new operating model that provides vitally needed resources to secure the future of Virginia's distinctive "Public Ivy" while markedly enhancing predictability, affordability and access for Virginia students. The Board of Visitors and the administration remain focused on attracting and retaining the very best students, faculty and staff while enhancing program quality, affordability and access. As tuition is reset for each incoming class, the Promise provides a four-year tuition guarantee, relief for low- and middle-income Virginia families with need, less debt for Virginia students and additional in-state enrollment slots.

The Promise ensures that all Virginia students, regardless of income or financial aid eligibility, will continue to receive a "Public Ivy" education at William & Mary for less



STEPHEN SAUFERAS

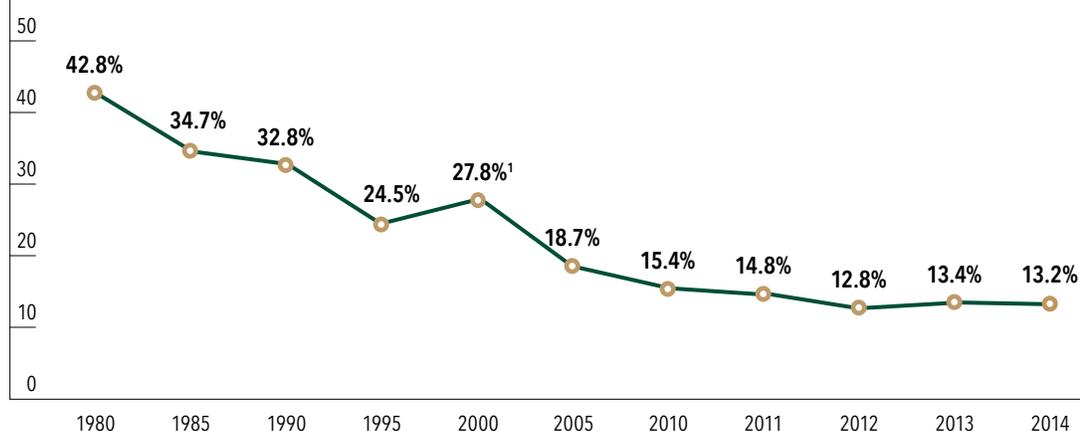
Sam Jones '75, M.B.A. '80

STATE SUPPORT FOR OPERATIONS

The College of William & Mary

Fiscal years, which end on June 30

Percentage of operating budget constituted of state support



1. Reflects a state-mandated 20 percent reduction in in-state undergraduate tuition offset dollar for dollar with state general funds.

than it actually costs the College to provide that education. Even after annual tuition resets, William & Mary as a public university will still be subsidizing the education of all in-state students, even those whose family incomes and assets make them ineligible for financial aid.

During fiscal year 2014, funds generated through the Promise, in combination with private and reallocated funds, allowed the College to move forward with key elements of its strategic plan. Salary support for faculty and staff, financial aid for undergraduate and graduate students, and programmatic support for additional enrollment, faculty research, international and study abroad activities, and instructional technology served to move the College forward in these vital areas.

The rebound in endowment value began in fiscal year 2010 and has continued through fiscal year 2014. By June 30, 2014, the consolidated value of endowments held by all of the various entities supporting William & Mary and its programs totaled \$797.6 million, an increase of 14.3 percent above the June 30, 2013, value and a record high for the College. This increase was fueled by strong investment performance by both the Board of Visitors' portfolio and the William & Mary Investment Trust ("WAMIT"), along with increasing gift flow. The Board of Visitors' endowment and WAMIT, which includes the endowment funds of the Foundation and three other College-related foundations, are the largest of the College's investment portfolios. These portfolios remain highly diversified across asset classes. A more detailed discussion of investment performance follows.

For the first time in its history, the College raised more than \$100 million in two consecutive years, securing \$104.2 million in gifts and commitments during fiscal year 2014. With more than 15,000 undergraduate alumni donors, an undergraduate alumni giving rate of 24.9 percent — the highest since 2006 — and increased investment in University Advancement, we expect continued progress in raising private support for College programs and activities.

Facilities activity remains brisk on campus. The final phase of the Integrated Science Center (ISC3) and demolition inside Tyler Hall are both underway. Capital funding now shifts to the programmatic and space needs of William & Mary's various arts programs. Prior studies have more than adequately documented the condition and space needs in theatre, speech, dance, music, art and art history, and the Muscarelle Museum of Art. The College's six-year capital plan submitted to the Commonwealth requested funding to support the phased implementation of an "Arts Quarter," providing quality instructional, performance and exhibition space for our students, faculty and visitors.

The university's master land use plan, which serves as a guide for future campus development, is in the final stages of revision. This plan was presented to the Board of Visitors for review in November 2014 and will be presented for approval in February 2015.

