



NDSU FOUNDATION **DONOR RELATIONS GUIDELINES**

DECEMBER 2018

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NDSU FOUNDATION AND ALUMNI ASSOCIATION MISSION & VISION

OUR MISSION

Building enduring relationships that maximize the advocacy and philanthropy to support North Dakota State University.

OUR BELIEFS

We believe in connecting those who are passionate about NDSU.

We believe in developing partnerships involving teamwork, accountability and transparency to improve lives and outcomes of North Dakotans and the world.

We believe in stewardship, communication and service to advance the mission of our student-focused land-grant, research university.

1 INTRODUCTION

The breadth and depth of educational, research, arts and athletic programs across North Dakota State University (“NDSU”) requires creativity and customization of donor relations practices. Our responsibility to donors, however, requires some level of consistency in acknowledgement, recognition, communication and continued engagement related to the gifts they provide.

Donors to NDSU are a critical institutional resource. They have deep interests in or affinities to our departments, the arts and athletics programs and should always be considered our esteemed partners and friends. The goal of the donor relations operations of North Dakota State University Foundation (“Foundation”) is to nurture lifelong relationships that connect donors to the University in meaningful ways, to communicate the impact of giving to our donors, and to be intentional and proactive in our connections with donors.

Our donor relations plan contains an overview of roles and responsibilities, fiduciary responsibilities, examples of stewardship for different types of gifts, and a set of standards and guidelines for the Foundation, for the University and for the various colleges and other units. Our desire is that all donors have some continuity of stewardship experience around their philanthropy.

1.1 STANDARDS AND GUIDELINES

The NDSU Foundation Donor Relations Guidelines are designed to care for and protect our philanthropic support – the gifts and those who give them – in a way that responds to our donors’ expectations and respects the act of giving. These guidelines are intended as a regular resource for all Foundation staff, as well as University Deans, chairs, faculty, administrators and other department staff. This is a dynamic

document, subject to regular review and revision. The standards and guidelines defined in this document will be revised as necessary to better serve the University and its donors.

1.2 AREAS OF RESPONSIBILITY

Sound donor relations practice requires clear roles and responsibilities. Various departments within the NDSU Foundation and the University work together to provide strategic stewardship to cultivate, engage donors, and promote timely, effective donor relations responsibilities across the University.

- **Development**
 - Major and leadership giving
 - Planned giving
 - Prospect research
- **Outreach**
 - Events
 - Marketing and communications
 - Annual giving
- **Information Services**
 - Donor database maintenance
 - Reporting of gifts and donors
- **Donor Compliance Services**
 - Memorandums of Understanding – documenting donor intent
 - Endowment donor reports
 - Scholarship administration
 - Fund compliance auditing
- **Accounting**
 - Gift processing and tax receipts
 - Endowment unitization and spending policy
 - Fund management
- **Various Colleges/Departments**
 - Student thank you letter coordination
 - Scholarship recipient and donor events
 - Acknowledgement letters

1.3 RELATED POLICIES

[Confidential and Classified Donors policy](#) - Standards for all employees and individuals with access to the alumni database.

[Fee Assessment Policy](#) – Outlines the current fees that fund Foundation development, outreach, and operations, including a one-time assessment to cash gifts of 5% and an annual endowment fee of 1.89% assessed on the market value of an endowment.

[Fund Compliance Guidelines](#) - Outlines the Foundation's fiduciary responsibility to ensure that the terms and conditions under which donations are received and utilized are adhered to.

[Fund Disbursement Guidelines](#) - Governs the use of funds available to NDSU units in restricted gift funds held at the Foundation.

[Fund Guidelines](#) – Establishes the guidelines on how the Foundation manages funds.

[Gift Acceptance Policy](#) - Includes more detailed descriptions of the types of gifts that can be accepted and related policies and procedures.

[Investment Policy Statement](#) – This policy statement provides a framework for the investment and management of the endowed assets.

[Naming Guidelines](#) – Outlines consistent guidelines for naming opportunities.

[Open Meetings and Records Guidelines](#) – Summary of the laws pertaining to open records and open meetings.

[Privacy Policy](#) – Describes the type of information that the Foundation collects, how it is used, and how it is protected.

[Scholarship Guidelines](#) – Summary of the scholarship process, including awarding and confidentiality.

[University Student Privacy Policy](#) – The Family Educational Rights and Privacy Act of 1974 (FERPA) affords students certain rights with respect to their educational records.

