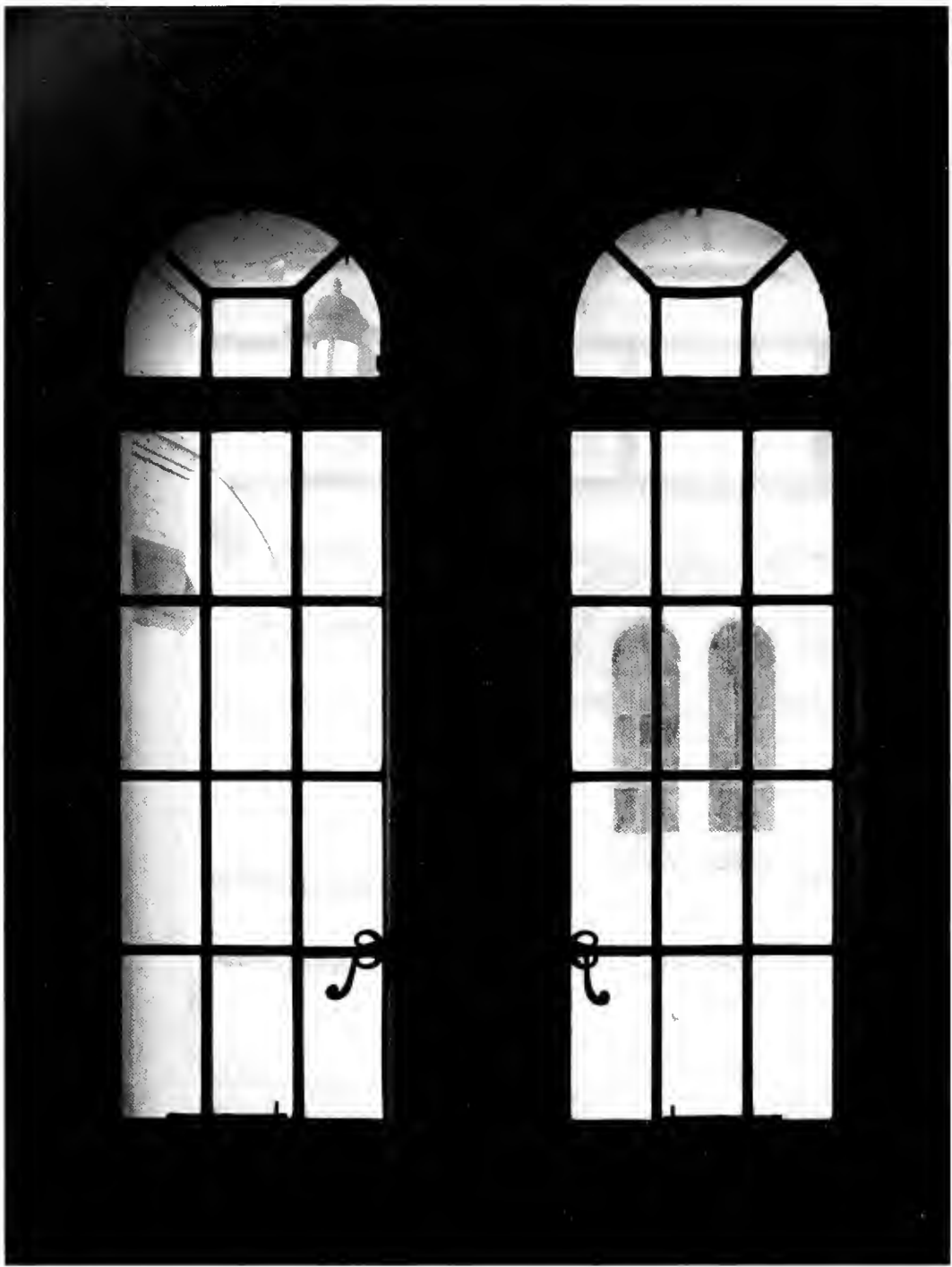




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President's Introduction

In response to the growing interest in the financial aspects of higher education in general and in the strength of our university in particular, this year's *Report of the President*, in lieu of other messages, constitutes a presentation of the sources and applications of Rice University funds.

During an era when the financial posture of many schools is unsettling in its implications, Rice enjoys an uncommon degree of stability. This may largely be attributable to the character of the institution and its people, who together own a whole tradition of distinguishing concerns and achievements, and to the community and former students of Rice, whose financial contributions provide the resources which make it possible for Rice to remain fixed in its high ideals. But the proper management of these resources has always been, and remains, vital. It informs the university's entire operation and lends to it a style as distinctive in one fashion as the quality of students and professors does in another. By this, possibility translates into substance.

In March 1973, after a year-long historical study of the origins and administration of Rice funds, the Board of Governors instituted the guidelines followed today in Rice's fiscal management. They seemed at that time to represent a severe blueprint for the future.

In summary, board action in 1973 called for a balanced budget each year; for the allocation of 72½ percent of the income from oil and gas properties (after allowance for depletion) to the fund for current operating expenses; for the setting and following of priorities in university fund raising activities; and for maintaining "quality and excellence" as the first criteria considered in the disposition of any and all income. The board agreed also that the university should announce the opening of no new programs causing an increase in overall enrollment until such programs were independently endowed.

The test of time has proved the validity of the disciplined vision that these policies embody. In large part because of the allocation of oil and gas revenues to the operating budget — these were previously an important part of endowment growth — Rice balanced its budget in 1972-73 for the first time in more than a decade, and fund surpluses have occurred in the years since. These surpluses have, each year they occur, been placed into endowment.

Due to the same redirection of the oil and gas income, however, a slowing of endowment growth and a corresponding impact on current operations seemed to be inevitable. Yet, extraordinary success in Rice's development and fund-raising operations, subsequent to the redefining of objectives and priorities and the Brown Foundation's ten-year challenge grant in 1976, have prevented this occurrence.

The growth in external support linked with endowment income has permitted Rice to maintain its selectivity in the face of inflationary pressures and to meet the costs of operations with few qualitative compromises. So the university remains hewed to its traditional purposes. Its pride and confidence have perhaps been equaled, but not exceeded, at any time in its history.

Norman Hackerman
President



Financial Summary

For the sixth consecutive year, Rice University's income exceeded its expenditures in 1977-78.

The accompanying charts illustrate the historical consistency among the sources and applications of funds. Of particular note, however, is the increasing importance of private gifts to the university's operation, a point further demonstrated later in this report.

In interpreting this accounting, an understanding of the basis for the categorical divisions is important. For summary purposes, financial aid to students has been subtracted from the category of "tuition," which is elsewhere computed as though each student paid the full charge (\$2,500).

The category of "endowment income" includes revenues earned by both the unrestricted and restricted endowment funds.

"Government grants and contracts" elsewhere includes all funds meant to cover expenses incurred by the university in completing projects sponsored by the various agencies. For summary purposes here, however, to give a better picture of actual income, only the money intended to cover Rice's overhead costs is presented.

Under the heading of "other sources," the university reports the income from sales and services of the various Rice departments, excluding, however, that generated by auxiliary activities, such as the residential colleges, the campus store, and intercollegiate athletics.

"Instruction and departmental research" expenditures include costs in virtually all divisions of the university except those covered by the other categories or those incurred in the operation of Rice's auxiliary enterprises.

"Student services" includes the expenses of the offices of financial aid, the registrar, the dean of undergraduate affairs, and student health services, as well as the university subsidy given to student activities.

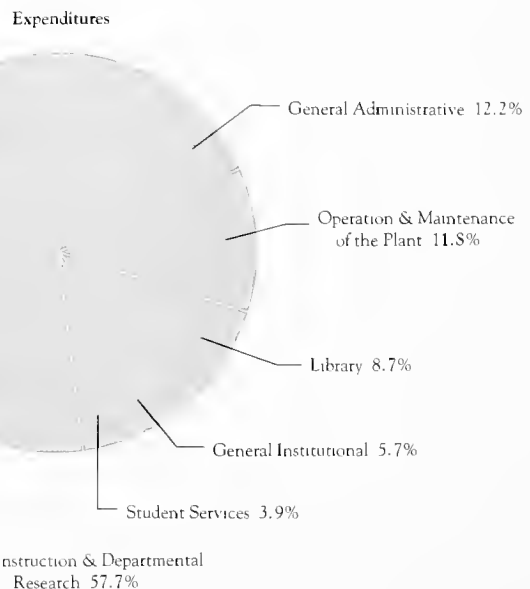
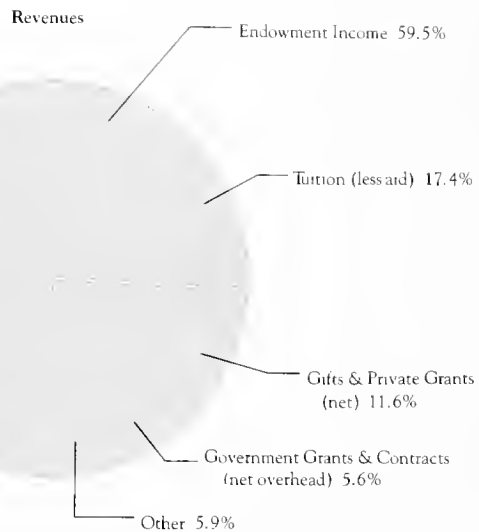
"General administrative" costs include expenses of the offices of the president, the vice-president and provost, the treasurer, the academic deans, and the campus business office, commencement, and the university's insurance.

"General institutional" costs include those of the trustees, the offices of development and information services, the Association of Rice Alumni, and the university police department.

The overall quality of operations at Rice remains unusually high. Decisions regarding the further development of revenue sources and the distribution of available income have, as their first objective, the maintenance of this quality.

Revenues		1973-74	% of Total	1977-78	% of Total
Tuition (less aid)		\$ 3,347,370	19.5	\$ 4,560,823	17.4
Gifts & Private Grants (net)		1,560,973	9.1	3,026,614	11.6
Endowment Income		10,204,532	59.4	15,574,772	59.5
Government Grants & Contracts (net overhead)		1,281,681	7.5	1,479,851	5.6
Other		783,027	4.5	1,539,048	5.9
Total		\$17,177,583	100.0	\$26,181,108	100.0

Expenditures		1973-74	% of Total	1977-78	% of Total
Instruction & Departmental Research		\$ 8,577,076	57.4	\$13,144,617	57.7
Operation & Maintenance of the Plant		1,633,988	10.9	2,674,676	11.8
Student Services		638,818	4.3	895,855	3.9
General Institutional		738,678	4.9	1,308,164	5.7
General Administrative		2,059,400	13.8	2,775,589	12.2
Library		1,301,437	8.7	1,986,012	8.7
Total		\$14,949,397	100.0	\$22,784,913	100.0



Endowment

A primary focus in any examination of Rice's financial position must be endowments, for these provide more than 60 percent of the revenues for the university's operation.

Into the category "endowment and similar funds," Rice groups perpetual endowments, term endowments, and funds which, by action of the trustees, function as endowments.