DEBT MANAGEMENT

To date, William & Mary has issued none of its own debt but rather had debt issued on its behalf by the Commonwealth of Virginia. While the College remains responsible for principal and interest associated with this debt, this approach allows the College to minimize issuance costs and take advantage of the Commonwealth's strong credit position.

As of June 30, 2014, outstanding long-term debt totaled \$238.6 million consisting of \$69.8 million in 9(c) bonds and \$168.8 million in 9(d) bonds. Section 9(c) bonds are general obligation bonds issued by the Commonwealth on behalf of the College pursuant to Section 9 of Article X of the Constitution of Virginia. As such, while the College is responsible for repayment, these bonds are backed by the full faith and credit of the Commonwealth. Section 9(d) bonds are issued through the Virginia College Building Authority's Pooled Bond Program and backed by the general revenue pledge of the College. As debt is issued, the College's fee structure is adjusted to generate the funds necessary to support any new debt issuance or, in certain cases, private funds to support the necessary debt service are identified consistent with the requirements of the Debt Management Policy.

Long-term debt is used primarily to support the construction or renovation of major auxiliary facilities, including residence halls, university centers and dining facilities, parking improvements, and recreational and athletic facilities. College-supported debt service for academic facilities has been used to provide supplemental funding for projects receiving significant support from the Commonwealth or for projects where significant private support is available. The typical debt vehicle is a 20-year, fixed-rate 9(c) or 9(d) bond issued by the Commonwealth of Virginia. Over the course of the bond period, bonds may be refinanced to take advantage of cost-saving opportunities. The College currently has no outstanding variable rate debt.

While the College has not issued its own debt, Standard & Poor's reaffirmed its "AA" issuer credit rating for the College in July 2014, citing strong student quality and demand, consistent break-even financial performance, and solid fund raising and endowment.

The College's Debt Management Policy stipulates that maximum annual debt service as a percentage of total operating expense shall not exceed 10 percent and that debt issued in any given year shall be limited to an amount that allows the debt service to

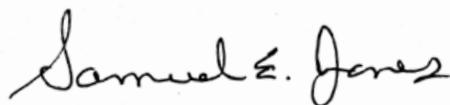
total operating expense ratio to remain at or below the 10 percent maximum. This ratio stood at 6.5 percent for fiscal year 2014. The debt service ratio has remained reasonably stable during the past few years, and we expect similar stability for fiscal years 2015 and 2016 even while new debt is being issued. This is attributable to new debt being issued at an overall lower interest rate, systematic refunding of existing debt to take advantage of lower interest rates, and a steady increase in operating expenditures.

BUSINESS INNOVATION

The College is committed to the effective and efficient use of its financial resources. The William & Mary Promise confirmed this, requiring that the College review its business processes, administrative services and organizational design. The business innovation initiative, launched in December 2013, allows the College to identify the best and most fiscally sound ways to promote innovation in its business processes, to seek new sources of revenue and to reallocate funds to the university's highest priorities. As President Reveley noted in his December 2013 message to campus, the Promise "calls on the whole William & Mary family to contribute in the ways each of us can contribute: students through tuition, alumni and friends through philanthropy, and faculty and staff through productivity gains in our work on campus. We will all benefit from our common success."

Although William & Mary already operates at high levels of effectiveness and efficiency, the business innovation initiative provides a structured and ongoing opportunity for discovering how to improve both. Early successes include increased savings through better use of procurement processes, cost avoidance by migrating certain information technology services to the cloud and streamlining human resources processes for position listings and approvals.

The business innovation initiative is guided by a steering committee that is co-chaired by the provost and the vice president for strategic initiatives and includes faculty, administrators, a student and two members of the Board of Visitors. An initial assessment phase of potential opportunities was completed with the help of the Censeo Consulting Group in early 2014, and William & Mary has launched several projects since then. Furthermore, a university-wide organizational design review was started in fall 2014 to learn more about what people see as barriers to their effectiveness and to foster long-term thinking about organizational structure. This review included an activity-based survey for all administrators that was completed in October.