1.4 STEWARDSHIP COORDINATION

Most donors give to specific colleges, departments, programs, or units within NDSU. Because of the enormity of our university, faculty and staff directly affiliated with those colleges/departments are best able to provide meaningful stewardship to donors. North Dakota State University's stewardship program aspires to provide a coordinated, organized structure that empowers and supports colleges/departments in their personalized stewardship efforts, in collaboration with the NDSU Foundation.

A college/department's stewardship contact is key to the success of this coordinated, organized, and personalized effort. It is most desirable to have one key stewardship contact in the college/department identified to work in collaboration with a designated director of development from the Foundation.

2 DONOR INFORMATION

Donor information is maintained in a centralized Foundation database. The Foundation has a series of privacy and data security policies that protect donor information. The [Privacy Policy](#) describes the type

of information that the Foundation collects and how it is used and is available on the Foundation's website. The Vice President of Information Services is responsible for assigning and approving access to Blackbaud's Raiser's Edge, Financial Edge and also the Foundation's shared folders for the stewardship team. Therefore, all users must be cognizant that all information made available through Foundation systems must remain confidential and be treated as such. The Blackbaud interface provides access to information from the alumni and friends database, therefore, adherence to all Foundation policies is required. Separate databases of donors, alumni, etc. should not be maintained by the University or colleges/departments.

The Vice President of Information Services is also responsible for routine maintenance of the network Active Directory, Blackbaud User Administration directory, Raiser's Edge Security directory and Financial Edge Security directory to ensure that users are coded with the need to know access or removed if they no longer require system access.

Additionally, there will be donor information available in the Office of Financial Aid and Scholarships within the AcademicWorks database system. That Office is responsible for the confidentiality and integrity of the data in that database.

Members of the Prospect Research team should also review Contact Reports for all college/department donors/prospects as agreed upon by the Vice President of Development. This will update the stewardship team on current engagement/communication/stewardship efforts regarding college/department donors.

2.1 CONFIDENTIALITY

All donor, student, and financial information made available through the Foundation systems and other databases is confidential and should always be treated as such. Any faculty, staff, or volunteer receiving information from these databases is responsible for safeguarding and protecting the data and will be required to sign a confidentiality agreement. This institutional data shall be used solely for legitimate University and Foundation business.

Donor information may be subject to state and/or federal laws requiring public disclosure of certain donor information and/or confidentiality protections of certain donor information, such as North Dakota's Open Records law. The Foundation shall always utilize the exemption of fundraising and donor records, absent extraordinary circumstances. See the Foundation's [Open Meetings and Records Guidelines](#) for further information. Discretion should be used when entering action reports and other donor-related information into the database. **All Foundation and University employees who have access to donor information are responsible for maintaining donor confidentiality.**

Users of this data must understand and abide by the Foundation's guidelines and policies. Users of this data will need to sign the Foundation's Confidentiality Agreement. The confidentiality form is available from the Foundation's Vice President of Information Services.

Users of this data must also understand and abide by the NDSU Guidelines for Protecting Sensitive Data, https://www.ndsu.edu/its/security/security/data_standards_hub/data_standards/ which includes:

- FERPA – Family Education Rights and Privacy Act of 1974

- GLBA – Graham Leech Bliley Act of 2000
- HIPPA – Health Insurance Portability Accountability Act of 1996
- NDUS Policy 1901.2 Computer Use Policy and Procedure
- NDSU Policy 710 Computer and Electronic Communication Facilities
- NDSU Policy 158 Acceptable Use of Electronic Communication Devices
- NDSU Policy 718 Public/Open Records
- NDSU Policy Manual

2.2 DONOR INFORMATION

Donors, and individuals close to donors, share and report information to the University and the Foundation through various sources. Donors are often aware that this information will be shared, when appropriate, with other members of the University community. This information may include, but is not limited to:

- mailing addresses (e.g., home, seasonal, electronic)
- phone numbers
- birth and death dates
- marital status
- family members' names, their relationships with donors, and any association they may have with North Dakota State University
- employers and job titles
- gift information
- fund information
- prospect information

Not tracking this information in the Foundation's database can create embarrassing situations for the University and Foundation such as writing to a deceased donor, including a deceased or former spouse's name on a mailing, constituents who have opted out of communication from the University or similar errors that suggest the University is not giving appropriate attention to the donor or their records.

Alumni and donor information is not to be recorded in databases outside of the Foundation database (The Raiser's Edge). However, it may be appropriate to export information, such as donor names, addresses and salutations into a local file for producing, for example, acknowledgment letters and student award notifications.

Alumni and donor information updates should be made by requesting a change through the Foundation's website: <https://www.ndsualumni.com/dod-form>.