Endowment funds are accounted for within two categories—unrestricted and restricted—according to any stipulations about income earned by the endowment principal. "Unrestricted endowment" produces income which the trustees may spend for the maintenance and improvement of the university as provided in its charter. "Restricted endowment," comprising about 200 individual endowment funds, most of which are listed later in this report, produces income that is administered strictly according to agreements between Rice's trustees and the grantors of the funds.

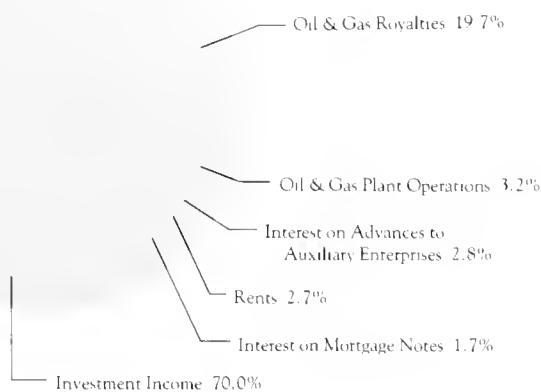
The total of all endowment funds at Rice consistently ranks among the larger totals for private colleges and universities in the nation. The performance of the Rice portfolio provides the resources enabling Rice over the years to maintain its distinctive character. For this reason, investments are made with careful consideration given both to growth and income potentials.

Endowment revenues for 1977-78 represent the total income to both unrestricted and restricted endowments during the year.

Endowment Growth

	1973-74	1977-78	% Change
Endowment and Similar Funds			
Value at Market	\$166,694,600	\$247,137,899	48.3
Value at Cost	\$150,254,814	\$207,314,938	38.0
Unrestricted Endowment Income	\$ 9,768,247	\$ 13,332,744	36.5
Restricted Endowment Income	\$ 1,370,529	\$ 2,956,173	115.7

Endowment Income 1977-78



Support

In response to the Brown Foundation Challenge of 1976, development objectives at Rice have emphasized private giving to help meet the expenses of current operation. This money is matched by the foundation with gifts to the unrestricted endowment of the university.

The financial success Rice has enjoyed in this endeavor is apparent in the statistics here. Complementary fund-raising efforts by the Shepherd School of Music and the Jesse H. Jones Graduate School of Administration, linked with the generosity of parents of Rice students in supporting the university beyond normal tuition payments, have increased the number of donors to more than 8,500.

During 1978, Rice was recognized by the United States Steel Foundation for having the finest record of sustained giving to its annual fund of any private college or university in the nation. This high ranking among prestigious institutions whose alumni and communities support them through the myriad ways available is a natural position for Rice to assume. Moreover, the importance of this support grows annually as the university works to maintain its traditional quality of education without placing excessive financial burdens on its students.

The development of additional external support continues to enlarge the base of Rice's financial operations. At the close of 1977-78, the number of endowed chairs had grown to forty-eight throughout the university.

Private Giving to Operations (Annual Report to Council on Financial Aid to Education)

	1973-74	1977-78	% Change
Alumni*	\$ 422,093	\$1,196,960	+183.6
Corporations and Corporate Foundations	\$ 422,023	\$ 685,660	+ 62.5
Community Non-Alumni Friends and Parents	\$ 375,519	\$ 584,653	+ 55.7
Foundations and Special Programs Support	\$1,561,770	\$1,608,238	+ 2.0
Total	\$2,781,405	\$4,075,511	+ 46.5
No. of Donors Total	5,181	8,546	+ 64.9

*Includes corporate matching gifts

Students

Rice limits its enrollment to benefit both students and instructors and to ensure the effective use of classrooms and other facilities. Enrollment has been stable for the past three years, while the number of applicants for each opening has increased. Wherever there has been growth in the number of students admitted in the past five years, there has been a corresponding increase in the number of instructors. Rice maintains its overall

student-to-teacher ratio at about 9-to-1. Ninety-five percent of its undergraduate classes average less than eighteen students, and all of its graduate classes average less than nine.

Tuition income, as represented here, constitutes the total amount of money Rice charged to students — undergraduate, graduate, full-time, and part-time. The amount of financial aid indicates the extent to which Rice directly assisted its students in meeting those charges.

The university's "educational and general expenditure-per-student," a figure reached by dividing the total of Rice's educational and general expenditures by the number of full-time equivalent students enrolled, shows more accurately the cost of education at Rice. This goes further in showing the extent to which the university assists a student.

From its opening, Rice has maintained that the cost of higher education should not stand as an obstacle before a qualified applicant. This idea continues to guide admissions and financial aid operations.

Student Accountings

	1973-74	1977-78	% Change
Tuition	\$6,551,367	\$8,419,807	+28.5
Financial Aid	\$3,203,997	\$3,858,984	+20.4
Educational & General Expenditures per Student	\$ 4,628	\$ 6,343	+37.1
Enrollment (fall semester)	3,230	3,592	+11.2

Operations

The distinction of Rice's faculty remains notable. Though increases in salaries have not generally kept pace with inflation during the past five years, losses of highly placed professors have not been severe.

The increase in salary expenditures here reflects a growth in the number of full- and part-time faculty members from 395 in the spring of 1974 to 470 in the spring of 1978 (+19 percent) and the growth in the number of staff members from 811 to 831 (+2 percent). In large part, the additions of the Shepherd School of Music and the Jones Graduate School of Administration account for this change.

Elsewhere in the university, when feasible, the practice has been to add new instructors without increasing overall budget demands. When a senior professor vacates a position, Rice considers dividing the salary to hire two junior instructors. If both the marketplace and the departmental requirements favor such a decision, the university opts for this action.

Costs of equipping and operating the university's laboratories, departments, and libraries have climbed rapidly during the past half-decade, and only the careful curtailment of expenses has kept this at an acceptable level. Books and periodicals have risen in price at a rate which has caused Rice to eliminate many purchases that were casually made ten years ago.

Expenditures for Operation

	1973-74	1977-78	% Change
Equipment	\$ 1,394,439	\$ 2,130,125	+52.8
Salaries	\$10,689,581	\$15,367,941	+43.7
Other Operations	\$ 2,127,291	\$ 3,620,955	+70.2

Campus

The beauty of the Rice campus has historically been a point of pride for the university and the surrounding community, and it remains so today. Yet deterioration took place in past years while money was diverted from maintenance and improvement of the plant to meet more immediate and essential needs.

Today the money that was diverted is being used, as reflected in the accounting for improvements. Some of the most expensive improvements are hardly visible to the casual observer, hidden behind walls and in tunnels or shafts. But for students, instructors, and visitors alike, Rice is a safer, more accessible, and more attractive place, and the net value of the physical plant has increased accordingly.

The accounting here indicates also the impact of broad measures to reduce the consumption of gas and electricity during recent years. Both voluntary cooperation and the actual removal of appliances have substantially reduced the amount of energy used. Despite such efforts, expenditures for gas and electricity have risen steadily due to increasing costs.

Campus Services

	1973-74	1977-78	% Change
Plant Improvements	\$ 294,237	\$ 2,481,127	+743.2
Value of the Education of Plant (at cost, net of depreciation)	\$72,901,215	\$81,923,029	+ 12.4
Operation & Maintenance of the Plant	\$ 1,633,988	\$ 2,674,676	+ 63.7
Energy Use	614.2 Billion BTUs	375.0 Billion BTUs	- 38.9
Energy Cost	\$ 766,731	\$ 1,664,867	+109.0



Endowments

The following professorships, scholarships, and other awards make up the university's restricted endowment.

Each entry represents an individual endowment fund, a gift to the university. The principal of each earns money to support the activity specified. In the case of a professorship, for example, income supports the salary of the professor.

In total, the 220 listings are testimony to years of generous financial support. Major gifts of this sort are important to Rice in attracting meritorious faculty members and talented students and in recognizing their achievements while here. Moreover, numerous endowments assist in maintaining campus facilities, so that Rice can materially assist its men and women in their work.

Chairs and Professorships

The J. S. Abercrombie Chair in the School of Engineering

The Brown Foundation established this chair in 1975 as a memorial to Mr. Abercrombie, prominent Houston oilman and industrialist, in recognition of his interest and significant support for the engineering program at Rice.

The Agnes Cullen Arnold Professorship in Fine Arts

The Arnold Trust established this professorship in 1969 in memory of Mrs. Arnold, class of 1931, a prominent Houston civic leader.

The Herbert S. Autrey Chair

This chair was endowed in 1978 by the generous bequest of Mr. and Mrs. Herbert S. Autrey and has been designated for the Jesse H. Jones Graduate School of Administration.

The Lynette S. Autrey Chair

This chair was established in 1978 through the will of Mrs. Autrey "to be used for the establishment and maintenance of one or more chairs for teaching in the Social Sciences, Humanities, Business or Administration."

The George R. Brown Chair

This professorship was established in 1967 by Mr. and Mrs. Faye Sarofim in honor of Mr. Brown, class of 1920 and chairman of the Rice University Board of Governors from 1950 to 1967. It was designated in 1977 for the Jesse H. Jones Graduate School of Administration.

The Herman and George R. Brown Chair in Civil Engineering

The Brown Foundation established this chair in honor of Messrs. Herman and George R. Brown in 1974 to encourage the program of undergraduate education in engineering.

The Andrew Hays Buchanan Professorships in Astrophysics

These professorships, established in 1974 through the bequest of Blanche Harding Sewall, class of 1917, honor her maternal grandfather, who was a distinguished professor of mathematics at Cumberland University in Lebanon, Tennessee.

The E. D. Butcher Professorship

This professorship is held by a distinguished professor as designated by the president with no restriction as to discipline. It was provided through the generosity of Mr. Butcher, class of 1934 and a trustee of the university, and his wife, Rosadel.

The Louis Calder Professorship in Chemical Engineering

This professorship was endowed by the Louis Calder Foundation in 1966.

The Harry S. Cameron Chair in Mechanical Engineering

Established as a memorial to their father, the founder of Cameron Iron Works, this chair was endowed in 1975 by a gift from the five children of the late Harry S. and Isabel C. Cameron, through the Harry S. and Isabel C. Cameron Foundation.

The Harry and Hazel Chavanne Chair of Religious Studies

This chair was established in 1976 by Harry J. Chavanne, class of 1930, and his wife, Hazel Prince Chavanne, as an expression of their deep and genuine religious faith and their dedication to the university.

The Allyn R. and Gladys M. Cline Professorship in Economics and Finance

This professorship was created by the estate of Gladys M. Cline to encourage outstanding instruction in economics and finance, the professional fields in which she and her brother were engaged for many years.

The Carey Croneis Professorship in Geology

This professorship was established in 1975 by the many friends, corporations, and foundations wishing to honor the memory of Dr. Croneis, a remarkable scientist-humanist who helped found Rice's Department of Geology and who, during his eighteen-year tenure, served the university as professor, provost, acting president and chancellor.

The G. C. Evans Instructorships in Mathematics

These instructorships were established by the board of governors in 1977 in honor of Dr. Evans, the first professor of mathematics at Rice in 1916.