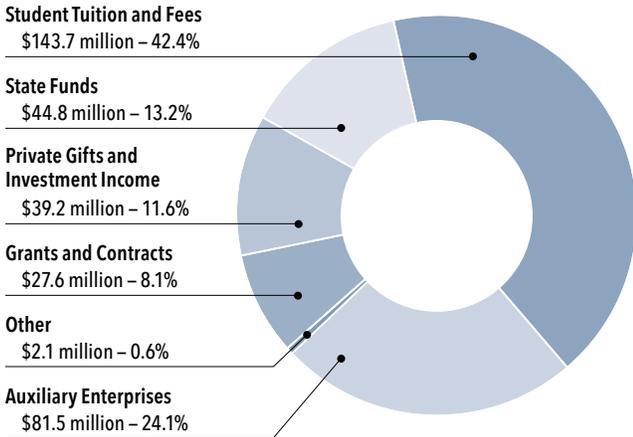
Samuel E. Jones '75, M.B.A. '80
VICE PRESIDENT FOR FINANCE

Operating Revenue and Expenses

THE COLLEGE OF WILLIAM & MARY

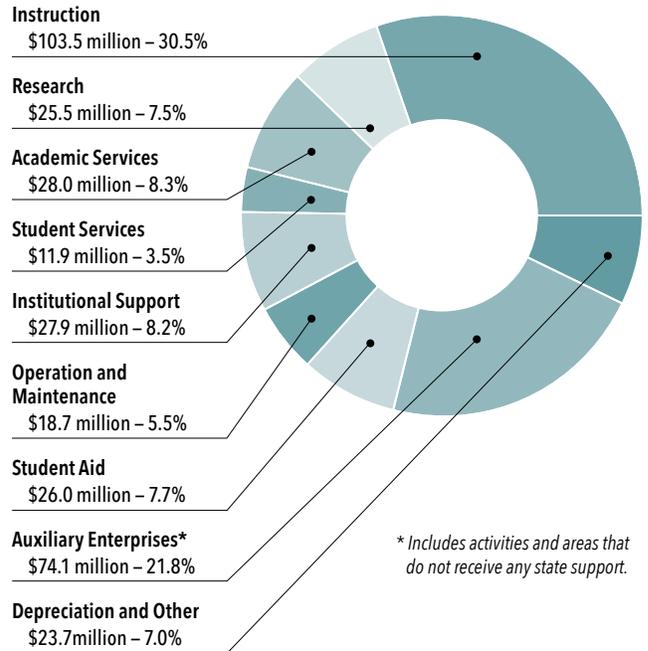
OPERATING REVENUE – \$338.9 MILLION (UNAUDITED)

Fiscal year 2014



OPERATING EXPENSES – \$339.3 MILLION (UNAUDITED)

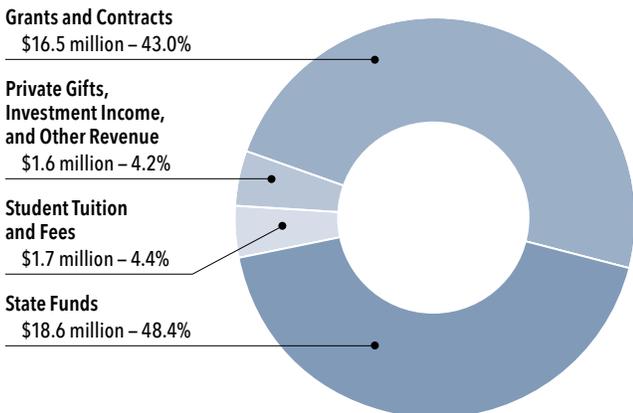
Fiscal year 2014



VIRGINIA INSTITUTE OF MARINE SCIENCE

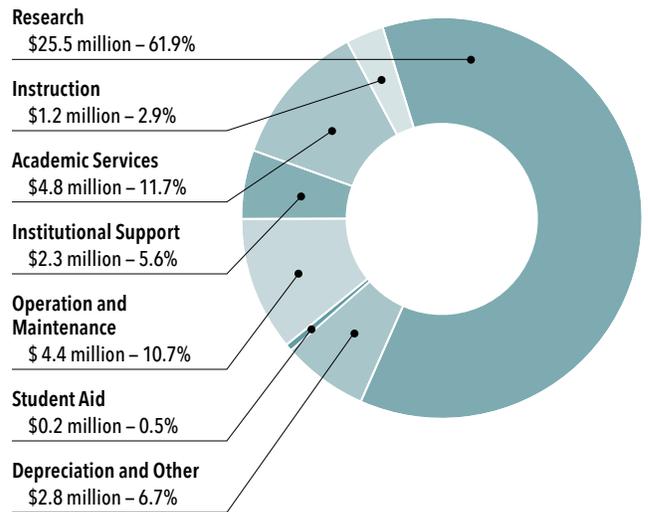
OPERATING REVENUE – \$38.4 MILLION (UNAUDITED)

Fiscal year 2014



OPERATING EXPENSES – \$41.2 MILLION (UNAUDITED)

Fiscal year 2014



For first time, W&M raises more than \$100M in two consecutive years

For the second year running, William & Mary has raised more than \$100 million to benefit all aspects of the university — from student scholarships and research to faculty salaries and support for programs, athletics, facilities and Swem Library.

