

AS THE 2008–2009 FISCAL YEAR BEGAN, the Jefferson Scholars Foundation was in the best financial condition in its history and had enjoyed 28 years of uninterrupted and indeed remarkable growth in every aspect of our work. All indicators pointed to smooth sailing ahead. Five months later the financial seas began to roil, and the Foundation was not immune to the effects of the fiscal tsunami.



James H. Wright

By any measure last year was challenging. The endowment experienced an investment return of negative 21.1%, which represents a loss of 44 million dollars. The negative financial impact experienced by the Foundation was mirrored in the investment and philanthropic portfolios of the University's alumni and friends, making our development efforts more difficult. The competition for the nation's and world's most talented students became even more fierce as many of the University's peer institutions began offering enhanced financial aid packages to outstanding undergraduate and graduate applicants.

In times of difficulty the true measure of an organization's strength is revealed, and I am pleased to report that the Jefferson Scholars Foundation, while financially poorer, remains as fiscally strong and as resolute in purpose and focus as ever. Perhaps our greatest asset is our exceedingly accomplished and dedicated Board of Directors. The Finance Committee quickly responded to the investment reversal with detailed analyses of multiple scenarios. Specific actions, including reducing the size of both the entering undergraduate and graduate classes, budget reductions that still provide fully for the commitments made to existing Scholars and Fellows, and delays in replacing and adding staff, were quickly and appropriately implemented. These steps, combined with the Foundation's historically conservative approach to its finances, will assure that we are able to continue to accomplish our mission for the foreseeable future and well beyond.



As the Foundation dealt with the aforementioned challenges, it also enjoyed a series of noteworthy successes. Both the undergraduate and graduate selection processes produced outstanding results. The undergraduate competition was our most rigorous ever with over 3,000 secondary schools invited to present candidates, including candidates from three new selection regions. We received the largest number of nominations in our history (1,067) and invited the largest number of finalists (105) to participate in the final selection weekend. 24 remarkably talented individuals from 12 states and three foreign countries will compose our 29th entering class. The Graduate Fellowship selection process was also very successful. 53 finalists representing 19 departments in the College, the Darden School, and the School of Law convened in Charlottesville in late February. The entering class of 2009 will include six outstanding Fellows in the College, three at Darden, and one in the School of Law.

The record of achievement written by the Scholars and Fellows in residence was again exceptional. The graduating Class of 2009 included 14 Scholars invited to live on the Lawn, the chair, three vice chairs, and another member of the Honor Committee, and the student representative to the Board of Visitors. Five members served as Class of 2009 trustees, with one serving as vice president. Also in the class were the vice chair of the University Judiciary Committee, the president of the Inter-Sorority Council, a Barry M. Goldwater Scholarship recipient, and a Harry S Truman Scholarship recipient. The cumulative GPA for the class was 3.703.

Those Scholars and Fellows returning to the Grounds for the 2009-2010 academic year are set to continue the legacy of excellence bequeathed them. For the second year in a row the chair of the Honor Committee will be a Jefferson Scholar, and for the third year in a row the student representative to the Board of Visitors will be a Scholar. Fifteen Scholars will reside on the Lawn, including a Barry Goldwater Scholarship recipient. A more comprehensive list of achievements is featured on page 43 of this report.

The Graduate Fellows continue to excel in their respective disciplines and in their efforts to increase the intellectual vitality of the community. Their contributions include several published articles in leading periodicals and the creation of new organizations on Grounds that foster service and understanding. In the group of Fellows are a member of the Honor Committee, Raven Society inductees, and two recipients of Huskey Awards. A more comprehensive list of achievements is featured on page 93 of this report.

Two events highlighted the year. The first Forum for Interdisciplinary Dialogue occurred on Saturday, September 27, 2008. The Forum, which will occur every eighteen months, is put together almost exclusively by the Jefferson Fellows and is designed to bring leading scholars together to discuss a topic of significance. The inaugural topic, “The Art of Science: The Science of Art” encouraged a lively debate, and the keynote address by Professor Bernie Frischer was most thought provoking.

The Jefferson Scholars Foundation also presented its Faculty Prize to Mr. Kenneth Elzinga, the Robert C. Taylor Professor of Economics. The prize recognizes a current University faculty member whose career has represented the highest ideals of leadership, scholarship, and citizenship. As part of the Faculty Prize, Mr. Elzinga presented a moving address in the Dome Room of the Rotunda that outlined his concept of the qualities of an effective leader.