The W. Maurice Ewing Professorship in Oceanography

The Henry L. and Grace Doherty Charitable Foundation, Inc., the Arthur Vining Davis Foundations, the Continental Oil Company, and friends established this professorship in 1975 in honor of Dr. Ewing, a world-renowned geophysicist and oceanographer and one of Rice's most distinguished alumni, class of 1926.

The Favrot Professorship in French

This professorship was endowed in 1968 by the Favrot Fund and by the estate of Laurence H. Favrot, a Houston industrialist and member of the Rice University Board of Governors.

The Henry S. Fox, Sr., Chair in Economics

This chair was established in 1962 under a bequest by Mamie Fox Twyman Martel in honor of her father, founder and president of Houston National Bank until his death in 1912.

The Lena Gohlman Fox Chair in Sociology

Established in 1962 under a bequest by Mamie Fox Twyman Martel and reactivated in 1978, this chair honors her late mother, the first wife of Henry S. Fox, Sr.

The Noah Harding Professorships of Mathematics

A generous bequest through the will of Blanche Harding Sewall in 1974 established these professorships in honor of her paternal grandfather, who was a banker with the Fort Worth National Bank.

The Reginald Henry Hargrove Chair of Economics

This chair was established in 1958 in memory of Mr. Hargrove by Mrs. R. H. Hargrove and the Texas Eastern Transmission Corporation.

The A. J. Hartsook Chair in Chemical Engineering

In 1973 this chair was endowed to pay tribute to Professor Hartsook, who served on the Rice faculty for forty years. Funds were provided by friends and former students.

The William Pettus Hobby Chair in American History

This chair was established in 1967 by the Hobby Foundation to honor the late Honorable William P. Hobby, former governor of the State of Texas.

The Jesse H. Jones Professorship in Management

In 1966 Houston Endowment, Inc., established a fund for the creation of the Jesse H. Jones Professorship in Management in honor of the late Mr. Jones, a prominent Houston philanthropist and friend of Rice.

The Mary Gibbs Jones Professorship in History

Houston Endowment, Inc., established this professorship in 1966 to honor the late Mrs. Jones, a friend and benefactor of the university.

The William Alexander Kirkland Professorship

This professorship, established in 1978 by the Martha and H. Malcolm Lovett Fund under a bequest from Joseph Mullen, recognizes Mr. Mullen's high regard for Mr. Kirkland, a prominent Houston banker and trustee of Rice, and has been designated for the Jesse H. Jones Graduate School of Administration.

The Edgar Odell Lovett Professorship in Mathematics

Through the generosity of the Brown Foundation, the Lovett professorship was established in 1966 to honor the university's first president.

The Carolyn and Fred McManis Professorship in Philosophy

This professorship was created in 1969 by the McManis Trust in memory of the late Carolyn and Fred McManis, well-known philanthropists.

The Harris Masterson, Jr., Chair in History

The late Reverend Harris Masterson, Jr., showed deep interest in Rice through his activities as director of Autry House and his close personal association with students over many years. His will provided a bequest to the university with which the board of governors established this memorial.

The Andrew W. Mellon Junior Humanities Scholars

A grant from the Andrew W. Mellon Foundation in 1976 created opportunities for promising young scholars in the humanities to gain teaching experience at Rice.

The Andrew W. Mellon Professorship in the Humanities

To show its desire to strengthen the influence of the humanities in the educational programs of the nation's independent colleges and universities, the Mellon Foundation endowed this professorship in 1973.

The Moody Foundation Chairs

In 1964 the Moody Foundation established the Libbie Shearn Moody Professorship of English and the W. L. Moody, Jr., Professorship of Mathematics.

The Joseph and Joanna Nazro Mullen Professorship in Fine Arts

This professorship, established in 1978 under a bequest from Joseph Mullen, honors the late Joseph and Joanna Mullen for their lifelong interest in and support of the arts.

The George A. Peterkin Chair of Political Economy

This chair was established in 1976 by Mrs. George A. Peterkin, George A. Peterkin, Jr., and Patricia Peterkin Pryor in memory of George A. Peterkin, a former member of the board of governors. Its purpose is to promote teaching and scholarship in the field of economics.

The J. Newton Rayzor Chair in Philosophy and Religious Thought

This chair was established in 1953 by Mr. Rayzor, a trustee of Rice. Its purpose is to provide in the Rice curriculum distinguished instruction in religious and philosophical ideas which have powerfully influenced the history of civilization.

The Schlumberger Chair of Advanced Studies and Research

This chair was established in 1976 by the Schlumberger Foundation as an incentive to the further development of educational and research programs at Rice.

The Harry K. and Albert K. Smith Chair in Architecture

In 1969 Harry Smith, past member of the board of governors, and Albert Smith, class of 1931, endowed this professorship to ensure continued excellence in the School of Architecture.

The Dorothy Richard Starling Visiting Professor of Violin

This professorship was established in 1975 by the Dorothy Richard Starling Foundation to support the performance of and interest in classical violin music in the Shepherd School of Music.

The Henry Gardiner Symonds Professorship

The Tenneco Foundation donated the endowment for this professorship in 1971 in memory of Mr. Symonds, a prominent Houston businessman and member of the board of governors.

The Albert Thomas Chair of Political Science

A gift from the Brown Foundation created the Albert Thomas chair in 1965 honoring the late Congressman Albert Thomas, class of 1920.

The Tsanoff Chair of Public Affairs

This chair was established in 1967 by Walter G. Hall, class of 1928, and his wife, Helen Lewis Hall, to honor Professor Radoslav A. Tsanoff, who joined the Rice faculty in 1914 and served the university thereafter for almost sixty years.

The Isla Carroll and Percy E. Turner Professorship in Biblical Studies

This professorship was endowed by the Turner Charitable Foundation in 1967.

The Robert A. Welch Chair in Chemistry

The Robert A. Welch Foundation, in advancing the cause of basic chemical research in the Southwest, endowed this professorship in chemistry.

The Harmon Whittington Professorship

Endowed in 1970, this professorship was given in memory of Harmon Whittington, prominent civic leader and businessman, in recognition of his distinguished service and dedicated leadership as a friend, supporter, and benefactor of the university.

The Harry Carothers Wiess Chair of Geology

In 1952 Olga Keith Wiess gave a substantial endowment to the university for the establishment of a chair of geology to be named in memory of her husband, late vice chairman of the board of governors, in recognition of his profession and of his distinguished service to the university.

The Gus Sessions Wortham Professorship of Architecture

Mr. and Mrs. Gus S. Wortham established this professorship in 1971 to enhance the program of the School of Architecture.

Lectureships

Brown Foundation—J. Newton Rayzor Lectures

These lectures were established in 1971 by the Brown Foundation in memory of Mr. Rayzor, class of 1917 and a member of the board of governors from 1949 until 1970.

W. V. Houston Memorial Lectureship

This lectureship in physics was established in 1972 in honor of Dr. Houston, the second president of Rice, who served from 1946 until 1960.

Ervin Frederick Kalb Lectureship

This lectureship in history was established in 1976 by Elva Kalb Dumas, class of 1922, in honor of her brother who was a member of the class of 1916.

M. B. Porter Lectureship in Mathematics

This lectureship in mathematics was established in 1966 by Mr. and Mrs. J. Newton Rayzor in honor of Mrs. Rayzor's father, Dr. Milton Brockett Porter, and by a bequest in 1972 from the estate of Goldie Horton Porter, the widow of Dr. Porter.

Rockwell Lectures

These lectures on topics akin to religious subjects are made possible by the Rockwell Fund, Inc. and were inaugurated in April 1938.

Harold E. and Margaret H. Rorschach Memorial Lecture in Legal History

This annual lecture was established in 1978 by Professor Harold E. Rorschach, Jr., in memory of his parents.

Tsanoff Lectureship in the Humanities

The former students of Professor Radoslav A. Tsanoff established this lectureship in his honor in 1974.

Scholarships

The Leo M. Acker Memorial Scholarship

The scholarship was established in 1973 by the employees of Highland Resources, Inc. and the George R. Brown Oil and Gas Division for a senior accounting student.

The John McKnitt Alexander Chapter of the Daughters of the American Revolution Scholarship

This is an endowed scholarship awarded to an undergraduate woman at Rice.

The Joe L. and Barbara Allbritton Scholarship

The scholarship was established by the named donors in 1971 to assist students with high scholastic standing.

The M. E. Andrews and Florrie Ethel Andrews Scholarship

This scholarship was established through the wills of M. E. and Florrie Ethel Andrews to provide a tuition scholarship.

The Samuel S. Ashe Scholarship

Established by Sallie Ashe Fitch in memory of her father in 1938, this scholarship is awarded annually to a student

having very high academic standing at the end of the freshman year.

The Max Autrey Memorial Scholarship

Established under the will of the late Nettie S. Autrey in memory of her son, and first awarded in 1942, this scholarship is open to all students.

The Axson Club, Katie B. Howard Scholarship

Established in 1937 in memory of Mrs. A. R. Howard, the scholarship is awarded annually to a woman of junior or senior standing.

The Axson Club, Special Scholarship

The scholarship was established in 1931 in honor of Mrs. A. S. Foote to be awarded to a woman student, preferably of senior standing.

The Axson Club, Ellen Axson Wilson Scholarship

The scholarship was established in 1922 by the Axson Club in memory of Mrs. Woodrow Wilson to be awarded to a woman student of junior or senior standing.

The Graham Baker Studentship

Established in 1918 by Captain and Mrs. James A. Baker in memory of their eldest son, Frank Graham Baker, the Graham Baker Studentship is the oldest undergraduate honor scholarship at Rice. It is awarded annually to the student in the three lower classes earning the highest scholastic standing for the academic year.

The James A. and Alice Graham Baker Distinguished Scholarship

This scholarship was established in 1941 by the will of the late James A. Baker, first chairman of Rice's board of trustees, to encourage and assist highly qualified students.

The James A. and Alice Graham Baker Honor Scholarships

These scholarships were established by the will of James A. Baker and are awarded on the basis of high scholastic standing.

The H. Leroy Bell Memorial Scholarship Fund

This scholarship was established in 1975 under the will of H. L. "Tony" Bell, Sr., class of 1919.

Mr. and Mrs. Val T. Billups Scholarship

The scholarship was established in 1953 by Val T. Billups, class of 1918, and his wife, Dorothy Graf Billups, for students of engineering above freshman standing.

The Fletabel Denton Briggs Memorial Scholarships

The scholarships were established under the will of the late D. Todd Briggs, class of 1928, in memory of his wife.

The Clyde and Ethel Butcher Scholarship

The scholarship was established by the named donors in 1967 and is awarded on the basis of scholarship and financial need.

The Chapman-Bryan Memorial Scholarship

The scholarship was established in 1937 by the bequest of Johnelle Bryan in her own name and that of her sister, Mrs. Bryan Chapman, to be awarded on the basis of high scholastic standing, physical fitness, and personality.

The Class of 1921 Scholarship

The scholarship was established in 1971 by members of the class of 1921 on the 50th anniversary of their graduation.

The Class of 1929 Scholarship

The scholarship was established in 1975 by members of the class of 1929 to commemorate, in 1979, the 50th anniversary of their graduation.