Alumni, students, parents and friends contributed or pledged a total of \$104.2 million during the 2014 fiscal year, which ended June 30. It builds upon the foundation of last year's record-breaking success of \$104.3 million in total giving and represents the generosity of more than 31,000 donors, including individuals, corporations and foundations all supporting the mission of the 321-year-old institution.

"The generosity of the William & Mary family is extraordinary," said President Taylor Reveley. "Gifts such as these are vital to the continued success of the university."

"The breadth of support across the entire William & Mary family is a powerful statement to prospective students and their families, to prospective members of the faculty and staff and to the world at large," said Matthew T. Lambert '99, vice president for University Advancement. "Philanthropy on this scale sends a clear message of affirmation and support for the work being done by our faculty, staff, students, coaches and countless others at the College."

This year's fundraising efforts were punctuated by successful initiatives to engage greater numbers of students and alumni in giving, including the launch of *One Tribe, One Day*, a 24-hour giving challenge in April featuring a campus carnival, a Senior Class Gift Picnic and alumni parties in eight cities across the United States and London. More than 1,700 people across the globe gave during that daylong event, shattering the university's record for the number of gifts made on a single day.

Efforts also included a "Tag Day" in November 2013, when many people, places and programs on the William & Mary campus that receive private support were tagged, displaying the power of private philanthropy in shaping the exceptional experiences that are hallmarks of a William & Mary education.

The range of initiatives made an impact. More than 19,340 alumni gave to the College

during the 2014 fiscal year, including 15,141 undergraduate alumni. It marks the first time in the university's history that more than 15,000 undergraduate alumni have contributed to William & Mary during a single fiscal year — from July 1 to June 30.

Two of those alumni donors, Grace A. Martini of Cary, North Carolina, who graduated in May 2014, and Peter J. Brady Jr., a 1952 graduate from Staten Island, New York, reveled in news of the year-end success and the way that many people, coming together in large and small roles, can make a significant impact.

"That's wonderful that the College surpassed the \$100 million mark," said Brady, who retired in 1992 after 36 years teaching social studies. A member of the William & Mary Bell Society, Brady is one of the longest, consecutive donors to William & Mary, starting with his \$10 gift in July 1967. He was among the 24.9 percent of undergraduate alumni who donated during FY 2014.

"While I don't give a lot, I give continually. It's important, especially in these times when states everywhere are cutting back on their support of education."

The Commonwealth of Virginia provided more than 42 percent of William & Mary's annual operating budget in 1980. Since then, state support has dipped as low as 12 percent in recent years. State funds accounted for 13.4 percent of William & Mary's operating budget in FY 2013, making gifts by alumni, students, parents and friends the true lifeblood of the university.

Brady transferred to William & Mary on a track scholarship in his junior year from a New Jersey junior college. He said his latest gifts to William & Mary were to Tribe men's track and to Swem Library. Thirty-six percent of former Tribe athletes gave to the university during the year.

Brady also supports the Order of the White Jacket because of his membership and the scholarships it provides each year.

"William & Mary was a tough school academically," Brady said. "But the people were wonderful and the professors were helpful. One thing I've always admired about the school is that so many people dedicate themselves

to public service — going into the military, the government and education. It’s a unique place.”

He advised younger alumni to give to William & Mary if they can.

“It’s not an obligation, but they — like me and other graduates — received a lot of benefits while students.”

Martini understands and agrees. The former Sharpe Community Scholar studied Italian and art history for a month in Florence, Italy, with scholarship support. As senior class president, she played a big role in the Senior Class Gift effort, which resulted in 70 percent of William & Mary’s newest alumni — the Class of 2014 — donating. So she was ecstatic when she learned William & Mary had surpassed the \$100 million mark in total gifts and commitments for the year.

“I’m so excited the Class of 2014 has contributed to the continued success of William & Mary,”

Martini said. Class members gave a minimum of \$10 in support of the class gift, but many tended to donate \$16.93 in recognition of the year of the College’s founding charter.

Ninety percent of the graduating Law School class also made gifts to William & Mary during the year.

“Gifts of all size matter,” said Martini. During FY 2014, gifts of less than \$250 raised a collective \$1.07 million.

