

ANNUAL REPORT 09-10



FUND FOR
WISCONSIN
SCHOLARS

Expanding Our State of Minds

The Fund for Wisconsin Scholars provides need-based grants to graduates of Wisconsin public high schools attending Wisconsin public colleges. A private, not-for-profit charitable foundation established in 2007 by a founding gift from John P. and Tashia F. Morgridge, we aim to:

- reduce the financial barriers to college
- lighten the debt incurred by college
- improve the frequency of degree completion
- ensure the opportunity for generations of young people to further their education



A MESSAGE FROM THE EXECUTIVE DIRECTOR

Welcome to the second annual report of the Fund For Wisconsin Scholars. In this report, we seek to provide student recipients, parents, and friends of the FFWS with information about our first and second year FFWS recipients and information about our portfolio. Highlighted is our continuing commitment to helping ensure that higher education is more accessible and affordable to our young citizens by providing need-based grants to recent graduates of Wisconsin public high schools attending Wisconsin public colleges.

We are grateful for the support the FFWS receives from the Wisconsin Higher Education Aids Board, the universities and colleges of the University of Wisconsin System and the Wisconsin Technical College System. We believe that using existing quality systems eliminates duplication and additional work by both college staff and families.

Our new FFWS recipients again come from all areas of the state and are represented at all of the WTCS sixteen schools and the thirteen UW two year schools and the thirteen UW four year schools. We have met with many of the students and they consistently remind us of their joy for learning, their enthusiasm for the future and their appreciation for the support that they receive both financially and emotionally from family and friends. It is a privilege to support them.

We continue patiently and persistently to help ensure the opportunity for generations of young people to further their education. The value of a college education remains a high priority for families in Wisconsin. We believe that increasing the number of citizens who complete post secondary education will improve the quality of life for Wisconsin citizens by benefiting both the individual and our society.

Thank you for reading this report and caring about the future of the young people of Wisconsin.

Mary W. Gulbrandsen
Executive Director
Fund For Wisconsin Scholars

MESSAGES FROM THE STUDENTS

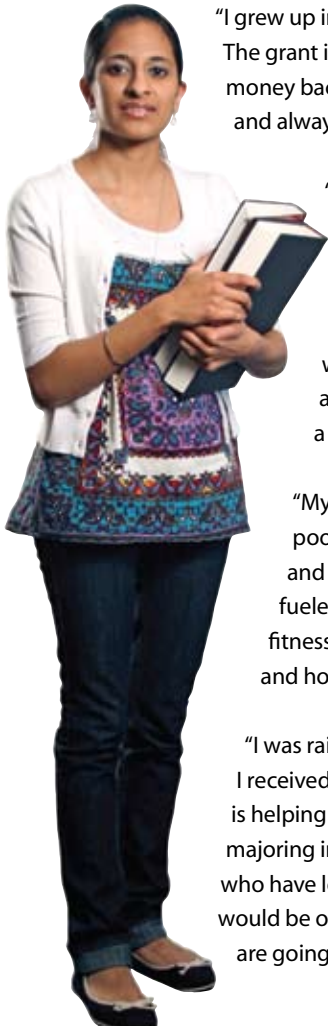
"I come from a big family and money is tight, especially in today's economy. The grant removed a lot of anxiety about paying for college. I've always had a love for science and hope to major in medical technology and then work in a hospital setting. It's a field where I can do the kinds of little things that can make a big difference in a person's life." — *Shawna*

"I grew up in Mexico and moved to Wisconsin when I was eleven. The grant is such a gift. Now, rather than worrying about paying money back, I can look forward and focus on getting good grades and always doing my very best." — *Maria*

"I'm the first student in my family to go to college. There's a lot of pressure and responsibility in that I am a role model for my younger siblings. The grant relieves a lot of the financial pressure so I can pursue a double major in marketing communications and women's studies. I'm on a quest to change the world and help others. This grant is key to making my journey a success." — *La Tierra*