The Class of 1930 Scholarship

The scholarship was established in 1975 by members of the class of 1930 to commemorate, in 1980, the 50th anniversary of their graduation.

The Class of 1931 Scholarship

The scholarship was established in 1976 by members of the class of 1931 to commemorate, in 1981, the 50th anniversary of their graduation.

The Class of 1932 Scholarship

The scholarship was established in 1977 by members of the class of 1932 to commemorate, in 1982, the 50th anniversary of their graduation.

The Class of 1933 Scholarship

The scholarship was established in 1978 by members of the class of 1933 to commemorate, in 1983, the 50th anniversary of their graduation.

The Arthur B. Cohn Prize Scholarships

Established in 1937 to honor Mr. Cohn, who served for many years as assistant secretary to the board of trustees, these scholarships are awarded on a merit basis without regard for financial need to very exceptional students of the entering freshman class.

The College Bowl Champions Scholarship

Established from funds awarded for successful competition in the College Bowl in 1966, the scholarship is awarded to an entering freshman with high academic standing.

The College Women's Club Scholarship

Established in 1942 to provide a scholarship for a woman student in her first year of graduate study, this scholarship is awarded annually to a graduating senior.

The Millie Tutt Cook Scholarship

The scholarship was established in 1953 by Mildred Cook, class of 1927, in memory of her mother, and is awarded to a junior or senior student preparing for a teaching career.

The Thomas A. and Pauline M. Dickson Scholarship

The scholarship was established in 1931 to assist students who are largely self-supporting.

The Gerard A. Dobelman Memorial Scholarship

This scholarship was established in 1976 by family and friends in memory of Mr. Dobelman, class of 1942, to be

awarded to an entering freshman intending to work toward an engineering degree.

The Steven Dobelman Memorial Scholarship

This scholarship was established in 1975 by Gerard A. Dobelman, class of 1942, and his wife, Mary Katherine Bayless Dobelman, class of 1946, and Mr. and Mrs. Raymond M. Bayless, in memory of Steven Gerard Dobelman, to be awarded to an entering freshman intending to work toward an engineering degree.

The Thomas P. and Maude Seeger Dow Scholarships

The scholarships were established in 1968 under the will of Maude Seeger Dow to assist undergraduate students.

The Elva Kalb Dumas Award

This scholarship was established in 1975 by Mrs. Dumas, class of 1922, to be awarded to an outstanding female student in the Shepherd School of Music.

The Rice Engineering Alumni Outstanding Engineering Student Awards

The Engineering Alumni established this fund in 1950 to provide awards given to engineering students with high scholastic records.

The Thomas Flaxman Scholarship

The scholarship was established in 1962 by Thomas Flaxman in honor of Dr. Lindsay Blayney, class of 1924, to assist in providing educational opportunities for deserving students.

The Foley Brothers Scholarship

This scholarship was established in 1974 by the trustees of the Foley Brothers Foundation to further the objectives of the Jesse H. Jones Graduate School of Administration.

The Walter W. Fondren, Jr., Memorial Scholarship

This scholarship was established in 1961 by Wash Bryan Trammell and his wife, Susie Ella Fondren Trammell, class of 1927, in memory of Walter W. Fondren, Jr., class of 1927, to assist men and women students who are involved in the athletic program of the university.

The Thomas Richard and Julia Hadley Franklin Scholarships

These annual scholarships were established in 1937 by a bequest in the will of Mabel F. Astin to be awarded on the basis of merit and financial need.

The Mary Parker Gieseke Scholarship

Established in 1929 by Fred A. Gieseke and Frances Sara Gieseke in memory of Mrs. Fred A. Gieseke, this scholarship is awarded annually to a highly qualified student who has been in residence for at least one year.

The Blanche Randall Haden Scholarship

Established in 1959 by Mrs. Haden, the scholarship is awarded annually to an outstanding undergraduate student in economics.

The Emily and Erwin Heinen Music Award

Established through the Shepherd Society in 1977 by Erwin Heinen, class of 1927, and his wife, Emily, this award

is given annually to a student in the Shepherd School of Music for high artistic achievement.

The Annette Schreiber Hill Scholarship

This scholarship was established in 1976 by Bruce Hill in memory of his wife, Annette Schreiber Hill, class of 1936, to be awarded to a student who is studying in a medical-related field.

The Hohenthal Scholarships

Established by a gift from the estate of Lionel Hohenthal as a memorial to his parents and brother, these scholarships were first awarded in the 1918-1919 academic year. They are given to students of high scholastic standing who are earning a substantial part of their expenses.

The Mercer T. Ingram Scholarship

The scholarship was established in 1973 by Mr. Ingram, class of 1926, to assist undergraduate students.

The Alfred R. and Eleanor H. Johnson Scholarship

This scholarship was established in 1977 to be used for any needy student as determined by the Scholarship Committee.

The Gaylord Johnson Scholarship

In 1968 the family of Gaylord Johnson, class of 1921, established an annual award in his honor to be given to undergraduate students who have achieved academic distinction in a program of studies involving problems affecting human relations.

The A. C. Lederer Scholarship in Civil Engineering

The scholarship was established in 1977 by A. C. Lederer, Jr., class of 1934, to be awarded to a student majoring in civil engineering.

The Lottman Scholarship

Established in 1968 by Otto J. Lottman, class of 1921, and his wife, the scholarship is a memorial to Mr. Lottman's parents and is awarded to a student studying language or engineering.

The T. S. Martino Scholarship

The will of T. S. (Tony) Martino, long-time head gardener of the campus, bequeathed a generous fund to provide scholarship assistance for undergraduate students in the athletic program of the university.

The Margaret Brokaw McCann Scholarship

Established by her husband, the late S. G. McCann, the first registrar of the university, and by many friends, this scholarship is awarded to a high ranking, deserving young woman in one of the three upper classes who plans advanced work in nursing, medicine, or other welfare fields.

The John T. McCants Scholarship in Accounting

Initially established in 1965 and then enlarged in 1977, this scholarship was given by alumni and friends in honor of the late John T. McCants, first bursar of the university, and is awarded annually to a student entering the Jesse H. Jones Graduate School of Administration to continue accounting studies.

The J. L. Caldwell McFaddin and W. P. H. McFaddin Scholarships

These scholarships were established in 1976 by Mamie McFaddin Ward in honor of her two brothers, J. L. Caldwell McFaddin, class of 1921, and W. P. H. McFaddin, class of 1917.

The Emma S. McGree Scholarships

Established by the will of Emma S. McGree in 1964 in honor of Katie Scherffius and John T. Scherffius, these scholarships are awarded to entering freshmen.

The Byron Meredith Award

This award was established in 1977 by Mrs. Byron Meredith in memory of her husband and is awarded annually to a sophomore with high scholastic achievement.

The Achille and Malline Meyer Memorial Scholarship

Established under the will of Morris E. Meyer in memory of his parents, the scholarship is awarded annually to a fully or partially self-supporting student of the university.

The Fannie Bess Emery Montgomery Scholarship

The scholarship was established in 1963 by the John McKnitt Alexander Chapter of the Daughters of the American Revolution in memory of Fannie Bell Emery Montgomery, class of 1926 and regent of the D.A.R., to assist a woman student at Rice.

The Motheral/Neilan Scholarship

This scholarship was established in 1978 by Edwin P. Neilan, class of 1928, and his wife, Julia Ellen Motheral Neilan, class of 1929, in recognition of the six members of their two families who graduated from Rice.

The Joseph A. and Ida Kirkland Mullen Fellows or Scholars in Music

This fund was established in 1978 by a bequest from the estate of Joseph Mullen and is to be used to support one or more fellowships or scholarships in the Shepherd School of Music.

The Ida R. and Hanna E. Nussbaum Scholarship

This scholarship was established in 1952 under the will of the late Ida R. Nussbaum in her honor and that of her sister.

The Rebecca Raphael and Lilly G. Nussbaum Scholarship

The scholarship was established in 1952 under the will of the late Ida R. Nussbaum in memory of her mother and sister.

The Emanuel and Mose Raphael Scholarship

The scholarship was established in 1952 by the bequest of Ida R. Nussbaum in memory of her uncles.

The Charles Breckenridge Parkhill Scholarship in Political Science

The scholarship was established by J. M. Lykes, Jr., class of 1930, in memory of his grandfather, to be awarded annually to a worthy upperclass student majoring in political science.

The Raymond Pearson Scholarship

This scholarship was established in 1977 by the Raymond Pearson Foundation, Inc., for scholarships bearing Colonel Pearson's name.

The Burt Duke Raiza Piano Scholarship

This scholarship was established in 1976 by Patty R. Cooper in memory of her mother to be awarded to a student studying piano in the Shepherd School of Music.

The Robert H. Ray Memorial Scholarships

Established in 1968 and sponsored by the Petty-Ray Geophysical Group, a division of Geosource International, Inc., in honor of Robert Hillyer Ray, class of 1925, these four-year scholarships are awarded to incoming freshmen with first preference given to children of employees.

The Ernest R. Rechel Memorial Scholarships

The scholarships were established in 1968 under the will of Frances G. Rechel in memory of her son, Ernest R. Rechel, class of 1927, to assist deserving students.

The William J. Reckling Memorial Scholarship

Established in 1967 by T. R. Reckling III, class of 1954, in honor of his father, the scholarship is awarded to qualified students majoring in French.

The Torkild Rieber Award

Established by the Joseph S. Cullinan family in memory of Torkild Rieber, this annual award is given to an undergraduate or graduate student who has achieved a high academic standing or other achievement in physical or historical geological studies.

The Daniel Ripley Scholarships

Established in 1927 by the late Edith Ripley in memory of her husband, the scholarships are awarded to self-supporting men or women completing the freshman year with outstanding scholarship.

The Edith Ripley Scholarships

These scholarships were established by Edith Ripley to be awarded annually to three women students.

The James M. and Sarah Wade Rockwell Scholarships

These scholarships were established by the Rockwell Fund, Inc. in 1958 in memory of their founders.

The Catherine Withers Roper and Benjamin E. Roper Memorial Scholarship

The scholarship was established through the will of Mary Withers Roper to assist worthy students of the university.

The Roy Scholarship Fund

This fund was established in 1978 by Dr. Max F. Roy, class of 1931, to award scholarships without regard to need.

The Willie Rowell and Ruth Andrews Scholarship

This scholarship was established through the will of Willie A. Rowell to assist women students above the rank of freshman who might otherwise not be able to attend the university.

The Z. W. Salsburg Memorial Award

Established in 1970 in memory of Dr. Z. W. Salsburg, professor of chemistry, in recognition of his interest in students and his devotion to excellence, this award is given annually to outstanding chemistry students.

The Christine Croneis Sayres Memorial Art Award

Established in memory of Christine Croneis Sayres, this award can be used in four categories: (1) scholarships for art majors, (2) grants to a graduating senior for graduate study or travel, (3) purchase of special equipment for the department, and (4) purchase of library books for the art department

The Jackie Schnell Memorial Scholarship

The scholarship was established in 1968 in honor of the late Diane Jackie Schnell, a Brown College student.