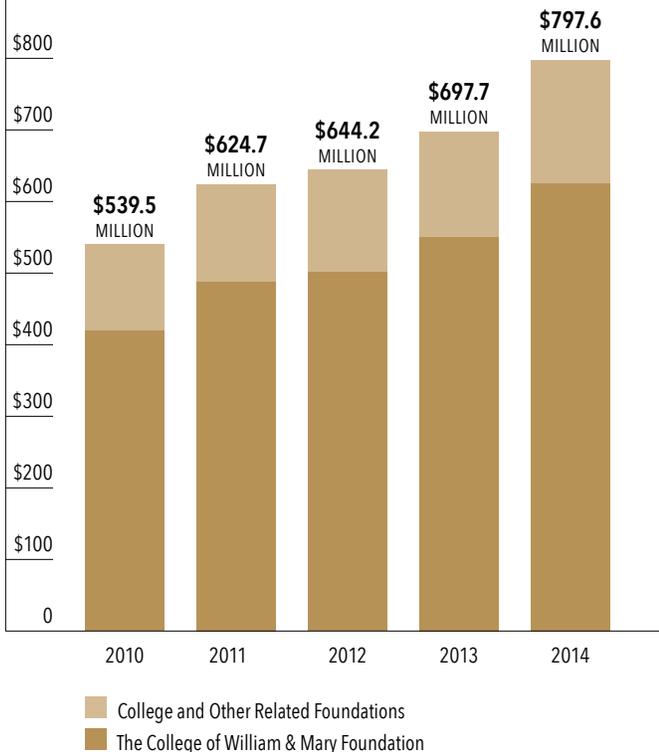
Martini, a business and environmental policy double major, deferred for two years a job offered by Deloitte, a global audit, financial advisory, tax and consulting firm, while she participates in Teach for America in Memphis.

“I hope the Class of 2014 chooses to continue to invest in the value of our degree by giving back to the Tribe,” she said.

CHANGE IN ENDOWMENT OVER TIME

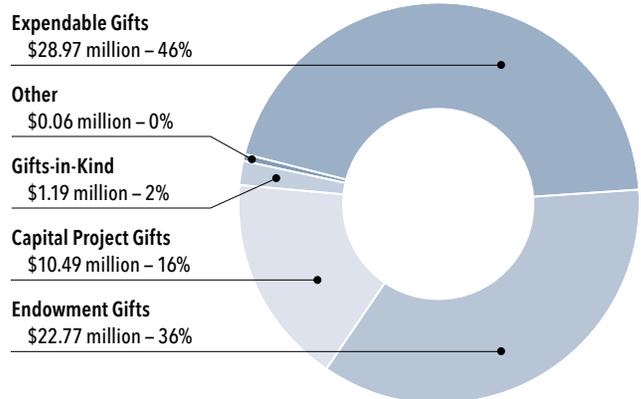
The College of William & Mary and Related Foundations
Fiscal years, which end on June 30

In millions of dollars



GIFTS BY TYPE

The College of William & Mary and Related Foundations
Fiscal year 2014



Investments

As of June 30, 2014, the consolidated endowment for the College totaled \$797.6 million — another new high-water mark. Compared to the previous year's total of \$697.7 million, the endowment increased by approximately \$100 million, or 14.3 percent. Strong gift flow and investment performance were the main drivers of asset growth. With improving conditions in the global markets, the William & Mary Investment Trust ("WAMIT"), the largest of the investment portfolios, earned a 14.7 percent rate of return for the fiscal year ending June 30, 2014. WAMIT's Blended Policy Benchmark returned 16.3 percent.

The Blended Policy Benchmark is comprised of a 56 percent weighting to the MSCI All Country World Index, a 24 percent weighting to the Barclays U.S. Aggregate Bond Index, a 2 percent weighting to the Barclays U.S. Credit Index, an 8 percent weighting to the Barclays U.S. High Yield Index and a 10 percent weighting to the Bloomberg Commodity Total Return Index. The composition of WAMIT's Policy Benchmark reflects the broad diversification in WAMIT's investment allocation.

Investment Results

As of June 30, 2014 - Net of fees

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
WAMIT Portfolio	14.7%	7.8%	10.4%	7.5%
Blended Policy Benchmark	16.3%	8.0%	12.4%	6.4%
Value Added	-1.6%	-0.2%	-2.0%	+1.1%

The WAMIT portfolio is constructed along asset class groupings, which are shown below with the investment allocation and associated returns as of June 30, 2014.

	WAMIT Allocation at 6/30/14	WAMIT Annual Return
Domestic Equity	24.4%	25.7%
Foreign Equity		
Developed Countries	14.7%	21.6%
Emerging Markets	7.9%	9.7%
Private Equity	11.5%	22.9%
Marketable Alternatives		
Absolute Return	15.4%	7.5%
Special Situations	8.5%	13.4%
Real Assets	6.2%	3.2%
Fixed Income	6.8%	5.2%
Cash	4.6%	0.0%
Distributed Securities	0.1%	-

Domestic stocks, representing all cap sizes, returned 25.7 percent, outperforming the benchmark of the broad Russell 3000 Index that returned 25.2 percent and the S&P 500 Index that returned 24.6 percent. Maintaining a slight over weight to domestic equity proved to be a successful catalyst for overall portfolio appreciation in 2014. Improved outlook for the U.S. economy and confidence in domestic stocks contributed significantly to market appreciation and consequently higher exposure levels, going from 19.9 percent at the end of June 2012, to 22.9 percent at the end of June 2013, to 24.4 percent at the end of June 2014.