"My family came from Puerto Rico. You could say we were poor in terms of money, but wealthy in terms of caring and compassion. I played football in high school and that fueled my love for weight lifting. I want to get my degree in fitness management. This grant will pay for my tuition, food, and housing – all the important needs." — *Guy*

"I was raised by my grandparents. They couldn't believe it when I received the grant. It's making all the difference for me and is helping me to make a difference when I graduate. I will be majoring in psychology and want to be a counselor for children who have lost their parents since I lost my parents. I believe I would be of help to them because I have gone through what they are going through." — *Crystal*



FFWS GIFTS 2009–2010 \$5,279,130

FFWS Grants

\$652,500 \$3,324,600

FFWS Stipends

\$350,784 \$951,246

■ WTCS ■ UW System

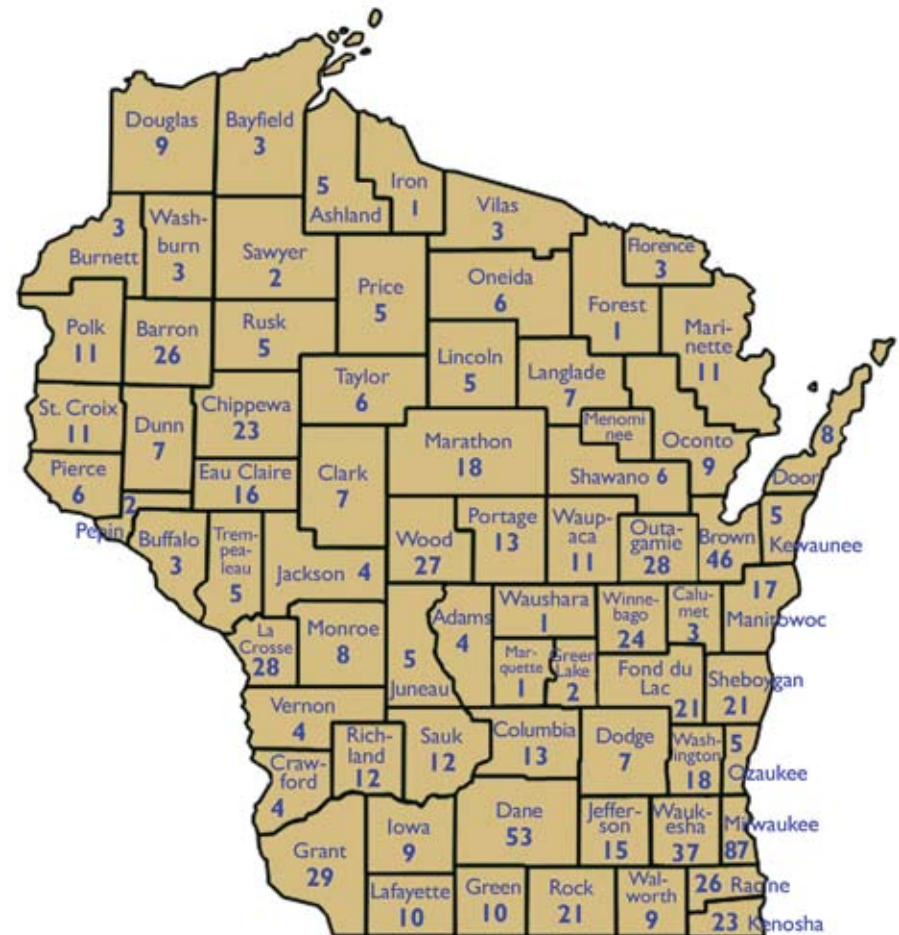


FFWS GRANT RECIPIENTS

Over seven thousand names of eligible students were submitted to the Higher Education Aids Board (HEAB) in the fall of 2009. One thousand students were randomly selected to receive a grant from FFWS, 500 two year students and 500 four year students. Nine hundred and seven new students responded to the invitation and received the grant first semester 2009-2010, eight hundred and thirty-six, second semester. They graduated from high schools in all but one county throughout the State of Wisconsin.