Scholarship from a Member of the Class of 1919

This scholarship was established in 1976 by a Rice alumnus in the class of 1919 to provide an annual scholarship to a freshman with a record of excellent marks, a burning ambition to excel, and a financial need.

The Anita and Campbell Sewall Scholarship

This scholarship was established in 1973 to benefit students in need of financial assistance.

The Society of Rice University Women Scholarship

The scholarship was established in 1970 by the named donors to aid deserving women students.

The John Stauffer Scholarship in Chemistry

Established by the named donor in memory of the late E. S. Rothrock, class of 1917 and formerly a director of Stauffer Chemical Company, this is a tuition scholarship awarded to a deserving graduate or undergraduate student in the field of chemistry.

The Sara Stratford Scholarship

This scholarship in memory of Mrs. Stratford, first adviser to women, was established by her daughter, Mrs. William Bradshaw Torrens, class of 1918, for women students at Rice.

The L. P. Teas Scholarship

The scholarship was established in 1971 to be awarded to a student in geology.

The Radoslav A. Tsanoff Scholarships

The former students of Professor Tsanoff established these scholarships in his honor in 1974.

The Richard B. Turner Memorial Awards

Established in memory of Dr. Turner, professor of chemistry, these awards are given to graduate or undergraduate students in recognition of outstanding research in chemistry.

The Herschel M. Vaughan Scholarship

This scholarship was established in 1972 by family and friends in honor of the late Mr. Vaughan, class of 1933.

The Lady Washington Texas Centennial Award

The award is made annually to a woman student from funds donated by the Lady Washington Chapter of the Daughters of the American Revolution.

The Abe and Rae Weingarten Scholarship

The scholarship was established by the named donors in 1963 to assist qualified students in continuing their education.

The Harris Weingarten Scholarship

The scholarship was established in 1957 by Abe and Joe Weingarten in memory of their father.

The Elizabeth Aldridge Wells Scholarship

Established in 1973 under the will of the late Austin E. Clarkson as a memorial to his wife's mother, the scholarship is awarded to qualified students earning a substantial part of their expenses while attending school with due consideration given to character and scholastic ability.

The Blanche White Honor Scholarships

The scholarships, which were established in 1948, are awarded annually to students earning exceptionally high scholastic standing.

The Charles K. Wilbanks and Maidie Autrey Wilbanks Student Fund

This fund was established in 1976 by the will of Maidie Autrey Wilbanks for scholarships for outstanding freshman students.

The Willoughby C. Williams Scholarship

The family and friends of Mr. Williams, class of 1939, established this scholarship in 1977 in his memory.

Fellowships**Nettie S. Autrey Memorial Fellowship**

Graduate fellowships in science were established under the provisions of Mrs. Autrey's will.

Eleanor and Mills Bennett Fellowships

This fund was established in 1967 by Mills Cox to provide graduate fellowships in hydrology.

Samuel Fain Carter Fellowship

Established in 1932 by Carrie B. Carter in memory of her husband for a graduate fellowship in economics.

John Crowder Memorial Travelling Fellowship

This fellowship in architecture was established in 1977 in memory of Mr. Crowder, Rice architectural graduate, class of 1963.

Edgar Odell Lovett Prize

This fellowship was established in 1956 by H. Malcolm Lovett, class of 1921, and his wife, Martha Wicks Lovett, class of 1935, and is named for his father, who served as the first president of Rice from 1908 to 1946. It is awarded to a graduate student in mathematics.

Mrs. L. F. McCollum Fellowship

This fund was established in 1958 by Mr. and Mrs. L. F. McCollum to provide graduate fellowships for the advancement of fundamental knowledge.

Radoslav A. Tsanoff Fellowship in Philosophy

This fellowship was established in 1974 by the former students of the late Professor Tsanoff, who retired in 1973 after almost sixty years of service to Rice.

William Ward Watkin Travelling Fellowship

Named in memory of the first chairman of the Department of Architecture at Rice, this fellowship is sponsored by his daughter, Ray Watkin Hoagland, class of 1936, and the Rice Architectural Alumni Association. It is awarded annually on the basis of a competition among the fourth-year architecture students and is to be used for travel abroad.

Prizes and Awards

The Edward B. Arrants Award in Architecture

This award is a memorial to Edward Bowers Arrants, a graduate of the School of Architecture, class of 1925, and is presented to a student who shows outstanding professional promise.

The H. E. Bray Freshman Award

Established in 1961 by the late Dr. Hubert E. Bray, class of 1918, and his wife, Gertrude Boxley Bray, class of 1921, the award is given annually to the outstanding first-year student who is a member of Jones College.

The Emmett Brunson Fund

Established in 1969 by a gift from the late Henry M. Beissner, class of 1929, in honor of former Rice track coach Emmett Brunson, the award is presented annually to the most valuable performer of the varsity track and field squad as determined by vote of the squad. The fund was increased in 1972 by a distribution of the assets of the Beissner Foundation, and the additional income is to be used for a scholarship.

The Ralph Budd Award for Research in Engineering

Established in 1935 by Ralph Budd, former president of the Burlington Lines, the award is an engraved medallion presented each year for the best engineering thesis (M.S. or Ph.D.) submitted.

The William Dunlap Darden Medal in Architecture

The Darden Medal is awarded in memory of Mr. Darden, class of 1956, for an outstanding thesis.

The Mary Hayes Ewing Publications Prize in Southern History

This award was established in 1967 by the late Dr. Andrew Forest Muir, class of 1938, to be awarded annually to a Rice student or former student for the best article on Southern history published in a journal during the previous year.

The Max Freund Prize in German

The prizes was established in 1954 by former students of Professor Emeritus Max Freund in his honor to be awarded to a student of high academic standing who is pursuing a course of study in German language or literature.

The Barbara Field Kennedy Prizes in American History

These prizes, established to honor Barbara Field Kennedy, class of 1970, are awarded annually to undergraduate or graduate students whose overall academic performances are rated highest by the faculty of the Department of History.

The John W. Gardner Award in Humanities and Social Sciences

Established in 1959 by John W. Gardner, the award is a bronze medallion given to the graduate student doing the best piece of research and writing in the humanities and social sciences.

The Lady Geddes Prize in Writing

Established by Lord Geddes, former British ambassador to the United States, following an address delivered at Rice, the prize is awarded annually on the basis of a competition in writing open to all freshman and sophomore students.

The Claude W. Heaps Prize in Physics

The prize, provided by students and friends in memory of Dr. Claude W. Heaps, professor of physics, has been awarded annually since 1960 to one or more outstanding undergraduate students in physics.

The Captain Charles Septimus Longcope Award in History

Established in 1958 by Amy Longcope Hopkins in honor of her grandfather, a leader in the early development of Houston, the award is given annually for the best master's thesis in history or the best doctoral dissertation as selected by the Department of History.

The Robert Pilcher Quin Award

Established in 1931 in memory of a Rice freshman student-athlete who died in 1930, this award is presented to the best all-around graduating senior athlete in any sport on the basis of athletic ability, scholarship, leadership, and sportsmanship.

The James S. Waters Creativity Award

Established in 1965, this is a competitive prize awarded annually to an undergraduate student in engineering.

The H. A. Wilson Award

This award, established in memory of Dr. Harold A. Wilson, professor of physics, is given to the graduate student in physics who has made the most significant contribution based on a Ph.D. thesis.

Library Funds

Robert Cyrus Allen Fund

Established in 1953 by Florence Allen-Blair Hermida in memory of her father, the fund provides income for the purchase of French and Spanish periodicals.

Raymond and Florence Cook Memorial Fund

This fund was established in 1975 in memory of Raymond A. Cook, class of 1935, and Florence Bryan Cook, class of 1940, with the income used to purchase selected materials for the collections of the library.

Ruth Daugherty Memorial Fund

This fund was established in 1968 by Mrs. M. H. Hurlock in memory of Ruth Daugherty, class of 1917, with its income used for the purchase of books for the library.

Charles W. Hamilton Fund

Established by Houston National Bank and friends in memory of Charles Hamilton, class of 1928, this fund is used for the purchase of library materials.

Charles Fred and Lillian Kumpton Jewett

This fund was established in 1968 by Robert K. Jewett, class of 1936, in memory of his parents to be used for the acquisition of books for the library.

J. Frank Jungman Memorial Fund

This fund was established in 1973 in memory of J. Frank Jungman, class of 1920, to be used for the acquisition of books for the library.

Edward Watson Kelley Collection

This fund was established in 1967 by Mrs. Edward W. Kelley, class of 1925, Edward W. Kelley, Jr., class of 1954, and Mrs. Joseph E. Dittmar to be used to purchase books and papers in the area of American history.

Friends of Fondren Library Endowment

H. Malcolm Lovett, class of 1921, and his wife, Martha Wicks Lovett, class of 1935, established this fund in 1976 with the stipulation that its income be used to supplement normal budgeted amounts for the purchase of library materials.

Kyle W. Morrow Room Maintenance Fund

In 1973 Mr. and Mrs. Gordon West provided the funds for the remodeling and redecorating of the Library Lecture Lounge in memory of Mrs. West's brother, Kyle Morrow, class of 1934. In addition, they also provided an endowment fund for the maintenance of the room.

Edward Arrants Peden Research Foundation

Established in 1957 in memory of E. A. Peden by his wife, Cora Root Peden, this fund is used in behalf of Fondren Library for the purchase of historical research material.

Peter Fondren Underwood Fund

This fund was established by David M. Underwood in 1961 in memory of his brother. Its income is used from time to time to purchase rare items that may become available.

Waggaman Sisters Fund

This fund was established by the bequests of Camille Waggaman Brown, class of 1918, and her sister, Adele Waggaman, class of 1917, with its net income to be used for the purchase of books for the library.

Other Endowment Funds**The Abercrombie Laboratory Building Fund**

This fund was established by gifts from the J. S. Abercrombie Foundation and Cameron Iron Works.

Anonymous — Geology Fund

A member of the class of 1929 established this fund for the Department of Geology to support lecturers and visiting faculty who will significantly enhance and enrich the department's educational offerings to students.

The Brown Challenge Fund

In 1976 Rice received a challenge grant from the Brown Foundation which will extend over a ten-year period. The funds earned each year are placed in this endowment fund and its income is used for the operation of the university as approved by the board of governors and for no other purpose.

Brown Engineering Development Fund

This fund was established in 1968 by the Brown Foundation, Inc. to aid in the development of an outstanding undergraduate program in engineering.

George R. Brown Program for Excellence in Undergraduate Teaching

This fund was established in 1967 by the Brown Foundation, Inc. at the direction of George R. Brown, class of 1920, to provide income to be used to promote excellence in undergraduate teaching at Rice (1) through recognition by awards to faculty members whose teaching has been rated best by alumni evaluation, and (2) through seminars, experimental programs and other projects aimed to promote superior teaching.

The Buildings and Grounds Endowment Fund

The J. S. Abercrombie Foundation established this fund in 1977. Its income is to be used for the maintenance of buildings and grounds.

The George S. Cohen Memorial Fund

This fund, established in 1972 by gifts from faculty, staff and friends, honors Mr. Cohen and is administered by the Faculty Club Board in the general area of student aid, including loans and scholarships.

