

LETTER FROM THE SENIOR EXECUTIVE VICE PRESIDENT



Senior Executive Vice President Robert Kasdin

We have just concluded another very successful year. Columbia University continues to grow stronger financially. Its operations have grown more efficient as we work to put each dollar spent to its best use. This progress results from concerted efforts by the University's alumni, faculty, students, and staff. It reflects the widespread recognition that Columbia will only remain a great global research and teaching university if its administration is run responsibly and continuously strives for improvement.

The financial foundation supporting our students, faculty and staff continues to improve dramatically. Columbia finished the year with a budget surplus. Perhaps more important, in the course of the fiscal year ending June 30, 2006, the University's net assets grew by \$900 million, or 13 percent. The dramatic strengthening of Columbia's balance sheet was driven by many factors, but two merit special attention.

Alumni Generosity Strengthens University

During the last four years, Columbia has made serious efforts to reengage its alumni body as part of the University community. To that end, the Columbia Alumni Association was founded by the University Trustees approximately one year ago. The CAA is the heart of a partnership between the University and its alumni that aims to strengthen the bonds among Columbians of all schools, worldwide. It builds on the energy, creativity, and knowledge of the full spectrum of the Columbia alumni community.

Alumni already feel a renewal of bonds, and they have been extraordinarily generous. Certain large gifts made during the fiscal year merit special attention. A gift of more than \$200 million from Dawn M. Greene and the Jerome L. Greene Foundation, the largest gift ever received by Columbia University, will fund the Jerome L. Greene Science Center as the home for Columbia's initiative regarding the mind, brain, and behavior. The center will rise on what we hope will be our new Manhattanville campus in West Harlem. The gift sets new standards for support at Columbia and around the country. The University also benefited from the continuing generosity of Gerry Lenfest (Law '58) and Arthur Samburg (Bus '67), each of whom made gifts designed to motivate others to endow faculty chairs.

In addition to these three extraordinary gifts, we benefited from widespread generosity from friends and other alumni. When you compare fiscal year 2006 to fiscal year 2004 (the year before the campaign began), you find that total giving to the University grew by about 30 percent, that alumni giving grew by 68 percent, and that gifts by individuals increased by 47 percent. Support for Columbia University is broad as well as deep.

Investment Performance Yields Tangible Benefits

A second major contribution to the University's growing financial health arises from the extraordinary success of our Investment Management Company. During the last four years, Columbia's investment effort, led by Nirmal "Narv" Narvekar, has produced year after year of outstanding investment performance. For the

twelve-month period ending June 30, 2006, the University's investment performance was 18.6 percent. This puts Columbia well into the top quartile of performance for endowments. But this success is not just a one-time phenomenon. Columbia University's investment performance is also in the top quartile for the four years of the Investment Management Company's existence.

The importance of this extraordinary success is twofold: First, it has direct financial benefit for the University's funding of student financial aid, scholarship, and research: Second, our faculty continues its explorations at the frontiers of knowledge—from the subatomic to the living cell to the wonders of the universe. Among the most exciting scientific events were:

- Increased research efforts devoted to unraveling the links between genetics and Alzheimer's disease;
- Establishment of the Motor Neuron Research Center to study the causes of neurological disorders, including a focus on spinal muscular atrophy, the major lethal genetic disease of infants;
- In physics, we have discovered how to create carbon sheets one atom thick that display unforeseen electrical and physical properties;
- Columbia astrophysicists have developed theories that explain the behavior of the unusually strong magnetic fields that emanate from neutron stars and how these fields disrupt particles in the Universe;
- Our astrophysicists have used observations of the most distant objects in the universe in conjunction with computer simulations to discover how the universe was reheated after its initial cooling following the expanding Big Bang.

A second crucial impact of our successful investment performance is that it clearly illustrates that thousands of Columbia donors are giving their money to a University that takes its stewardship responsibilities with the utmost seriousness.

Organizational Efficiencies Extend Resources

With this responsibility in mind, we are committed to operating Columbia University in a business-like manner. When a benefactor agrees to support the University; when families pay tuition; when the government or foundations sponsor research, we assume an important trust that we are working to fulfill. In last year's annual report, I noted that we had integrated the University's facilities organizations, technology organizations, and real estate asset management groups. Our goal has been to eliminate redundancies and unlock opportunities for greater service and savings. This year, we have focused on the execution of our goals. Having consolidated several organizations, we are working to coordinate and integrate business processes and avoid merely moving boxes on organizational tables. Management roles have been rethought and redefined. Resources are being reallocated. Perhaps most important, as roles and processes are clarified, we are able to make meaningful progress in better serving our students, faculty, and staff. Our aspiration is to dramatically reduce the number of doors people must knock on and calls they must make to accomplish routine objectives.

In fact, this year, we consolidated all of the Facilities help desks and telephone service centers. We consolidated Accounts Payable and Purchasing under one integrated organization and one customer service center. A major effort was made by Student Services that can be best described by an editorial that appeared in the student newspaper, the *Columbia Daily Spectator*:

The initiative aims to bring down the barriers to communication—both physical and otherwise—that historically have stymied cooperation between the various departments within Student Services.... Rather than having only one employee in Student Services who knows how to handle any one particular problem, all employees are now trained to deal with common issues. Whereas in the past, a lost or confused student might not have been sent to the right place, now clear interdepartmental communication should direct the student quickly to the proper office. Most importantly, employees who feel they are being treated well serve students effectively and efficiently.

The changes are already tangible.... And though the reforms are still in their early stages, they are certainly off to a good start.

Across Columbia University we have an enormous amount of work ahead as we continuously seek to serve the University better. There always will be, and should be, a gap between our aspirations for Columbia and the current reality. Nevertheless, during the last year, we have again seen that when our students, faculty, staff, and alumni work in concert, there is no limit to the greatness Columbia can achieve.



Robert Kasdin
Senior Executive Vice President