RECIPIENTS GRADUATED FROM HIGH SCHOOL IN THESE COUNTIES



UW RECIPIENTS

There were students at all thirteen UW Four Year Colleges and Universities and students at all thirteen UW Two Year Colleges who received a first year FFWS grant. In addition to FFWS grant awards at each campus, FFWS provided stipend money for distribution by the Financial Aid Officers to qualified students.

School	09-10 New Grant Recipients	08-09 Continuing Grant Recipients	Total 1st & 2nd yr Grant & Stipend \$
UW Colleges	121	53	\$402,288
UW Eau Claire	42	25	\$286,209
UW Green Bay	22	15	\$171,767
UW La Crosse	33	33	\$276,275
UW Madison	52	32	\$396,062
UW Milwaukee	98	75	\$770,114
UW Oshkosh	40	50	\$379,877
UW Parkside	28	23	\$222,015
UW Platteville	33	33	\$273,366
UW River Falls	24	13	\$158,557
UW Stevens Point	41	31	\$320,649
UW Stout	34	17	\$221,876
UW Superior	9	10	\$86,630
UW Whitewater	41	29	\$310,161
Total	618	439	\$4,275,846

FFWS GRANT RECIPIENTS AT UW CAMPUSES

■ UW - Two Year Campus - 121/174*

○ UW - Four Year Campus - 543

* New 09-10 recipient/Total recipients



WISCONSIN TECHNICAL COLLEGE SYSTEM RECIPIENTS

There were students at all sixteen WTCS Districts who received first year FFWS grants. In addition to FFWS grant awards at each campus, FFWS provided stipend money for distribution by the Financial Aid Officers to qualified students.

School	09-10 New Grant Recipients	08-09 Continuing Grant Recipients	Total 1st & 2nd yr Grant & Stipend \$
Blackhawk	3	3	\$23,578
Chippewa Valley	26	19	\$103,404
Fox Valley	23	4	\$66,802
Gateway	11	6	\$55,530
Lakeshore	8	1	\$23,380
Madison Area	54	5	\$124,690
Mid-State	21	5	\$57,366
Milwaukee Area	11	9	\$110,656
Moraine Park	2	1	\$18,258
Nicolet Area	7	0	\$16,010
Northcentral	8	8	\$40,290
Northeast	28	14	\$99,680
Southwest	25	5	\$54,874
Waukesha County	4	3	\$23,996
Western	31	15	\$101,124
WI Indianhead	27	11	\$83,646
Total	289	109	\$1,003,284

FFWS GRANT RECIPIENTS AT WTCS DISTRICTS

* New 09-10 recipient/Total recipients



ECONOMIC REGIONS

The Wisconsin Department of Workforce Development identifies eleven Workforce Development Areas. The Office of Economic Advisors publishes monthly and annual reports that compile information from multiple resources to analyze local economic conditions in these areas. The amount of FFWS grant and stipend dollars to each area is highlighted.



WISCONSIN ECONOMIC REGIONS: TOTAL 2009–2010 FFWS GRANT & STIPEND \$



ENDOWMENT

The primary long-term objective of the investment program is to manage the assets in a prudent and well diversified manner to ensure sufficient resources to meet all funding requirements while preserving principal and maximizing returns, given appropriate risk constraints.

The Fund For Wisconsin Scholars was funded by a generous gift of six million shares of Cisco Systems Inc. common stock from John and Tashia Morgridge. The endowment has been diversifying the investment portfolio into other asset classes and investments so that its returns are not as dependent on the market fluctuations of a single stock. This diversification process began in the first quarter of 2008 and is approximately 70% complete.