The Cohen-Blum Fund

This fund was established in 1973 by a trust created by George S. Cohen to provide for capital improvements to the Cohen House.

College Funds-Baker, Hanszen, Wiess

Three residential colleges, Baker, Hanszen and Wiess, have established endowment funds to be used for such things as scholarships, honoraria for speakers, and physical improvements for the individual college.

The Computational Facility Endowment

This endowment was established in 1968 by Dr. Henry H. Rachford, Jr., class of 1945, for continuing support of the maintenance and use of computational facilities on campus.

T. C. Edwards Fund

This fund was established in 1970 by a bequest from the estate of T. C. Edwards, class of 1925.

The Exxon Earth Sciences Fund

This fund was created by a gift of property from Exxon Co., USA in Clear Lake City and is used in furtherance of earth sciences education.

The J. S. Fulton Fund

Sam P. Worden, class of 1935, and his wife, Helen Saba Worden, class of 1938, established this fund. Its income is to be used for the purchase of books for Will Rice College in honor of Professor and Mrs. James Street Fulton.

Leroy Caleb Gibbon Fund

Established in 1958 in memory of his grandfather by Donald L. Gibbon, former member of the Rice geology department, this fund is to be used by that department.

The Gordon Fund

This fund was established in 1968 by gifts from the Gordon Jewelry Corporation and increased in 1972 by the Aron S. and Anaruth P. Gordon Foundation and the Harry B. and Aileen B. Gordon Foundation.

The Greenwood Fund

This fund was established in 1975 in memory of James Greenwood, M.D., and his wife, Ella Harris Greenwood, by their daughter, Mary Greenwood Anderson, class of 1938, and her husband, Ben M. Anderson.

The Walter G. Hall Fund

This fund was established in 1977 by Walter G. Hall, class of 1928, and his wife, Helen Lewis Hall, and is to be divided evenly between the Jesse H. Jones Graduate School of Administration and the Department of Sociology. This designation was made, "in the hope that it will contribute to a better understanding of the increasingly complex nature of our society."

The Hobby Fund

This fund was established in 1972 by the Hobby Foundation and Oveta Culp Hobby, trustee emeritus of the board of governors.

The Houston Endowment, Inc. Fund

The Jesse H. Jones Graduate School of Administration was established in 1974 with a founding grant from Houston Endowment, Inc. for general operating support of the Jones School.

The I.T.T. — George R. Brown Fund

This endowment was established by International Telephone and Telegraph Corporation in 1975 in honor of George R. Brown, director emeritus of I. T. T. and former

chairman of the Rice University Board of Governors, "in recognition of his significant and continuing contributions to the Corporation" and "his interest and thoughtfulness with respect to the university's activities through the years."

The J. Hugh Liedtke Fund

This fund was established in 1966 by the named donor, a member of the board of governors.

The Mary Ellen Hale Lovett Fund

This fund was established in 1973 by H. Malcolm Lovett, class of 1921, and his wife, Martha Wicks Lovett, class of 1935, to maintain the garden named for his mother and for a travelling fellowship in art, music and architecture.

The David Masterson Endowment Fund

This fund was established in 1966 for Hanszen College by Dr. William H. Masterson, class of 1935, and his wife, in memory of their son David, to be used for permanent improvement to the physical plant or for any educational facility of the college.

The J. C. McKallip Fund

This fund was established in 1975 by Carrie E. McKallip for general operating support of the Jesse H. Jones Graduate School of Administration.

The Stanley C. Moore Fund

This fund was established in 1978 by the named donor, an alumnus of the class of 1937 and member of the board of governors.

The Jane Blaffer Owen Fund

This fund was established in 1972 by the named donor for the religion department.

The Pennzoil Fund

This fund was established in 1977 by the Pennzoil Company for the operational support of the Jesse H. Jones Graduate School of Administration.

The Jack C. Pollard Fund

This fund was established in 1966 by the late Mr. Pollard, class of 1925 and trustee emeritus member of the board of governors.

The Quillian History of Religion Fund

This fund was established in 1954 by an anonymous donor for the purchase of books in the field of religion for Fondren Library in honor of Dr. Paul Quillian, who served as pastor of the First Methodist Church in Houston for many years.

The Robert H. Ray Memorial Fund

This fund was established by Mr. Ray, class of 1925 and trustee of the university, and was completed by his estate in 1969.

The Rice Sailing Club Endowment Fund

This fund was established in 1968 by Dr. Kenneth S. Pitzer, former president of Rice, to be used to cover premiums on insurance relating to activities of the Rice Sailing Club.

The Sewall Hall Maintenance Fund

This fund was established in 1974 through a bequest of Blanche Harding Sewall, class of 1917, to provide for the maintenance of Sewall Hall.

Walter B. Sharp Memorial Fund for Research in Pure and Applied Science

Established in 1931 by Estelle B. Sharp in memory of her husband, an early oil pioneer and co-founder with Howard Hughes, Sr., of the Hughes Tool Company, this fund is to be used in the area of geology and petroleum production research.

The Shepherd School of Music

In 1950 Sallie Shepherd Perkins established a fund in memory of her grandfather, Benjamin A. Shepherd, to create a school of music. In 1963 she bequeathed a major portion of her estate to that fund, and in the fall of 1975, the Shepherd School of Music enrolled its first class.

The E. Joe Shimek Fund

This fund was established in 1966 by the late Mr. Shimek, class of 1929 and member of the board of governors, and his wife, Evelyn Epley Shimek, class of 1929, and is designated for general operating expenses for the Jesse H. Jones Graduate School of Administration.

The Symonds Family Fund

This fund was established in December 1967 by the members of the H. Gardiner Symonds family.

The Vanzant Endowment Fund

This fund was established in 1968 by Dr. Thomas J. Vanzant, class of 1930, and his wife, Jane Amerman Vanzant, class of 1931.

The Wiess Science and Engineering Fund

This fund was established by Mr. and Mrs. Harry C. Wiess with the income to be used for technical training and research in science and engineering.

The Willoughby C. Williams Library Endowment Fund

This fund was established in memory of Mr. Williams, class of 1939 and vice president of American General Insurance Company, to be used to purchase books for the Jesse H. Jones Graduate School of Administration.

The Winters Family Fund

This fund was established in 1968 by W. G. Winters and his three sons, William G. Winters, Jr., class of 1939; James C. Winters, class of 1943; and Francis G. Winters, class of 1944. In 1976 the donors designated the fund for current operating expenses of the Jesse H. Jones Graduate School of Administration.

The Worden Endowment Fund

This fund was established in 1969 by Sam P. Worden, class of 1935, and his wife, Helen Saba Worden, class of 1938.

Other restricted endowment funds are not listed if they are in the process of accumulating or their income has not been made available.

Balance Sheet

June 30, 1978, with Comparative Totals

at June 30, 1977

(Note 1)

ASSETS**Cash, Receivables, and Other Current Assets:**

	Current Funds
Cash	\$ 3,312,076
Accounts receivable	372,849
Loans, net of allowance of \$499,000 at respective dates for loans doubtful of collection	—
Other current assets	464,299
	<u>4,149,224</u>

Investments (Note 3):

Marketable securities, quoted market of \$239,227,000 and \$224,516,000 at respective dates	159,070
Wholly owned corporations, at underlying equity (Note 4)	—
Mortgage and collateral loans	—
Oil and gas properties, less amortization of \$28,596,000 and \$28,419,000 at respective dates	—
Real estate and leasehold improvements, less amortization of \$5,054,542 and \$4,152,000 at respective dates	—
Undeveloped real estate and other	—
Interfund investments —	
Auxiliary and educational service facilities financed from endowment (Note 5)	—
Other	5,884,811
	<u>6,043,881</u>

Educational Plant, at cost (Note 5):

Land	—
Buildings and improvements	—
Equipment, furniture, and library books	—
Construction in progress	—
	<u>—</u>
Less — Allowance for depreciation on auxiliary and educational service facilities	—
	<u>—</u>
Total assets	<u>\$10,193,105</u>

**LIABILITIES AND
FUND BALANCES****Liabilities:**

Accounts payable	\$ 1,264,957
Deferred income and deposits	995,566
Deposits of collateral for securities loaned (Note 6)	—
Retirement funds (Note 7)	—
Commitments and contingencies (Note 9)	—
	<u>2,260,523</u>

Fund Balances:

U.S. Government and private grants refundable	188,308
University funds (Note 1) —	
Restricted	3,124,291
Reserved for commitments (\$553,023 unrestricted and \$426,867 restricted in 1978)	979,890
Unrestricted	3,640,093
Unrestricted funds functioning as endowment	—
Net investment in plant	—
	<u>7,932,582</u>
Total liabilities and fund balances	<u>\$10,193,105</u>

See notes to financial statements.

June 30, 1978				June 30, 1977
Endowment and Similar Funds	Plant Funds	Loan Funds	Total	Total
\$ 159,493	\$ —	\$ —	\$ 3,471,569	\$ 503,191
719,939	—	—	1,092,788	780,115
—	—	4,109,949	4,109,949	3,979,579
139,400	—	—	603,699	613,664
<u>1,018,832</u>	<u>—</u>	<u>4,109,949</u>	<u>9,278,005</u>	<u>5,876,549</u>
199,404,039	858,959	17,491	200,439,559	176,661,182
999,566	—	—	999,566	949,963
2,773,656	—	—	2,773,656	2,730,109
241,166	—	—	241,166	352,703
4,898,303	—	—	4,898,303	7,087,278
3,861,532	—	—	3,861,532	2,878,164
8,868,929	(8,868,929)	—	—	—
(6,499,943)	(34,338)	649,470	—	—
<u>214,547,248</u>	<u>(8,044,308)</u>	<u>666,961</u>	<u>213,213,782</u>	<u>190,659,399</u>
—	340,525	—	340,525	340,525
—	59,245,957	—	59,245,957	58,313,559
—	25,860,725	—	25,860,725	24,916,770
—	1,885,273	—	1,885,273	432,295
—	87,332,480	—	87,332,480	84,003,149
—	5,409,451	—	5,409,451	4,866,694
—	81,923,029	—	81,923,029	79,136,455
<u>\$215,566,080</u>	<u>\$73,878,721</u>	<u>\$4,776,910</u>	<u>\$304,414,816</u>	<u>\$275,672,403</u>
\$ 2,623,892	\$ —	\$ —	\$ 3,888,849	\$ 1,717,809
65,144	—	—	1,060,710	527,675
4,059,500	—	—	4,059,500	393,000
1,502,606	—	—	1,502,606	1,417,472
—	—	—	—	—
<u>8,251,142</u>	<u>—</u>	<u>—</u>	<u>10,511,665</u>	<u>4,055,956</u>
—	—	2,453,511	2,641,819	2,292,257
62,110,552	824,620	752,063	66,811,526	58,493,656
—	—	—	979,890	711,236
82,482,794	—	1,571,336	87,694,223	78,246,259
62,721,592	—	—	62,721,592	62,327,607
—	73,054,101	—	73,054,101	69,545,432
<u>207,314,938</u>	<u>73,878,721</u>	<u>4,776,910</u>	<u>293,903,151</u>	<u>271,616,447</u>
<u>\$215,566,080</u>	<u>\$73,878,721</u>	<u>\$4,776,910</u>	<u>\$304,414,816</u>	<u>\$275,672,403</u>