Throughout our 29-year existence we have been blessed with exceptional volunteers and philanthropists. This year we were deeply saddened by the deaths of several of our most loyal, devoted, and dedicated advocates. Rutledge Moore, who served on our board and endowed a scholarship, was a constant source of candid, sincere, and constructive advice. His love of the University and for the work of the Foundation was unflagging. We will also deeply miss Stewart Brown, one of our early scholarship benefactors and selection committee members, who always reminded us to look at our glass as half full, an attitude that certainly has helped us this year. The Foundation also lost a special friend in Tom Worsley. Tom was among a handful of Alumni Association Board of Managers members who advocated tirelessly for the creation of the Jefferson Scholars Program in the late 1970s. Throughout our existence he remained a dear friend and ambassador.

Two gentlemen to whom the Foundation owes an unpayable debt left us within two weeks of each other in January. Gilly Sullivan, who receives a special tribute on page 30, oversaw the creation of the Jefferson Scholars Program during his tenure as director of the Alumni Association. Without his guidance and his amazing way of finding the money necessary to sustain the effort during its infancy, there is simply no way the Foundation would have survived. Jack Blackburn, the University’s Dean of Admission for 24 years,

THE COMPETITION FOR THE NATION’S AND WORLD’S MOST TALENTED STUDENTS BECAME EVEN MORE FIERCE AS MANY OF THE UNIVERSITY’S PEER INSTITUTIONS BEGAN OFFERING ENHANCED FINANCIAL AID PACKAGES TO OUTSTANDING UNDERGRADUATE AND GRADUATE APPLICANTS.



BY ANY MEASURE 2008-2009 WAS TURBULENT, BUT THE WORK OF THE FOUNDATION AND THE FOUNDATION ITSELF CONTINUED TO THRIVE.

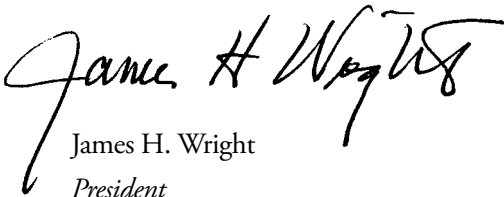
served on our selection committee every year of our existence. His steady counsel and unflappable demeanor were a constant source of strength. In August the Foundation recognized his contributions by creating the Betty and Jack Blackburn Jefferson Scholarship.

As I write this letter, I sit in the office inside Alumni Hall I have occupied for the last 25 years. Next year at this time our offices will be in the new building under construction that is now very visible

from Maury Avenue. Our new home will become a vital and vigorous intellectual center anchored by a beautiful courtyard named for A. Macdonald Caputo. The courtyard will be named in recognition of Mac's many contributions to the Foundation and is made possible by a donation from two of his best friends, Wendy and John Havens.

The Foundation's Board of Directors remains a source of strength and wisdom. Each year there is turnover on the board, and this year Dorothy Batten's six years of service concluded. Dorothy played a very important role on the Architectural Committee for the new building and her contributions to our mission will be very much missed, as will her insightful observations and constant willingness to help.

By any measure 2008-2009 was turbulent, but the work of the Foundation and the Foundation itself continued to thrive. Fiscally prudent decisions made in the past by our board and equally prudent actions taken this year enable us to face the future with confidence. To all who have helped the Foundation, believe in our work, and remain firm in their support, we thank you.



James H. Wright
President



BACK ROW: Kevin Murray, Director of Gift Planning; Mike Lutz, Controller; Pat Ingram, Director of Development; Karen Tapscott, Senior Administrative Assistant for Graduate Fellowship Program; Lew Burrus, Director of Technology; Joanne Payne, Executive Assistant for Development; Helen Dwyer, Director of Business Planning and Operations; Donna Slough, Senior Executive Assistant; Doug Trout, Director of Graduate Fellowship Program; Jimmy Wright, President; Patrick Garcia, Associate Director of Development.

FRONT ROW: Carmen Holmes, Event Coordinator/Administrative Assistant; Nina Barker, Director of Undergraduate Scholarship Program; Lauren Ross, Foundation Program Analyst; Leah Sutker, Financial Analyst; Joy Vaughan, Senior Administrative Assistant for Undergraduate Scholarship Program.



IN MEMORY

Gilbert J. Sullivan

1928 – 2009

As much as, if not more than, any other single individual, Gilly Sullivan was responsible for the creation and ultimate success of the Jefferson Scholars Foundation. As Director of the Alumni Association when the Jefferson Scholars Program was initiated, it was Gilly's responsibility to assure its viability. From the outset, Gilly worked tirelessly to secure the seed capital for the new initiative and, once the program was launched, he remained committed to its success, serving on the governing board while Director of the Alumni Association and then as a permanent member of the National Advisory Board upon his retirement. The Ann Vernon and Gilbert J. Sullivan Jefferson Scholarship will be a perpetual reminder of the critical role he played in the Foundation's history.



