

NORTH DAKOTA STATE UNIVERSITY FOUNDATION AND ALUMNI ASSOCIATION

FUND GUIDELINES

Purpose

The NDSU Foundation and Alumni Association (“Foundation”) establishes and manages funds according to the following guidelines. The Foundation is committed to building enduring relationships that maximize advocacy and philanthropy to support North Dakota State University (“University”). The Foundation solicits, receives, records, and administers private gift funds in collaboration with the University. Both have a fiduciary responsibility to donors to ensure that funds are utilized in accordance with the terms and conditions of the gifts. In addition, these standards ensure endowment and expendable funds shall be sufficient in size to support the desired purposes, while providing the University with the flexibility needed to achieve strategic objectives.

Fund Types

Expendable (or Current Use) Funds are resources received by the Foundation that are available for immediate expenditure to carry out the University’s mission.

Current restricted funds have externally imposed (donor) limitations or stipulations placed on their use, but are intended for current purposes, such as scholarships, program support, research or maintenance.

Current unrestricted funds have no limitations or stipulations placed on them by external agencies or donors, nor have been set aside for endowment purposes.

Endowment (or Permanent) Funds are resources received by the Foundation where the donor gift or principal amount is invested in the Foundation’s pooled endowment to provide both income and long-term growth. Individual endowment funds are comprised of a specific number of “units” or shares within the endowment that generate annual income either for distribution use or to be returned to principal. Investment and spending policies for the endowment are governed by a separate Investment Policy Statement.

Restricted endowments are amounts that have been contributed with donor-specified restrictions that the gift be invested in perpetuity. Income from those investments may also be restricted for specific purpose(s) by the donor. Only donors can permanently restrict a gift.

A **permanent endowment** is a fund created by a donor (or other external party) with the stipulation, as a condition of the gift agreement (or other directions), that the principal is to be maintained and invested in perpetuity to produce income, investment growth, or both.

A **term endowment** is created when a donor (or other external party) specifies that the funds must be held and invested until the passage of a specified time or the occurrence of a specified event, after which all or part of the principal may be expended. The donor (or other external party) also specifies what is to be done with the income and investment growth during the specified period. In some cases, those earnings are subject to a purpose restriction established in the gift agreement. However, it is not uncommon for the terms to require that those earnings be added to principal during the specified period.

NORTH DAKOTA STATE UNIVERSITY FOUNDATION AND ALUMNI ASSOCIATION

FUND GUIDELINES

Unrestricted endowments are funds functioning as an endowment that are typically established by the Foundation from either a donor gift or unrestricted funds, and will be retained and invested rather than expended. The principal may be expended as stipulated by the donor, University, or Foundation Executive Governing Board (“Board”), as detailed below. Generally, the minimum guidelines for the creation of endowments is followed and a minimum time period for which the resources must be invested is set. UPMIFA, the law governing endowments, does not apply to unrestricted endowments because the limitation that requires their investment is established internally rather than in a gift agreement. However, as a practical matter, the Foundation does not distinguish between the endowment types when applying the investment management and spending policy.

Quasi-endowment: The donor’s intent is to have a fund function as an endowment without being held in perpetuity. Typically the donor does not want the endowment spending policy applied as they request a specific amount be expended annually. Principal and earnings may be expended according to the donor’s wishes as stated in a gift agreement. It is important for donors to understand with this option 1) the fund is subject to an equitable share of the investment returns and losses of the endowment as a whole, 2) the principal of their gift is not required to be held in perpetuity and could be fully expended in order to comply with the donor’s wishes, and 3) the fund is subject to the annual endowment fee as detailed in the Foundation’s Fee Assessment Policy.

Unrestricted departmental/program/research endowment: The University decides to invest a gift into an endowment in which there is no evidence of the donor’s intent to put a permanent time restriction on the gift.

Board-designated endowment: The Foundation’s Board may elect to invest currently available unrestricted resources as if they were subject to endowment restrictions. Essentially a determination is made that a portion of currently available resources should be invested for the long term rather than spent for current purposes.