Alumni and donor information is subject to the Foundation's [Privacy Policy](#).

2.3 DONOR CONTACTS

Significant donor contacts are to be recorded in The Raiser's Edge database within one week of occurrence. It is important to maintain a complete history of all activity in the donor records, to alert

other members of the staff about current activity with the donor, and to document any information that might prove to be helpful or serve as a valuable reference or resource.

If contact with a donor is with someone from outside the Foundation (e.g., a faculty member), that person is to report the content of the contact to their college/department's Director of Development or Vice President of Development who will file a contact report on their behalf.

College/department staff are required to also attach copies of correspondence relating to a specific contact to their Director of Development or Vice President of Development for entry into The Raiser's Edge.

For additional information regarding donor relationship management refer to the [Prospect Management Guidelines](#).

Contact Reports

A contact report is a written record of a significant interaction between a fundraiser and a donor or prospect that moves a relationship forward.

What Should They Contain?

- Prospect's name
- Details of who was involved (campus colleagues and/or Foundation staff)
- Date of contact
- Method of contact (meeting, telephone call, etc.)
- Significant information resulting from the contact
- Significant information conveyed to the prospect and
- Notes concerning follow-up actions

**** A report should be detailed enough to be useful, but it need not be a verbatim account of a conversation.***

2.4 DONOR AND GIFT ANONYMITY

Donors may wish to have varying levels of confidentiality as it relates to an individual gift or their entire giving record. We have identified levels of confidentiality defined below for which detailed procedures have been developed. These procedures are to ensure that our staff and others with access to confidential or classified information are limited to as few individuals as possible for the highest level of confidentiality. In addition, a [Donor Form](#) for Confidential or Classified Status can be used to document the donor's wishes. The Donor Compliance Services department is responsible for overseeing the [Confidential and Classified Donors policy](#).

Confidential Donors - Donors that do not want any public recognition for their gift(s). Confidential donor information will not be included in any donor recognition publications. Donor names will not be listed as a member of the President's Medallion Society or as members of any other recognition levels. Confidential donor records and all gifts will be viewable by internal Foundation staff, college Directors of Development, college Deans and others with viewing permission.

Classified Donors - Donors requesting complete confidential and classified status. If the request is permanent, there will be no public recognition, no naming rights associated with contributions (unless in another's name) and no elevated recognition levels. Access to these records will be limited.

Temporary Classified Donors - Donors requesting complete confidential and classified status until a specified point in time. If the request is temporary, there will be no public recognition, no naming rights associated with contributions (unless in another's name) and no elevated recognition levels until the specific point in time (such as the date of the gift announcement). Access to these records will be limited. The gifts entered in a Temporary Classified Donor record will be merged with the personal record after the specified point in time. The gifts and donors will then be included in recognition levels and publications.

Donor Privacy - To the fullest extent permitted by law including, without limitation, North Dakota Century Code § 44-04-18.15, information about donors and prospective donors including names, addresses, telephone numbers, electronic mail addresses, estate planning information, tax record or financial information, or other personal information or correspondence received or retained by the Foundation (collectively, "Donor Information") will be confidential and used or disclosed only to the minimum degree necessary to carry out the work of the Foundation, unless the donor grants permission to release such information for other purposes or the Foundation is legally required to disclose such information. For the purposes of this part, "financial information" includes data that provides details regarding a gift, a payment schedule of a gift, the form of a gift, or the specific amount of a gift made by a donor.

Classified Funds – When a classified donor establishes a new restricted gift fund, a Memorandum of Understanding is created between the donor and the Foundation. A corresponding Distribution Agreement is created between the Foundation and the University that includes the fund's purpose and specific criteria, but keeps the donor's information classified.

3 RECORD AND ACKNOWLEDGE DONOR GIFTS AND PLEDGES

The Foundation's Accounting office is responsible for ensuring that all gifts are properly recorded. Recording a gift immediately, for the correct amount, and designating it to the appropriate fund is a crucial component of good stewardship. Proper gift acknowledgment and respecting donor anonymity hinge on the proper receipt and recording of gifts.

Donor Intent – Directors of Development and staff should clearly understand a donor's intent for gifts received. Gifts to an endowment fund may either be allocated to an endowment's principal value or made available for immediate spending. For example, a donor may send an annual gift to boost the award value of a scholarship above what is solely available from endowment earning.