THE YEAR IN REVIEW
UNDERGRADUATE
PROGRAM

FISCAL YEAR 2009 WAS AN EXCITING, challenging, and successful year for the Undergraduate Program. The 29th annual selection cycle was our most competitive. Over 2,900 secondary schools in 53 regions were invited to nominate candidates, including our three new regions: Jacksonville, Florida; Tampa, Florida; and Kansas City, Missouri. One hundred and five finalists, our largest number ever, were identified, and 24 new Scholars will join the University of Virginia as members of the Class of 2013. The 132 Scholars in residence continued to contribute to life and culture at the University of Virginia.

In addition, the Foundation’s Undergraduate Advisory Committee, chaired by William F. Blue Jr., met multiple times this year to examine ways in which the Undergraduate Program can successfully meet the challenges produced by the constantly changing undergraduate admissions landscape.

ONE HUNDRED AND FIVE FINALISTS, OUR LARGEST NUMBER EVER, WERE IDENTIFIED, AND 24 NEW SCHOLARS WILL JOIN THE UNIVERSITY OF VIRGINIA AS MEMBERS OF THE CLASS OF 2013.



At its August 2008 meeting the Foundation Board of Directors presented Betty and Jack Blackburn with a resolution creating a Jefferson Scholarship in their names. Jack’s death in January 2009 was a great loss both for the University and the Foundation.



Rishiraj Das, Paul Tudor Jones II Fellow, at work in the jungles of Mexico's Yucatan peninsula.

THE YEAR IN REVIEW

GRADUATE PROGRAM

FROM ITS INCEPTION IN 2000, the Jefferson Fellows Program has grown steadily in size and scope. In the fall of 2008, the Program welcomed a class of eight exceptional men and women, increasing the overall number of Fellows to 33.

Jefferson Fellows, in addition to continuing a tradition of exceptional academic accomplishment, raised the proverbial bar during the 2008-2009 year by launching a new endeavor and by seizing the opportunity to prepare for and mold a world-class graduate center. Nearly all of the Fellows' out-of-classroom Foundation exercises seemed to center around planning and executing the Forum for Interdisciplinary Dialogue or meeting, brainstorming, and discussing the programmatic possibilities for the soon-to-be opened Jefferson Fellows Center. Dinners with faculty members, symposium topics, monthly meetings, and casual gatherings with undergraduate students usually led to the discussion of one of these two topics.

Cross-disciplinary interest among a special group of thinkers necessitates a physical meeting space, a home. Perhaps the most

noteworthy aspect of 2008-2009 was seeing Jefferson Fellows, on a week-to-week basis, begin to take programmatic and practical ownership of their Fellowship. Their dedicated approach, reflected in their achievements

throughout the year, suggests that Jefferson Fellows who follow them will be placed in an extraordinary position to make the University of Virginia one of the most dynamic graduate institutions in the world. The Forum for Interdisciplinary Dialogue and the Jefferson Fellows Center, both Fellow-managed, will be two keystones to this next era of the Foundation's growth.

"I find that the support of the Foundation, both financial and intellectual, has exceeded my expectations. I chose to become a Jefferson Fellow primarily for the quality of education offered at U.Va. and for the warm, invigorating community of scholars I found here. The support and encouragement of the Foundation staff and the other Fellows reminds me regularly that I came to my graduate work with a special sense of purpose, and that others believe in my potential as much as I do."

—Stacie Thyron, Jefferson Scholars Foundation Fellow



“Prior to the Jefferson Fellows selection weekend, I had mentally prepared myself to attend another University. During the weekend, I was introduced to a tremendous community of highly-accomplished staff, students, faculty, and alumni at the University of Virginia that were not only supportive of but also engaged in the personal success of each Jefferson Fellow. The prestige of being included in the Jefferson Fellow network certainly equaled or exceeded the prestige of being accepted to a higher-ranked school. In the end, the University of Virginia won hands down.”