Statement of Changes in Fund Balances

for the Year Ended June 30, 1978

(Note 1)

	Current Funds	
	Unrestricted	Restricted
Revenues and Other Additions:		
Educational and general revenues (Note 2)	\$24,859,633	\$ 1,727,481
Auxiliary enterprises revenues	6,947,781	87,996
Gifts and bequests — restricted	—	2,145,549
Grants and contracts — restricted	—	7,632,050
Investment income — restricted	—	2,956,173
Oil and gas royalties	—	—
Realized gains on investments	—	—
Distributions from wholly owned corporations (Note 4)	—	—
Distributions of income from assets held by Rice Trust Inc. (Note 4)	—	—
Interest on loans receivable	—	—
U.S. Government advances	—	—
Expended for plant facilities (including \$2,130,125 charged to current funds expenditures)	—	—
Increase in underlying equity of wholly owned corporations (Note 4)	—	—
Total revenues and other additions	<u>31,807,414</u>	<u>14,549,249</u>
Expenditures and Other Deductions:		
Educational and general expenditures	20,954,500	11,828,770
Auxiliary enterprises expenditures	7,152,372	175,161
Indirect costs recovered	—	1,721,325
Refunded to grantors	—	17,919
Loan cancellations	—	—
Administrative and collection costs	—	—
Expended for plant facilities	—	—
Retirement of plant assets (Note 5)	—	—
Total expenditures and other deductions	<u>28,106,872</u>	<u>13,743,175</u>
Transfers Among Funds — Additions/(Deductions):		
Mandatory —		
Matching grants and gifts	—	(28,420)
Undesignated gifts (Note 1)	(176,879)	—
Provision for plant improvements (Note 8)	(1,316,093)	—
Funding of current unrestricted expenditures for equipment (Note 8)	1,272,811	—
Provision for contingencies (Note 8)	(658,021)	—
Unrestricted gifts and investment income allocated	(12,842)	—
Other voluntary transfers, net	(1,573,098)	29,621
Total transfers	<u>(2,464,122)</u>	<u>1,201</u>
Net Increase/(Decrease) for the Year	1,236,420	807,275
Fund Balance at Beginning of Year	<u>2,956,699</u>	<u>2,932,188</u>
Fund Balance at End of Year	<u>\$ 4,193,119</u>	<u>\$ 3,739,463</u>

See notes to financial statements.

Endowment and Similar Funds

Plant Funds

Income Restricted	Income Unrestricted	Functioning as Endowment	Unexpended	Investment in Plant	Loan Funds
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
6,274,741	1,828,746	—	—	184,168	27,000
—	—	—	—	—	—
785,855	—	—	50,528	—	10,441
—	1,104,860	—	—	—	—
215,693	3,557,609	671,830	—	—	—
6,329	1,733,158	—	—	—	—
—	—	—	109,107	—	—
—	—	—	—	—	89,533
—	—	—	—	—	281,029
—	—	—	—	4,611,252	—
—	49,603	—	—	—	—
<u>7,282,618</u>	<u>8,273,976</u>	<u>671,830</u>	<u>159,635</u>	<u>4,795,420</u>	<u>408,003</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	25,216
—	—	—	—	—	18,300
—	—	2,461,117	20,010	—	—
—	—	—	—	1,286,751	—
—	—	<u>2,461,117</u>	<u>20,010</u>	<u>1,286,751</u>	<u>43,516</u>
113,862	—	(113,862)	—	—	28,420
—	176,879	—	—	—	—
—	—	1,316,093	—	—	—
—	—	(1,272,811)	—	—	—
—	—	658,021	—	—	—
—	—	12,842	—	—	—
10,638	(50,520)	1,582,989	—	—	370
<u>124,500</u>	<u>126,359</u>	<u>2,183,272</u>	<u>—</u>	<u>—</u>	<u>28,790</u>
7,407,118	8,400,335	393,985	139,625	3,508,669	393,277
54,703,434	74,082,459	62,327,607	684,995	69,545,432	4,383,633
<u>\$62,110,552</u>	<u>\$82,482,794</u>	<u>\$62,721,592</u>	<u>\$824,620</u>	<u>\$73,054,101</u>	<u>\$4,776,910</u>

**Statement of Current Funds Revenues,
Expenditures, and Other Changes**

for the Year Ended June 30, 1978,
with Comparative Totals for 1977
(Note 1)

	Year Ended June 30, 1978			Year Ended June 30, 1977
	Unrestricted	Restricted	Total	Total
Revenues:				
Educational and general —				
Student tuition and fees	\$ 8,101,120	\$ 318,687	\$ 8,419,807	\$ 8,062,667
Government grants and contracts	1,479,851	4,597,226	6,077,077	5,695,714
Gifts and private grants (Note 2)	1,666,832	2,791,720	4,458,552	4,520,010
Endowment income (Note 3)	13,332,744	2,956,173	16,288,917	14,686,503
Sales and services of educational and service departments	110,079	1,158,390	1,268,469	1,237,866
Other sources	169,007	101,572	270,579	356,149
Total educational and general	<u>24,859,633</u>	<u>11,923,768</u>	<u>36,783,401</u>	<u>34,558,909</u>
Auxiliary enterprises	6,947,781	80,163	7,027,944	6,681,195
Total revenues	<u>31,807,414</u>	<u>12,003,931</u>	<u>43,811,345</u>	<u>41,240,104</u>
Expenditures and Mandatory Transfers:				
Educational and general —				
Instruction and departmental research	8,650,243	4,494,374	13,144,617	12,124,384
Sponsored research	—	4,884,314	4,884,314	4,743,238
Other sponsored programs	—	1,255,059	1,255,059	1,121,194
Library	1,735,322	250,690	1,986,012	1,797,515
Student services	874,675	21,180	895,855	825,651
Operation and maintenance of plant	2,428,891	245,785	2,674,676	2,790,897
General administration	2,722,685	52,904	2,775,589	2,279,990
General institutional	1,239,184	68,980	1,308,164	1,297,474
Student aid	3,303,500	555,484	3,858,984	3,551,724
Educational and general expenditures	<u>20,954,500</u>	<u>11,828,770</u>	<u>32,783,270</u>	<u>30,532,067</u>
Mandatory transfers for —				
Provision for plant improvements (Note 8)	1,316,093	—	1,316,093	1,214,185
Loan fund matching grant	—	28,420	28,420	11,059
Undesignated gifts (Note 1)	176,879	—	176,879	554,558
Total educational and general	<u>22,447,472</u>	<u>11,857,190</u>	<u>34,304,662</u>	<u>32,311,869</u>
Auxiliary enterprises	7,152,372	175,161	7,327,533	6,756,801
Total expenditures and mandatory transfers	<u>29,599,844</u>	<u>12,032,351</u>	<u>41,632,195</u>	<u>39,068,670</u>
Revenues Over (Under) Expenditures and Mandatory Transfers	<u>2,207,570</u>	<u>(28,420)</u>	<u>2,179,150</u>	<u>2,171,434</u>
Other Transfers and Additions/(Deductions):				
Excess of restricted receipts over (under) transfers to revenues	—	823,993	823,993	(490,207)
Refunded to grantors	—	(17,919)	(17,919)	(36,633)
Funding of current unrestricted expenditures for equipment (Note 8)	1,272,811	—	1,272,811	865,222
Unrestricted gifts and investment income allocated	(12,842)	—	(12,842)	(898,647)
Provision for contingencies (Note 8)	(658,021)	—	(658,021)	(607,093)
Other voluntary transfers, net	<u>(1,573,098)</u>	<u>29,621</u>	<u>(1,543,477)</u>	<u>(3,813,999)</u>
Net other transfers and additions/(deductions)	<u>(971,150)</u>	<u>835,695</u>	<u>(135,455)</u>	<u>(4,981,357)</u>
Cumulative Effect of Change in Accounting Principle (Note 2)	<u>—</u>	<u>—</u>	<u>—</u>	<u>569,555</u>
Net increase/(decrease) in fund balances	<u>\$ 1,236,420</u>	<u>\$ 807,275</u>	<u>\$ 2,043,695</u>	<u>\$ (2,240,368)</u>

See notes to financial statements.

Notes to Financial Statements

June 30, 1978

(1) Summary of significant accounting policies —

Basis of accounting —

The financial statements of William Marsh Rice University have been prepared substantially on the accrual basis of accounting except for depreciation accounting as explained in Note 5 below. To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures. To the extent these expenditures are funded from the reserve for plant improvements (Note 8), such amount is transferred from endowment and similar funds. The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses. The financial information shown for 1977 in the accompanying financial statements is included to provide a basis for comparison with 1978 and presents summarized totals only.

Fund accounting —

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the university are maintained in accordance with the principles of "fund accounting." Fund accounting is a procedure by which resources are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Although separate accounts are maintained for each fund, funds that have similar characteristics have been combined into fund groups and all financial transactions have been reported by those fund groups in the accompanying financial statements.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of William Marsh Rice University's Board of Governors. Externally restricted funds may be utilized only in accordance with the purposes established by the source of such funds.

Gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and other assets is accounted for in the fund owning such assets, except for income derived from investments owned by endowment funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds. Restricted current funds receipts are reported as revenues and expenditures when expended.

Current funds —

The unrestricted current fund is used to account for those transactions related to the university's operating budget as approved by the board of governors.

The restricted current fund is used to account for funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended, and is also used to account for resources which have been designated for specific purposes by the university administration. The restricted current fund balance includes approximately \$617,000 at June 30, 1978, and \$515,000 at June 30, 1977, of administratively designated funds. Revenues and expenditures of such funds during 1978 included in the statement of current funds

revenues, expenditures, and other changes, were approximately \$1,783,000.

Endowment and similar funds —

Endowment funds are generally subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be expended. While funds functioning as endowment have been established by the board of governors for the same purposes as endowment funds, any portion of funds functioning as endowment may be expended at the discretion of the board of governors.

Income restricted endowment funds generally represent gifts and bequests received by the university for which the donors have stipulated that the principal is to be maintained inviolate and income resulting from investment of the funds may be expended for specified purposes. To the extent that programs have not been established for the specified purposes, or if the investment income exceeds the program expenditures, such income is added to the endowment fund balances. In addition, certain funds which are expendable but restricted by donors as to the specific purpose for which they may be expended have been designated by the board of governors to function as income restricted endowment funds. The income accumulated, together with funds designated to function as income restricted endowment funds, included in the income restricted endowment fund balance at June 30, 1978, is approximately \$12,000,000. This portion of the funds may be expended, at the discretion of the board of governors, to fulfill the funds' restricted purposes.

Other endowment funds consist of income unrestricted endowment funds, including the founder's endowment, and funds functioning as endowment. Income unrestricted funds represent gifts and bequests, including those without any designated obligatory use which according to a legal interpretation of the university's charter are required to be added to endowment, together with allocated realized capital gains and losses that are maintained inviolate. Income earned by investment of these funds may be expended for unrestricted operations.