Foreign equity invested in developed regions of Europe, Asia and the Far East had a portfolio representation of approximately 14.7 percent on June 30, up slightly from last year's weighting at 12.9 percent. Investment performance of 21.6 percent slightly trailed the asset class benchmark of the MSCI EAFE Index of 23.6 percent. Emerging markets continued to be difficult for investments during the past year. WAMIT's performance in this asset class was a modest 9.7 percent return, trailing the MSCI Emerging Markets Index return of 14.7 percent by 500 basis points. WAMIT continues to monitor this asset grouping with close scrutiny.

WAMIT's exposure to Marketable Alternatives comes in two component asset classes: Absolute Return and Special Situations. Generally, investments in Absolute Return are those designed to consistently produce a positive return that would, at a minimum, equate to the yield of inflation plus spending (typically high single digits). Investments in Special Situations are opportunistic in nature and consequently reflect strategies that seek to maximize returns from situations perceived to be temporary aberrations in market pricing or where specific financing can measurably improve asset quality and a company's balance sheet. Together, Absolute Return and Special Situations comprised approximately 23.8 percent of the WAMIT portfolio as of June 30, 2014, down measurably from 26.5 percent in 2013 and 33.1 percent in 2012. Reduced exposure levels to credit strategies and multi-strategy type hedge funds account for the gradual decline in weighting. Combined, these marketable alternatives produced a 9.6 percent return in 2014. Individually, managers in the Absolute Return category returned 7.5 percent, the same as the benchmark HFR Fund of Funds

Composite. Managers in Special Situations collectively produced a 13.4 percent return, exceeding the HFR Distressed Securities benchmark that returned 12.7 percent.

Private equity constituted approximately 11.5 percent of total assets on June 30, 2014, up from 10.6 percent in 2013 and 9.3 percent in 2012. With WAMIT's targeted policy allocation at 12 percent, the private equity portion of the portfolio remains beneath the preferred exposure level. However, some newer commitments are beginning to call capital more frequently and other opportunities continue to be examined with careful due diligence. WAMIT's private equity returned 22.9 percent in 2014. Its benchmark, the Russell 3000 Index, reflecting the opportunity cost in deviating from the broad public market, returned 25.2 percent. The expectation remains that over the long term a successful private equity portfolio can outperform public market investments and be a significant alpha driver to the portfolio.

The fixed income portion of the portfolio returned 5.2 percent for the fiscal year. This compares to the 4.4 percent return of the Barclays U.S. Aggregate Bond Index. In Real

Assets, an asset class comprised of investments in commodities, natural resources (oil, gas and timber) and equity real estate, WAMIT's blended exposures had a combined return of 3.2 percent, underperforming the Bloomberg Commodity Total Return Index of 8.2 percent by 500 basis points. On June 30, 2014, fixed income carried a 6.8 percent weight in the portfolio; real assets a 6.2 percent weight; and cash, a 4.6 percent weight with a corresponding amount of slightly more than \$25.5 million.

As of June 30, 2014, the Investments Committee had oversight responsibility of approximately \$556 million in investable assets contained within WAMIT. At that time, 86.4 percent of representative ownership in WAMIT belonged to The College of William & Mary Foundation, 6.1 percent belonged to the Marshall-Wythe School of Law Foundation, 5.5 percent belonged to the William & Mary School of Business Foundation and 2 percent belonged to the VIMS Foundation. Collectively, WAMIT investments represent approximately 70 percent of the \$797.6 million in total endowment resources that benefit the College.