—Alex Forrest, Darden Foundation Fellow

JEFFERSON FELLOWS CENTER

The current group of Jefferson Fellows has been deeply involved in planning the next step in the evolution of the Jefferson Fellows Program, the opening of the Jefferson Fellows Center. In addition to keeping up with their coursework, exam preparation, research, and dissertation writing, Jefferson Fellows met repeatedly with the Faculty Advisory Com-

mittee and the Graduate Advisory Committee to discuss ways the Center could best serve the University. They considered such issues as reading room reference materials and exhibit areas, and activities such as retreats, guest lectures, conferences, film screenings, and social gatherings that would be open to the entire University community.



THE YEAR IN REVIEW

DEVELOPMENT

INSTABILITY IN THE FINANCIAL MARKETS and a shrinking economy made fundraising challenging in fiscal year 2009. The development office responded by continuing to cultivate relationships with the Foundation's many benefactors and friends. The development team, along with the program directors and the president of the Foundation, visited well over 1,000 individuals. In addition, development officers traveled from Charlottesville to London, Los Angeles, Chicago, New York, Atlanta, Charlotte, Minneapolis, and Oklahoma City among other destinations, telling the story of the Foundation and its mission of bringing truly exceptional undergraduate and graduate students to the University.

These efforts were rewarded. The Foundation's philanthropic cash flow for fiscal year 2008-09 was \$8,248,227. In addition, a number of benefactors have included the Foundation in their estate plans, thanks to the efforts of Kevin Murray, director of gift planning. The development office will continue to reach out to friends to discuss creating endowed scholarships or fellowships through estate plans and other planned giving instruments.

As a result of the support received this year, the Foundation will launch new

undergraduate regions for the 2009-10 competition in the United Kingdom, Mississippi, and Rhode Island. This will increase the number of regions for the undergraduate competition to 56, all privately funded. The development team will contact residents of all these regions during fiscal year 2010, as well as continue its effort to expand to Minneapolis and Seattle.

In collaboration with the College and Graduate Schools of Arts and Sciences, the School of Engineering and Applied Sciences, the School of Law, and the Darden

DEVELOPMENT OFFICERS TRAVELED FROM CHARLOTTESVILLE TO LONDON, LOS ANGELES, CHICAGO, NEW YORK, ATLANTA, CHARLOTTE, MINNEAPOLIS, AND OKLAHOMA CITY AMONG OTHER DESTINATIONS, TELLING THE STORY OF THE FOUNDATION AND ITS MISSION.



School, the Foundation is working to secure the funding necessary to attract outstanding graduate students. Enthusiasm for the graduate program has resulted in a significant gift toward the construction of the Jefferson Fellows Center. This gift will honor Mac Caputo, a long-time friend and benefactor, for his years of service to the Foundation.

The Jefferson Scholars Campaign continues to stay on course toward the \$100 million goal established in 2004. The Foundation has been the beneficiary of \$74,620,016 in gifts and pledges during the course of the

campaign, achieving 75% of that goal in 68% of the time. \$48,478,855 for the undergraduate program and \$26,141,161 for the graduate program have been received. Scholarship and fellowship support of this magnitude is unmatched on Grounds.

As always, the Foundation is grateful for the generous support it has received, especially during these difficult financial times. Through generous philanthropy the Foundation will continue to serve the University by attracting to the Grounds extraordinary leaders, scholars, and citizens.

DONOR PROFILE: SUSAN AND BLAIR THOMAS

Susan and Blair Thomas, members of the classes of 1986 and 1984 respectively, fell in love with the University after 48 hours on Grounds during one of the University's big weekends. Their individual experiences at U.Va. were life changing. In addition to receiving a great education, they made many life-long friends and, of course, met each other.

Why give back?

In addition to setting a good example for our children, giving back is an expression of the gratitude that we feel to the University and the positive influence it has had on our lives.



Blair and Susan Thomas

What about the Jefferson Scholars Foundation allowed you to become more active with your philanthropy?

The Foundation does a great job in making it easy to participate. You can be as active as you want, and the Foundation staff is as supportive as possible without putting undue pressure on you.

How did you get involved and why was it important to start a new region in Los Angeles?

One of my colleagues at work is an active alumnus and arranged a coffee with Pat Ingram when he was coming through Los Angeles. Pat's message really struck a chord because we had already started to think about ways that we could support the University. We liked the idea of starting a new region because we both believe that geographic diversity is an important factor in maintaining the richness of the U.Va. experience. Needless to say, that was the most expensive cup of coffee I've ever had.

What is the best part of your Jefferson Scholars experience?

Without question, the best part of the JSF experience is the interview process with the high school nominees. The quality of the students amazes us.