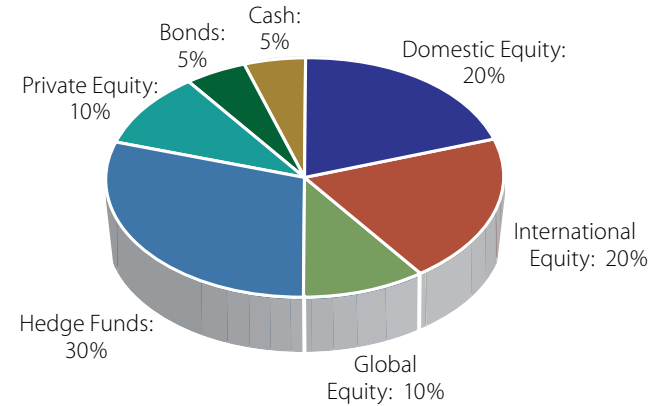
The Board has established long-term asset allocation targets, depicted in the pie chart on the next page, for the diversification of the portfolio.

For the fiscal year ended June 30, 2010, the diversified portion of the endowment portfolio was up 7.5% net of all fees and expenses. This compares to 3.9% for the portfolio's total benchmark and 14.4% for the S&P 500.

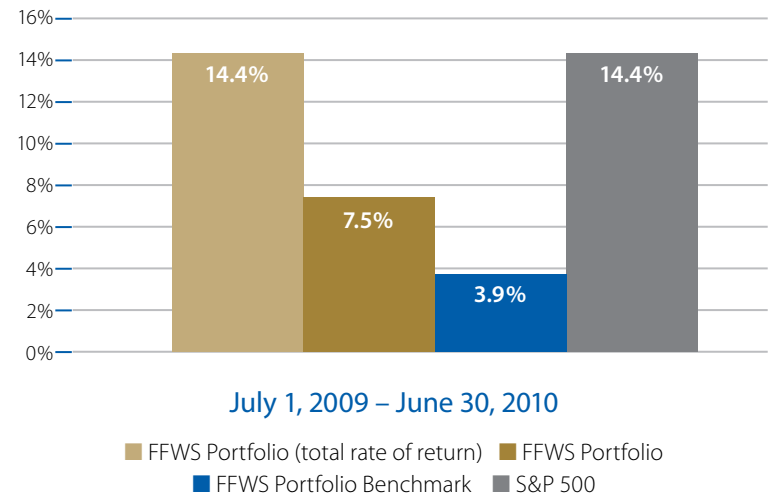
The value of the investment portfolio, including Cisco stock, on June 30, 2010 was \$137 million.

To maximize the potential return from the investment portfolio, the Board approved an options program. The program involves selling listed call options against the Cisco stock held with strike prices above the current market price of Cisco, and at levels where the Board is comfortable selling shares if they are called away. From June 2008 through June 2010 this strategy generated \$7.8 million in net premiums for the portfolio. This premium income covered the Foundation's operating and funding expenses for 12 months and meant it did not have to raise these funds from the investments in the diversified portfolio.

FFWS APPROVED LONG-TERM ASSET ALLOCATION TARGETS



FFWS vs. PORTFOLIO BENCHMARK & S&P 500



BY THE NUMBERS

2009 – 2010

- \$5,279,131 was distributed to UW and WTCS colleges and universities for FFWS first and second year grants and stipends.
- 2,642 students across Wisconsin received either a FFWS first or second year grant or stipend.
- 16 WTCS Districts received \$1,003,284 to distribute FFWS grants and stipends to students.
- 13 UW two year colleges received \$402,288 to distribute FFWS grants and stipends to students.
- 13 UW four year colleges received \$3,873,558 to distribute FFWS grants and stipends to students.
- 92% of 2009-10 FFWS recipients continued in school from fall to spring.
- 61% of 2008-09 FFWS recipients continued in school from 1st to 2nd year.
- A total of \$9,716,180 was distributed to UW and WTCS students over the last two academic years.



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