JOHN HEVLEY

The College of William & Mary and Related Foundations

Private Gifts in Fiscal Year 2014

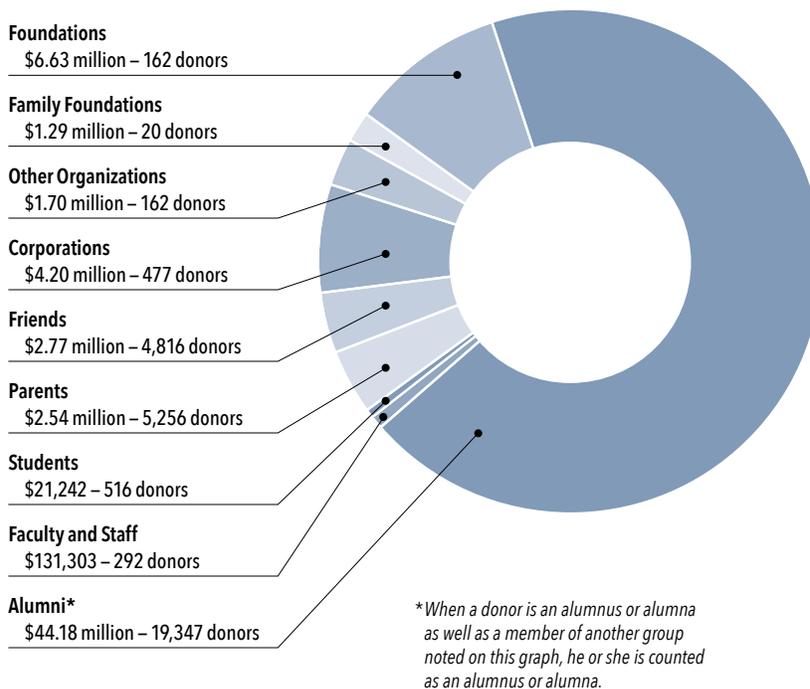
GIFTS BY AREA

The following chart shows gifts made to all areas of the College of William & Mary and its related foundations between July 1, 2013, and June 30, 2014.

Area	Type of Gift				All Gift Types
	EXPENDABLE GIFTS	ENDOWMENT GIFTS	FACILITIES SUPPORT	GIFTS-IN-KIND OTHER	
SCHOOLS					
Faculty of Arts & Sciences	\$ 4,457,877	\$ 4,462,252	\$ 50,155	\$ 58,633	\$ 9,028,917
Raymond A. Mason School of Business	\$ 4,837,014	\$ 6,109,997	\$ 1,376,055	\$ 0	\$ 12,323,066
School of Education	\$ 768,032	\$ 560,425	\$ 0	\$ 1,962	\$ 1,330,419
William & Mary Law School	\$ 3,273,576	\$ 444,110	\$ 572,356	\$ 14,828	\$ 4,304,870
Virginia Institute of Marine Science	\$ 723,970	\$ 481,230	\$ 200,000	\$ 0	\$ 1,405,200
PROGRAMS AND COLLEGE-WIDE SUPPORT					
Fund for William & Mary	\$ 5,540,356	\$ 0	\$ 0	\$ 0	\$ 5,540,356
Other College-wide Funding (including faculty support, student aid and other areas)	\$ 3,829,098	\$ 6,399,054	\$ 1,320,713	\$ 648,127	\$ 12,196,992
Alumni Association and Order of the White Jacket	\$ 296,420	\$ 32,008	\$ 464,483	\$ 64,935	\$ 857,846
Tribe Athletics	\$ 4,140,582	\$ 1,966,451	\$ 6,492,013	\$ 149,264	\$ 12,748,310
Earl Gregg Swem Library	\$ 477,906	\$ 2,207,753	\$ 0	\$ 45,642	\$ 2,731,301
Muscarella Museum of Art	\$ 437,909	\$ 96,778	\$ 10,225	\$ 261,433	\$ 806,345
Omohundro Institute of Early American History and Culture	\$ 188,539	\$ 9,120	\$ 0	\$ 0	\$ 197,659
GIFTS TO ALL AREAS	\$ 28,971,279	\$ 22,769,178	\$ 10,486,000	\$ 1,244,824	\$ 63,471,281

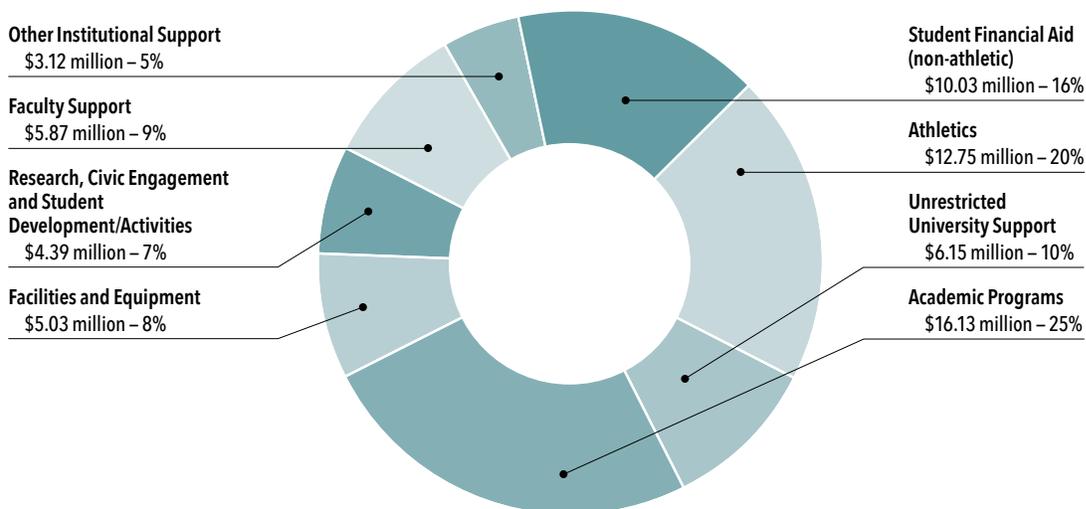
GIFTS BY SOURCE

The following graph shows the sources of the \$63.5 million raised for the College of William & Mary and its related foundations between July 1, 2013, and June 30, 2014.