The Thomases have spearheaded the effort to raise the financial support necessary to launch a new selection region in Los Angeles. In addition, they have served as co-chairs with Jefferson Scholar alumna Allison Kean (Col '93) and Adele Stotler (Com '80). In the first year of the Jefferson Scholarship effort in Los Angeles, Susan, Blair and the committee reviewed 24 nominees, nearly five times as many candidates as their California peer San Francisco. In that initial year, Hannah Moody, the nominee from Harvard-Westlake School, was selected to receive a Jefferson Scholarship.



THE YEAR IN REVIEW

FINANCE

THE JEFFERSON SCHOLARS FOUNDATION was not immune to the financial turmoil that characterized fiscal year 2009. Nonetheless, the Foundation's financial strength, which rests on decades of fundraising and endowment investment success, has allowed it to remain focused upon its mission of supporting the University of Virginia by providing scholarships and fellowships to extraordinary students.

ENDOWMENT RETURN

After a three-year period during which we achieved 15% average investment returns, the endowment return declined significantly from a positive 5.9% in fiscal year 2008 to a negative 21.1% for the fiscal year [to date through May 31st.] This had an adverse impact upon the total endowment balance, which declined \$44 million from the more than \$246 million reported last year to \$202 million. Most of the Foundation's operational revenue is generated by the endowment, and the long-term nature and scale of its scholarship and fellowship commitments make it difficult to adjust these expenditures quickly to reflect changes in revenue projections. The Foundation's Board

THE FOUNDATION'S BOARD OF DIRECTORS, HOWEVER, HAS BEEN PROACTIVELY INVOLVED IN PRESERVING THE VALUE OF THE ENDOWMENT AND ADJUSTING SCHOLARSHIP AND FELLOWSHIP GROWTH MODELING TO REFLECT THIS NEW FINANCIAL REALITY.

of Directors, however, has been proactively involved in preserving the value of the endowment and adjusting scholarship and fellowship growth modeling to reflect this new financial reality.

OPERATIONAL BUDGET

The proposed fiscal year 2010 operating budget is \$10.5 million. This spending plan allocates approximately 75% to programmatic support, 16% to administrative expenses and the remaining 9% to fundraising costs. Programmatic support is comprised primarily of the scholarship and fellowship stipends that cover tuition and fees, room and board, books, and living expenses. It also includes the costs of Scholar enrichment programs

Members of the Class of 2009 climbing the Great Wall of China during their foreign travel study summer.



such as the Foreign Travel Study program and the Institute for Leadership and Citizenship. For the first time the budget reflects the cost of financing and operating the new Jefferson Fellows Center and Foundation administrative office, projected to be completed in January 2010.

Spending during fiscal year 2009 is expected to be approximately \$500,000 below the approved budget of \$10.3 million. This spending decrease reflects, in part, operational reaction to the endowment return. Construction of the Jefferson Fellows Center remains on time and on

budget. The full cost of the project, approximately \$22.5 million, is financed over a thirty-year period.

CONCLUSION

While this has been a most challenging time, the Foundation has the core financial strength and leadership to rebuild the endowment through a combination of investment management, careful budgeting, and fundraising success. The Foundation remains optimistic about the future and the opportunities to build upon the success of the past.

THE YEAR IN REVIEW

ALUMNI

AT THE END OF FISCAL YEAR 2009, the Jefferson Scholars Foundation's alumni community stands at 487 Scholars and 17 Fellows. These individuals live, work, and learn all over the world. Many of them are in post-graduate academic programs or have completed advanced degrees. They are a vibrant and committed group of leaders, scholars, and citizens of the world who make significant contributions to the communities around them as teachers, doctors, lawyers, veterinarians, poets, musicians, playwrights, and small business owners. Among them are the new president of the Special Olympics and two law clerks for the Supreme Court of the United States.

THE JEFFERSON SCHOLARS ALUMNI COMMUNITY REMAINS A VIBRANT AND COMMITTED GROUP OF LEADERS, SCHOLARS, AND CITIZENS OF THE WORLD WHO MAKE SIGNIFICANT CONTRIBUTIONS TO THE COMMUNITIES AROUND THEM IN A VARIETY OF WAYS.



Jefferson Scholar alumni Ben McVane (left) and Megan Dunning (center), both Class of 2008, with Graduate Fellow alumnus Brent Savoie (Law '08) meet in Guatemala while spending their summers there doing volunteer work.

In addition, they continue to support the Foundation in important capacities, serving as interviewers on selection committees and as advisors to the Foundation on various other boards and committees. Their philanthropic contributions aid the Foundation in its growth and development, and alumni have already collectively endowed one named scholarship with a second soon to be funded.