Building or Capital Funds are resources received by the Foundation to provide for construction of new University facilities or renovation of existing facilities, or for the purchase of real property.

Unrestricted Gifts

All outright gifts and bequests received by the Foundation without a donor restriction where there are no other determining factors or received for distribution “at the discretion of the President” shall be designated as follows:

- Unrestricted single outright gift or bequest:
 - Greater than \$25,000 - distributed at the discretion of the University President;
 - Less than \$25,000 - distributed to the NDSU Impact Fund.

NORTH DAKOTA STATE UNIVERSITY FOUNDATION AND ALUMNI ASSOCIATION

FUND GUIDELINES

Restricted Gift Funds

General Policies

To ensure that the Foundation adheres to donor preferences when establishing and designating restricted gift funds and making expenditures, and to guard against the creation of idle funds resulting from overly restrictive clauses, these guidelines should be followed when discussing terms with a prospective donor:

- Fund terms and restrictions should accurately reflect donor intention and allow for maximum use and spending flexibility by the University;
- Use of the fund may not be administered by a donor, group of donors or designees outside of the University;
- Gift minimums have been established for various types of restricted gift funds, as detailed below;
- The donor may choose to pledge the minimum amount over a period of up to 5 years. Pledges over 5 years require approval of the President/CEO and CFO of the Foundation before accepting a donor's commitment.
- Naming guidelines for restricted gift funds are detailed in the separate Naming Guidelines document;
- Gift agreements generally stipulate the donor(s) name, gift amount, gift designation, and payment period, if applicable, in a written document to the Foundation. These agreements can take several forms, such as a pledge agreement, statement of intent, or a handwritten note from the donor(s). See the Foundation's Gift Acceptance Policy for further information on gift agreements;
- Questions regarding the appropriateness of terms stipulated by the donor(s) should be referred to the Vice President of Development or Senior Vice President of Finance and Operations.

Awaiting Designation Fund

The Foundation utilizes the Awaiting Designation Fund to hold a gift pending designation by the donor(s). Gifts and pledges should not remain in this fund for longer than a one-year period and shall be reviewed at the end of each fiscal year.

Memos of Understanding

Memos of Understanding (MOUs) are key, legal instruments in ensuring that the agreement between donor(s) and the Foundation on behalf of the University is mutually acceptable and understood, and that the gift shall be used according to the donor(s) intentions. MOUs are required when establishing a new endowed fund or expendable fund. An MOU accompanies the restricted gift fund while a gift agreement accompanies the gift, such as a pledge or statement of intent. A fully executed MOU is required to be on file prior to any expenditure of gift funds.

Establishing a Restricted Gift Fund (Endowed or Expendable)

To establish a new restricted gift fund, a formal MOU signed by the donor(s), the Foundation, and the University is required. The Donor Compliance Services Department is responsible for ensuring the process is timely and accurate utilizing established forms and procedures. Draft MOUs are routed for University and Foundation approval prior to being presented to a donor.

NORTH DAKOTA STATE UNIVERSITY FOUNDATION AND ALUMNI ASSOCIATION

FUND GUIDELINES

The University signatures on the final MOU are as follows:

- Department funds: Dean and Department head
- College funds: Provost and Dean
- Athletics funds: President and Athletics Director
- Interdisciplinary funds: President and Provost
- For funds greater than \$1,000,000 the President of the University shall always be an additional signer.

The President/CEO of the Foundation signs the MOU on behalf of the Foundation.

Endowed Fund Minimum Gift Levels

Below are the minimum amounts required to establish a specific type of endowed fund at the Foundation for the benefit of North Dakota State University. The donor may choose to pledge the minimum amount over a period of up to 5 years. These naming levels shall be subject to review and updates based on economic conditions present at North Dakota State University.

Academic Unit Support

Naming a college, school, department, center, institute or academic program shall require a significant endowed gift that shall generate resources to strengthen and build excellence in academic and research programs. The amount needed shall vary by college/unit and shall be determined by the size, operating budget, national ranking, and visibility of the program, as well as benchmarked against other peer institutions. Academic unit support requires an endowment that shall, at a minimum, generate earned interest equivalent to 20% of the college/unit's general fund operating budget utilizing the greater of 1) current budget or 2) the 5 year average.