3.1 RECEIPT OF GIFTS

Where to Send Gifts - Gifts should be sent to the Foundation at the following address:

NDSU Foundation
PO Box 5144
Fargo, ND 58105-5144

If a gift is received by various individuals and offices, all gifts and accompanying correspondence in the original envelope are to be routed immediately upon receipt to the Accounting office to record the gift. If received at a campus department, campus mail is an appropriate method to send the gift to the Foundation.

Gift Receipt – The Gift Processing Coordinator will ensure that all gifts are recorded, that donors are given appropriate credit, and gift receipts are sent within 48 hours after the gift is recorded. This information and any other pertinent documentation should be provided to Accounting when forwarding gifts to be recorded. The gift receipt will include the amount or a description of the gift property, the fund designation of the gift, and will state whether the Foundation provided any goods or services to the donor in consideration for the gift. If the Foundation provided any goods or services in consideration for the gift, the gift receipt will include the Foundation's good faith estimate of the fair market value of those goods or services. See Reference Section 8.1 for further gift receipt guidelines.

Online Giving – Donors are able to securely and efficiently give online to their desired area of campus at <https://www.ndsualumni.com/contribute>. College specific giving websites are also available.

Credit Cards - Credit card contributions shall be made by the donor designating and authorizing the gift to the Foundation to be charged on the donor's credit card whether online, by telephone, or in person. The donor's signature, card number, expiration date, and security code shall be provided to the Foundation as necessary and the amount shall be designated by the donor.

Pledges – A pledge is an unconditional promise to give. All pledges must be made in writing, and the pledge document must state clearly all of the terms of the pledge, including the amount of the pledged gift, the time for payment of installments and the use to which the Foundation will put the gift. When a new pledge is received by the Foundation, an acknowledgement letter signed by the CFO of the Foundation is issued that includes the amount, designation, and installment information. Pledge reminders are sent when installments are due. When payments are made on the pledge, a gift receipt will be issued. When a pledge is fulfilled, an acknowledgement letter will be sent to the donor.

Stock Gifts – Gifts of securities are a popular way for donors to obtain valuable tax benefits. Detailed instructions for donating stock can be found on the Foundation website at <https://www.ndsufoundation.com/foundation/gifts-of-securities> .

Sponsorships – Sponsorships are contributions received for purposes of partnering with individuals and corporations for events and product giveaways. In exchange for a sponsorship, the Foundation or University typically displays the sponsor's logo and provides other recognition at related events. The Foundation is subject to tax when providing sponsors with advertising that endorses products, product price information, indications of savings or value, or any message that contains qualitative or comparative language. Sponsorships are provided a tax receipt that reduces the amount of the contribution by the fair market value of goods/services exchanged, if any.

Gift in Kinds - In-kind gifts are contributions of property, other than cash, grain and marketable securities, such as artworks, collections, literary works, software, intellectual property, books, equipment and furnishings for the benefit of NDSU and/or the Foundation . The Accounting office should be contacted before any gifts-in-kind are accepted. The [Gift-in-Kind Form](#) should be filled out by the donor and the University representative, and sent to the Accounting office. The Form includes added instructions and information regarding IRS reporting, ownership transfers, appraisals, etc.

Complex and Planned Gifts – Certain types of gifts such as real estate, closely held business interests, estate gifts, and deferred gifts (charitable gift annuities, charitable remainder trusts, life insurance, etc.) have added due diligence requirements that donors should discuss with a Director of Development. Additional guidance is included in the Foundation’s [gift acceptance policy](#).

3.2 GIFT REPORTING

Review of Gift Information - Gift information needs to be reviewed daily to ensure that gifts have been deposited and recorded correctly. A member of the Donor Compliance Services department reviews the daily gift edit and any changes are made prior to gift receipts being issued.

Campus Gift Report – A weekly report is sent by the Information Services department to the Deans and administrators of NDSU colleges and departments that includes gifts made to funds in their college or department including the amount, date, designation, and donor contact information.

Recurring Gift Report – A semiannual report is sent to the Deans and administrators of NDSU colleges and departments of all faculty/staff that contribute to funds in their college or department, which includes gifts via EFT, payroll deduction, and recurring credit card.

Director of Development Report – A weekly report is sent by the Information Services department to the Directors of Development that includes the information from the campus gift report along with individuals assigned to each Director of Development.

Deferred Gift Report – A weekly report is sent by the Information Services department to the Deans, administrators, and Directors of Development of NDSU colleges and departments that includes deferred gifts made to funds in their college or department.

