Advancement Services Training

Friday, May 29, 2020
About the Foundation


To raise and manage gifts for the sole benefit of SF State

$137 million as of June 30, 2019
Governance

Foundation Board

Officers (Chair, Vice Chair, Immediate Past Chair, President, Secretary)

Ex-officio (University president, Provost, CFO, VPUA)

Directors (incl. student, faculty, staff rep)

Board meets 4 times per year
Governance (cont’d)

Executive Committee

Audit Committee

Committee on Athletics

Committee on Directors

Development Committee

Investment Committee

Public Affairs Committee
<table>
<thead>
<tr>
<th>University Employee (Position)</th>
<th>Foundation Role (Serving as…)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice President, University Advancement</td>
<td>President</td>
</tr>
<tr>
<td>AVP for Advancement Operations</td>
<td>Secretary &amp; Chief Financial Officer</td>
</tr>
<tr>
<td>Senior Director of Advancement Services</td>
<td>Director of Programs &amp; Technology</td>
</tr>
<tr>
<td>Senior Director of Finance &amp; Operations</td>
<td>Director of Finance</td>
</tr>
<tr>
<td>Associate Director of Stewardship &amp; External Relations</td>
<td>Same</td>
</tr>
<tr>
<td>Director of Communications, Foundation &amp; Alumni Engagement</td>
<td>Same</td>
</tr>
<tr>
<td>AVP, University Engagement &amp; Protocol</td>
<td>Events support</td>
</tr>
</tbody>
</table>
## Types of Endowment

<table>
<thead>
<tr>
<th>Permanent (true) Endowment</th>
<th>Temporary (term) Endowment</th>
<th>Quasi (board-designated) Endowment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000</td>
<td>All or part of principal may be used</td>
<td>&lt; $25,000 from planned gifts</td>
</tr>
<tr>
<td>60, 62</td>
<td>53</td>
<td>55</td>
</tr>
</tbody>
</table>
Donors who do not have the $25,000 minimum to establish an endowment are allowed some flexibility in doing so.

Current Terms & Requirements:

1. Donor makes an initial minimum gift of $5,000 towards the establishment of the endowment.

2. Donor agrees to make annual gifts to the spending account of $1,000 (the rationale is that the endowment would have generated about 4% had it been fully in place).

3. Donor agrees to fully fund the endowment within five (5) years.
4. If donor forfeits, the existing funds may be: 1) merged with another endowment fund that best meets the intent of the donor or 2) deposited in the Foundation’s general endowment account or 3) placed in a spending account to be used for the original purpose of the former endowment.

5. When the principal is met, the endowment is considered fully funded and the donor’s commitment is fulfilled.
Revenue

Endowment

1.25%  .75%

• Foundation Operations
• Investment fees

4%

• Distributions
• Scholarships, campus programs

+%  

• Reinvested

Foundation required to maintain 6 months of operating reserve
Endowment Distribution

The Foundation has implemented certain measures (spending policy) to determine how much can be distributed from the endowments each fiscal year.

- **Distribution is based on a 12-quarter moving average as of the December 31.**

- **Additional layers applied:**
  1. For endowments with balances more than 4% above contributions, we distribute 4%.
  2. For endowments with balances above water but less than 4% above contributions, we distribute 2%. 
3. There is no distribution when an endowment is underwater (i.e. when the balance is lower than the contributed amount).

4. There is no distribution in the first year a permanent/quasi-endowment is established to allow for growth.

- Reports are submitted to the donor(s), regardless of the endowment status.
- Endowment fees are assessed on endowments in the first year and also on endowments underwater.
Endowment Distribution (cont’d)

- Each Foundation account has a corresponding “spending” account that sits on the UCorp side.

- Funds must be transferred from a Foundation account to the spending account before it can be used. Transfers are not automatic.

- A “Request for Transfer of Funds” form should be submitted to the Foundation CFO/Treasurer for approval.

- The approved form is then submitted to UCorp to process the transfer and make disbursements.
Gift Agreements

- A gift agreement or an MOU is required to establish an endowment.
- A gift agreement is used when there is one or more donors involved.
- An MOU is used when there is no donor but the terms and conditions of the endowment need to be documented for implementation. For example, college-established endowment or a quasi-endowment.
- A gift agreement or MOU is the instrument that outlines the donor’s wishes as well as terms and conditions of the gift, including criteria for use and eligibility requirements.
- Gift agreements (for endowments only) are signed by the donor, dean of the college, AVP for University Development and the President of the Foundation.
- MOUs (for endowments only) are signed by the Dean and President or CFO of the Foundation.
Amending Endowments

One of three (3) ways:

1. Contact the donor to amend.

2. If donor is deceased and endowment amount is over $100,000 and under 20 years, file the change in probate court - work with legal counsel.

3. If donor is deceased and endowment amount is under $100,000 and over 20 years (i.e. old and small), notify Attorney General’s Office.

NOTE: For quasi-endowments, go back to Foundation Board.
# Foundation or UCorp?

<table>
<thead>
<tr>
<th></th>
<th>Foundation</th>
<th>University Corporation</th>
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</thead>
<tbody>
<tr>
<td>Gift Agreements for endowments</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Gift Agreements for current use gifts</td>
<td></td>
<td>X</td>
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<tr>
<td>Financial Reporting for current use gifts</td>
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<td>X</td>
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<tr>
<td>Endowment (donor) reports</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Request for Transfer of Funds from endowment to spending account</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Request for Transfer of Funds from spending account to spending account</td>
<td>X</td>
<td></td>
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<tr>
<td>Amending endowments</td>
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<tr>
<td>Payment requests</td>
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</tbody>
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Questions??

For more on Foundation policies, please visit our website at: http://sfsufdn.sfsu.edu/

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CFO, SF State Foundation
Email: venesia@sfsu.edu
Direct: (415) 405-4061
Next Advancement Services Trainings

June 26, 2020 - Endowment Distribution and Payout Practices (Venesia & Ucorp)

No July Training

August 27 or 28, 2020 – Updated CA Sales Tax and Auctions - (Lauren)