This requires very early involvement and approval by the University President, Foundation and Alumni Association President/CEO, Provost, appropriate Dean/Director, and in some cases, the State Board of Higher Education. Exceptions to the guidelines require the approval of the above listed persons. No more than one-half may be in the form of an irrevocable deferred gift. The total gift commitment shall have a present value equal to the required minimum gift.

Faculty and Non-Academic Positions

Named faculty and non-academic positions are created to recognize and augment support for outstanding faculty and other non-academic staff or coaching positions. Acceptable expenditures of funds include but are not limited to salary supplement, equipment and supplies for a faculty member or his/her research, student support, and professional travel. The final choice of the recipient of each position shall be determined by the University's established procedures for named faculty and non-academic positions.

Dean's Chair \$2 Million - \$5 Million Range (dependent on Academic Unit)

A named dean's chair endowment fund provides a strategic and flexible resource for a dean to advance his/her vision mission in the college.

NORTH DAKOTA STATE UNIVERSITY FOUNDATION AND ALUMNI ASSOCIATION

FUND GUIDELINES

Faculty Chair \$5 Million (Research), \$3 Million (Non-Research)

A faculty chair is an honor bestowed by the University on an outstanding member of the faculty.

Faculty Professorship \$1.5 Million (Research), \$1 Million (Non-Research)

A named professorship recognizes distinguished faculty. Targeted for tenure-track, tenured, full professor level positions. A professorship enables the University to strengthen its academic programs by recruiting, recognizing, or retaining educators, scholars, and researchers who are established in their field or are emerging stars. The named professorship is an honor bestowed by the University on an outstanding member of the faculty or an individual who has a proven record of distinguished professional work.

Faculty Fellowship \$750,000

Recognizes the leadership potential of talented faculty and encourages professional growth, particularly in the early stages of their careers. Targeted for tenure-track, tenured, assistant/associate professor level positions.

Key Administrators and Athletic Coaches – Amount Varies

Naming opportunities for high-level, non-academic staffing positions and athletic coaches are made available on a case-by-case basis and are funded at an appropriate gift minimum approved by the University President.

Endowment Activation for Faculty and Non-Academic Positions: If pledged over multiple years, earnings should normally be re-invested and faculty recipients should not be named until the endowment is fully funded, although exceptions can be made by the Provost for academic positions and the University President for all other positions.

Student Support

Scholarships and graduate fellowships provide financial assistance for students to help finance their education. The donor(s), University representative, and Foundation representative will determine the name applied to and criteria to award the scholarship or graduate fellowship based on merit, demonstrated financial need, or both. These funds may benefit students university-wide, or be designated for awarding in a college, department, or program and may or may not be renewable.

Graduate Fellowship \$150,000

Endowed fellowships for graduate students not only help make the cost of higher education attainable, they also attract the top graduate students who assist with teaching and research and stimulate opportunities for learning and discovery. Fellowships are often developed to provide stipends for graduate research assistants; as salary supplements for teaching or research assistants; to offset tuition, fees and book costs; as research awards; and as travel awards to attend professional conferences.

Undergraduate/Graduate Scholarship \$25,000

NORTH DAKOTA STATE UNIVERSITY FOUNDATION AND ALUMNI ASSOCIATION

FUND GUIDELINES

General Academic Support

Departmental/Program/Research Endowment \$25,000

Provides general or specific support to a college, department, or program. Specific areas of support may include research, equipment, library materials, etc.

Expendable Funds Minimum Gift Levels

The purpose of an Expendable Fund is to provide current use gifts restricted by a donor for a specific purpose. These funds are not invested as part of the Foundation's endowment, but rather made available, in their entirety, for immediate use.

Types of Expendable Funds and their corresponding minimum amounts are listed below. The donor may choose to pledge the minimum amount over a period of up to 5 years.