GIFTS BY PURPOSE

This graph shows for what purposes the \$63.47 million in private gifts to the College and its related foundations during fiscal year 2014 was designated.



The College of William & Mary Foundation

Financial Summary

SUMMARY STATEMENT OF FINANCIAL POSITION – CONSOLIDATED *

	June 30, 2014
Assets:	
Cash	\$ 11,297,110
Pledges and other receivables	26,839,309
Investments	516,134,102
Funds held in trust by others	140,680,274
Property and other assets	18,304,900
Total Assets	\$ 713,255,695
Liabilities and Net Assets	
LIABILITIES:	
Accounts, notes and bonds payable	\$ 14,096,135
Funds held for others	15,961,583
Other liabilities	4,682,903
TOTAL LIABILITIES	34,740,621
NET ASSETS:	
Unrestricted	29,928,961
Temporarily Restricted	242,966,779
Permanently Restricted	405,619,334
TOTAL NET ASSETS	678,515,074
Total Liabilities and Net Assets	\$ 713,255,695

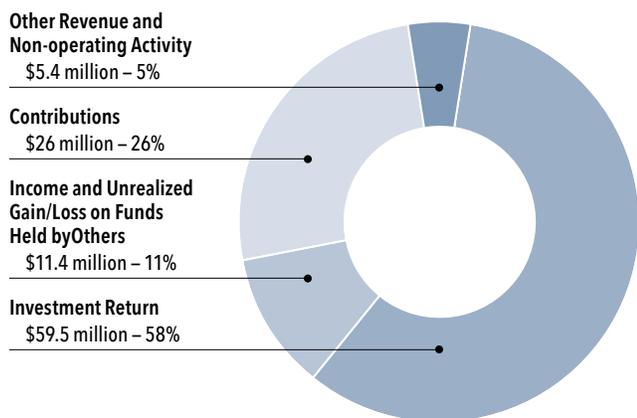
* Includes four subsidiaries

SUMMARY STATEMENT OF ACTIVITIES – CONSOLIDATED *

	June 30, 2014
Revenues and Non-operating Activity:	
Contributions	\$ 25,970,280
Income on funds held by others	3,765,952
Operating and non-operating investment return	59,560,109
Unrealized gains on funds held in trust by others	7,644,973
Other revenue and non-operating activity	5,351,214
TOTAL REVENUES AND NON-OPERATING ACTIVITY	102,292,528
Expenses:	
Program expenses	19,087,172
Fundraising	3,824,429
Administrative and other	1,124,630
TOTAL EXPENSES	24,036,231
Change in Net Assets	78,256,297
Net Assets – Beginning of year	600,258,777
Net Assets – End of year	\$ 678,515,074

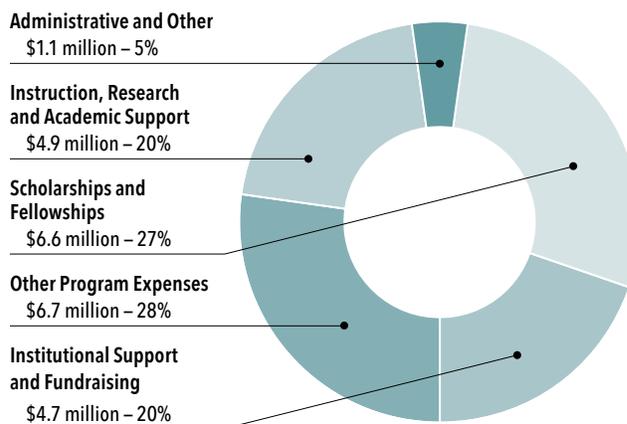
SOURCES OF SUPPORT – \$102.3 MILLION

Fiscal year 2014



USES OF SUPPORT – \$24.0 MILLION

Fiscal year 2014



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MARSHALL-WYTHE SCHOOL
OF LAW FOUNDATION
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A. Thomas Young
Onancock, Virginia
VIMS FOUNDATION REPRESENTATIVE

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WILLIAM & MARY

OFFICE OF UNIVERSITY ADVANCEMENT

The 2014 President's Report is produced for the William & Mary community. The report is available online at presidentsreport.wm.edu.

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