Loan funds —

Loan funds include gifts and grants which are limited by donors to the purpose of making loans to students or faculty and funds of the university which have been designated by the board of governors as loan funds. Also included in these funds is the National Direct Student Loan Program financed primarily by the Federal government and administered by the university.

Plant funds —

Plant funds consist of the total invested in the educational plant together with unexpended gifts, grants, and reserves which are held for acquisition, replacement, or construction of physical properties.

Gifts —

It is the policy of the university to include gifts in revenues or as additions to the appropriate fund balances only when received. Accordingly, pledges or assets held in trust are recorded as gifts as they are received by the university. See Note 2 for the effect of the change, during 1977, in accounting for annual fund drive gifts.

Pledges outstanding, which are not recorded in the accompanying financial statements, are as follows:

	June 30	
	1978	1977
Current funds —		
Unrestricted	\$ 101,000	\$ 152,000
Restricted	481,000	749,000
Total current funds	582,000	901,000
Plant and endowment funds	3,004,000	4,758,000
Total pledges	<u>\$3,586,000</u>	<u>\$5,659,000</u>

Assets having a market value of approximately \$12,881,000, consisting primarily of marketable securities, mortgage loans, and real estate were held and administered by Rice Trust Inc. at June 30, 1978, and are not recorded in the accompanying financial statements. These assets are subject to the life income interests of certain beneficiaries, several of whom are minors. The amount and timing of the ultimate distribution to the university of its remainder interest is therefore not determinable.

(2) Change in accounting for gifts —

During 1977, the university changed its policy with respect to recognition of gifts received in connection with the annual fund drive for unrestricted operating funds. It had been the university's policy to defer recognition of such gifts as revenues until the academic year following the year received. As of July 1, 1976, the policy was adopted to include these unrestricted annual fund drive gifts as revenues when received. This change had the cumulative effect of increasing 1977 beginning current unrestricted fund balance by \$569,555.

(3) Investments —

Investments are recorded at cost at date of acquisition or fair market value at date of donation in the case of gifts, except for investments in wholly owned corporations (Note 4) and certain donated interests in undeveloped real estate which are recorded at a nominal value plus costs incurred for taxes and maintenance (approximately \$299,000 in 1978 and \$214,000 in 1977) subsequent to the date of acquisition.

Premiums or discounts applicable to nonconvertible bonds are amortized over the life of the bonds. Realized gains and losses on the sale of marketable securities are determined by the average cost method.

Most income restricted endowment funds participate in a common pool which is operated on a market value basis. Those income restricted funds which by the terms of the gift do not permit participation in such a pool are maintained on a separate investment basis.

Other endowment funds, together with interfund investment amounts of other funds, are commingled for investment purposes in the general investment pool. Interfund investments do not share in the general investment pool's gains and losses but are allowed interest.

Income from investments in marketable securities as a percent of total investments in marketable securities and net gain on sales is as follows (dollars in thousands):

	Total Investments in Marketable Securities at June 30		Yield on Cost	Yield on Market	Realized Gain on Sales
	Cost	Market			
1978	\$200,440	\$239,227	6.2%	5.2%	\$1,713
1977	\$176,661	\$224,516	5.8%	4.6%	\$ 679

Realized gains on investments of the unrestricted endowment funds also include \$2,732,000 realized on sales of investments other than marketable securities.

Portions of investment income from oil and gas properties and improved real estate held for investment are retained in the endowment funds for the purpose of asset recovery. The portion of real estate investment income retained in the endowment funds is approximately equal to that percentage of net receipts which will recover the cost of improvements over their estimated lives. A corresponding amount is recorded as amortization of real estate and real estate improvements in the endowment funds until the cost of the improvements has been fully recovered. Real estate investment income not retained in the endowment funds is recognized as endowment income in the current funds as described in Note 1.

Of the investment income from oil and gas properties, 27½ percent of the net receipts from properties acquired prior to July 1, 1972, and receipts in excess of an eight percent annual rate of return on the unamortized cost of properties acquired subsequent to July 1, 1972, are retained in the endowment funds. Corresponding amounts are recorded as amortization of the separate property groups (properties acquired prior to July 1, 1972, and properties acquired after that date) until the property groups have been fully amortized, at which time 27½ percent of the net receipts from the properties continues to be retained in the endowment funds. Net receipts not retained in the endowment funds (\$3,069,000 in 1978 and \$3,140,490 in 1977) are recognized as endowment income in the current funds.

(4) Investments in wholly owned corporations —

The financial statements include all assets, liabilities, and fund balances of the university except certain separately incorporated but related entities for which the university is fiscally responsible. These corporations are included in the endowment and similar funds balance sheet at underlying equity. In the accompanying statement of changes in fund balances, distributions to the current funds are included in educational and general revenues. Condensed financial statements of these corporations follow:

Condensed Statement of Financial Position

June 30, 1978 and 1977

	1978	1977
Cash	\$ 175,237	\$ 281,967
Gas production payments	3,523,484	13,742,369
Marketable securities, quoted market of \$506,764 and \$536,016 at respective dates	529,370	539,363
Real estate and other assets, at cost or fair market value at date of donation	384,532	391,694
Total assets	<u>4,612,623</u>	<u>14,955,393</u>
Long-term debt, secured by gas production payments	3,523,484	13,742,369
Other liabilities	89,573	263,061
Total liabilities	<u>3,613,057</u>	<u>14,005,430</u>
Investment in wholly owned corporations, at under- lying equity as included in the accompanying balance sheet	<u>\$ 999,566</u>	<u>\$ 949,963</u>

Condensed Results of Operations

For the Years Ended June 30, 1978 and 1977

	1978	1977
Revenues	\$1,929,583	\$ 1,596,563
Expenses	132,866	198,528
Income before distributions	<u>1,796,717</u>	<u>1,398,035</u>
Distributions to (from) the University —		
Current unrestricted revenues	7,627	139,351
Unrestricted endowment	1,733,158	1,279,002
Restricted endowment	<u>6,329</u>	<u>(50,000)</u>
	<u>1,747,114</u>	<u>1,368,353</u>
Increase in underlying equity of wholly owned corporations as included in the accompanying statement of changes in fund balances	<u>\$ 49,603</u>	<u>\$ 29,682</u>

(5) Educational plant —

The educational plant is stated at cost. No provision is made for depreciation of educational buildings and equipment. Six and two-thirds percent of capitalized equipment is charged off (retired) each year.

Depreciation charges (\$580,700 and \$556,800 in 1978 and 1977, respectively) have been made to educational service and auxiliary operations for recovery of the cost of facilities used in these operations and not financed by gifts and grants. These charges are based substantially on estimated useful lives and are intended to reimburse endowment funds for amounts advanced to fund auxiliary and educational service facilities. In addition, interest (\$452,777 and \$447,138 in 1978 and 1977, respectively), at rates ranging up to eight percent, on the unreimbursed amounts advanced has been charged to educational service and auxiliary operations and is included in endowment income.

(6) Deposits of collateral for securities loaned —

The university received \$4,059,500 as collateral deposits for certain securities temporarily loaned to brokers. As of June 30, 1978, the securities on loan amounted to \$3,403,000 at cost (market \$3,903,500) and the collateral deposits were invested in commercial paper.

(7) Retirement plans —

During 1976, the university completed revision of its policies relating to administration of its retirement plans to comply with the provisions of the Pension Reform Act of 1974. Substantially all employees are eligible to participate in the Teachers Insurance and Annuity Association—College Retirement Equities Fund (TIAA-CREF) Retirement Plan for Faculty and Staff (a defined contribution plan). After amendment to the plan in 1976, substantially all benefits are vested and are administered by TIAA-CREF. Pension costs totaled \$900,000 in 1978 and \$800,000 in 1977 and were recorded as current funds expenditures.

Effective July 1, 1976, the university adopted the TIAA Direct Payment Group Annuity Plan which provides for the administration by TIAA of all minimum retirement benefits and all past

service benefits for eligible employees of the university and benefits accumulated for retired employees under a predecessor plan. During 1976, the board of governors designated \$880,000 of funds functioning as endowment to be added to the retirement funds in order to recognize the actuarially computed net present value of these benefits. The funds are being paid to TIAA in nine annual installments subject to actuarial revaluation based on actual experience and funding by TIAA.

(8) Provisions for plant improvements and contingencies —

Transfers equal to five percent of unrestricted endowment income (exclusive of certain endowment funds for which donor restrictions preclude such a provision), as a provision for contingencies, and 10 percent, as a provision for plant improvements, have been made from current unrestricted funds to funds functioning as endowment. Current unrestricted expenditures for equipment (\$1,272,811 in 1978) and certain other plant additions (\$2,312,477 in 1978) are funded by charges against funds functioning as endowment.

(9) Commitments and contingencies —

There are several suits and claims pending against the university, the effect of which cannot be estimated at this time; however, legal counsel for the university believes that the ultimate liability, if any, will not be material to the university's financial position.

The university was committed under contracts at June 30, 1978, for capital improvements of approximately \$2,155,000 to be financed primarily from funds functioning as endowment.

Auditors' Report

To the Board of Governors,
William Marsh Rice University:

We have examined the balance sheet of William Marsh Rice University (a nonprofit Texas corporation) as of June 30, 1978, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of William Marsh Rice University as of June 30, 1978, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

Houston, Texas
October 18, 1978

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June 30, 1978

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Jack C. Pollard**
Oil Operator

Governor Advisors

John W. Cox
President and
Director (Retired),
General Package Corporation
and Automatic Canteen
Company of America
Sam S. Emison
Senior Vice-President
and Director (Retired),
Strauffer Chemical Company
James W. Hargrove
Chairman of the Board,
Vaughan, Nelson, Hargrove,
Inc.

Gerald D. Hines
President,
Gerald Hines Interests

Carl Illig
Attorney

**Deceased 8/21/77

Jack S. Josey
President,
Lenoir M. Josey, Inc.
Howard B. Keck
Chairman of Board,
Superior Oil Company

J. Hugh Liedtke
Chairman of Board,
Pennzoil Company

J. W. McLean
Chairman of Board,
Liberty National Bank and
Trust Company

John W. Mecom
Oil Operator

James R. Meyers
Judge, 126th District
Court, Travis County

Stanley C. Moore
Chairman Emeritus,
Smith International

Haylett O'Neill, Jr.
Exxon (Retired)

J. Howard Rambin
Chairman of Board (Retired),
Texaco, Inc.

F. Fisher Reynolds
Mandrel Industries (Retired)

Frank B. Ryan
Athletic Director,
Yale University

John D. Simpson
Chairman of Board,
Superior Dairies, Inc.

Harry K. Smith
Chairman of Board,
Big Three Industries, Inc.

Milton R. Underwood
Vice-Chairman of Board,
Underwood, Neuhaus
and Company

Talbott Wilson
Partner,
Wilson, Crain, Anderson &
Reynolds, Architects

James O. Winston, Jr.
Former Director,
Rowles, Winston & Company

Benjamin N. Woodson
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