Faculty and Non-Academic Positions

Gifts for faculty and non-academic positions in general must match the term of appointment for the position as established by the University.

Faculty Chair \$1 Million (or at least \$200,000 annually for 5 years) (Research), \$600,000 (or at least \$120,000 annually for 5 years) (Non-Research)

Faculty Professorship \$300,000 (or at least \$60,000 annually for 5 years) (Research), \$200,000 (or at least \$40,000 annually for 5 years) (Non-Research)

Faculty Fellowship \$150,000 (or at least \$30,000 annually for 5 years)

Key Administrators and Athletic Coaches – Amount Varies

Student Support

Graduate Fellowship \$50,000 (or at least \$10,000 annually for 5 years)

Undergraduate/Graduate Scholarships \$5,000 (or at least \$1,000 annually for 5 years)

General Academic Support

Departmental/Program/Research Support (specific purpose) \$25,000 (or at least \$5,000 annually for 5 years)

Prospective donors wishing to provide annual support for any of the above categories for amounts less than stated, or for a period of less than five years, may do so. However, these gifts shall be placed in and awarded from a University unit's general support fund; individual gift funds shall not be created for these gifts; the donor cannot name the fund; the donor cannot specify how the gifts are to be used/awarded; and these gifts do not qualify for naming opportunities.

NORTH DAKOTA STATE UNIVERSITY FOUNDATION AND ALUMNI ASSOCIATION

FUND GUIDELINES

Capital Project Minimums

A facility that is funded by both public and private support requires at least one-third of the total cost of the project OR levels predetermined as part of a specific fund-raising campaign’s approved naming opportunities. A facility that is funded totally by private gifts requires at minimum one-third of the total cost of the project OR levels predetermined as part of a specific fund-raising campaign’s approved naming opportunities. For this purpose, a current gift may include a pledge period of up to 5 years.

This requires early approval by the University President, in consultation with the Dean/Director, Facilities Management, Foundation President/CEO, and in some situations, authorization by the State Board of Higher Education, State of North Dakota. Exceptions to the guidelines require the approval of the University President. See the related Capital Project Guidelines for further information.


TABLE – Summary of Restricted Fund Minimum Levels

	Endowment	Expendable Total Commitment	Expendable Per Year
FACULTY & NON-ACADEMIC POSITIONS			
Dean’s Chair	\$2,000,000- \$5,000,000 (dependent on Academic Unit)		
Faculty Chair	\$5,000,000 (Research)	\$1,000,000 (Research)	\$200,000 (Research)
	\$3,000,000 (Non- Research)	\$600,000 (Non- Research)	\$120,000 (Non- Research)
Faculty Professorship	\$1,500,000 (Research)	\$300,000 (Research)	\$60,000 (Research)
	\$1,000,000 (Non- Research)	\$200,000 (Non- Research)	\$40,000 (Non- Research)
Faculty Fellowship	\$750,000	\$150,000	\$30,000
Key Administrators and Athletic Coaches	Varies	Varies	Varies
STUDENT SUPPORT			
Graduate Fellowship	\$150,000	\$30,000	\$6,000
Undergraduate/Graduate Scholarship	\$25,000	\$5,000	\$1,000
GENERAL ACADEMIC SUPPORT			
Departmental/Program/Research	\$25,000	\$25,000	\$5,000


NORTH DAKOTA STATE UNIVERSITY FOUNDATION AND ALUMNI ASSOCIATION

FUND GUIDELINES

Approvals

 5-4-17

Foundation President/CEO Date

 5-4-17

University President Date

Effective Date: Upon final signature above

Responsible Department: Finance and Operations

Revision History: 5/3/2017 AP

Related Documents:

- Foundation
 - Capital Project Guidelines
 - Fee Assessment Policy
 - Gift Acceptance Policy
 - Endowment Investment Policy Statement
 - Naming Guidelines
- University
 - Section 307.1 Institutional Organizational Notice and Approval
 - Section 902.12 Building Name
 - SBHE Policy 907 Plaques