3.3 GIFT ACKNOWLEDGMENTS

All gifts need to be acknowledged in writing within 15 working days after the receipt of the gift. An acknowledgment should include the name of the fund, the program and/or endowment it is benefiting and the use or impact the gift will make. The amount of the gift is not included. Each college/department is responsible for determining their gift acknowledgment process and identifying individuals responsible for creating acknowledgment letters to ensure the timely acknowledgment of gifts. **These guidelines present the minimum level of gift acknowledgement that must be sent out.** The gift receipt does not replace the need for an acknowledgment. Gift acknowledgment letters should be personally signed and should not include a solicitation for another gift. See Reference Section 8.2 for Acknowledgement Letter Content ideas.

For general funds that are not included in a specific college, the Provost will follow the matrix below with the Director of Admissions, Director of Financial Aid and Scholarships, and others writing acknowledgement letters as appropriate.

College/Department Gift Acknowledgement Matrix

Gift Level	Recommended Acknowledgement
\$5,000+	<ul style="list-style-type: none"> • College Dean acknowledgement call • Department Chair or College/department Head acknowledgement letter • Director of Development acknowledgement letter
\$1,000 - \$4,999	<ul style="list-style-type: none"> • College Dean acknowledgement letter • Department Chair or College/department Head acknowledgement letter • Director of Development acknowledgement letter
\$500 - \$999	<ul style="list-style-type: none"> • Department Chair or College/department Head acknowledgement letter • Director of Development acknowledgement letter
\$1 - \$499	<ul style="list-style-type: none"> • Department Chair or College/department Head acknowledgement letter

In addition to college and department gift acknowledgments, the President of the University and the President/CEO of the Foundation also acknowledge gifts. Acknowledgment letters for the President and Foundation are prepared by the **Foundation’s Development Operations team**. These University-level acknowledgments are not intended to replace acknowledgments from benefiting colleges and departments.

University-Level Gift Acknowledgement Matrix

	President Acknowledges	Foundation President/CEO Acknowledges
Gifts, Pledges and Gifts-in-Kind from Individuals, Foundations, Corporations, and Associations	<ul style="list-style-type: none"> • \$25,000 + 	<ul style="list-style-type: none"> • \$5,000 - \$24,999*

*Foundation President/CEO also acknowledges gifts that are not acknowledged by a college/department, such as the NDSU Impact Fund. The College/Department Gift Acknowledgement Matrix should be used for these gifts.

Special Acknowledgment Letters

- **First time gifts** - A special letter acknowledging the importance of giving is sent to all first time donors by the Vice President of Outreach. Directors of Development also write personalized acknowledgement letters for first time gifts.
- **Payroll deductions and electronic fund transfers (EFT)** – Gifts will be acknowledged annually by the Accounting office for the total amount received during that calendar year.

- **Matching gifts** -The acknowledgment will be sent by the Accounting office to the individual who has requested matching funds from his/her employer, thanking them for maximizing their giving. It is not necessary to thank the matching gift company.
- **Deferred Gifts** - An acknowledgment letter is sent by the Foundation President/CEO thanking the donor for the future gift. For new members of the Heritage Society, the Director of Gift Planning sends a note with a packet of information regarding their gift. Development Operations oversees this process. See section 7.5.3 for more information on the Heritage Society. Deferred gifts will be received from a donor's estate or from a gift annuity and are credited to the donor's record; they will appear on a gift report. The funds are available to spend ONLY after the donor's death. A "realized bequest" gift type indicates that the Foundation received the gift. Colleges and departments should acknowledge deferred gifts using the University-Level Gift Acknowledgement Matrix.

4 ENDOWMENT, EXPENDABLE, AND FACILITY FUNDS

The Foundation has [Fund Guidelines](#) that define fund types, unrestricted gifts, general fund policies, and establish minimum levels. The Donor Compliance Services department is responsible for overseeing the proper management of all funds in compliance with established policies and procedures and most importantly, donor intent. In addition, these standards ensure endowment, expendable, and facility funds shall be sufficient in size to support the desired purposes, while providing the University with the flexibility needed to achieve strategic objectives.

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.

Restricted Gifts

Restricted gifts have donor specified restrictions. It's important to understand a donor's intent on both a time restriction (permanent or current use) and a purpose restriction (scholarship, faculty, program, or facility). These restrictions must be explicitly noted when funds are established so that they are accounted for properly. A permanent restriction and a current restriction cannot be accounted for in the same fund.

Fund Types

Fund types include endowment (or permanent), expendable (or current use), and facilities (or building or capital) funds. Each are further defined below. The fund numbering system that the Foundation uses in Raisers Edge and Financial Edge is a five digit number and follows the numbering guidelines below:

- 1**** - Expendable Scholarship
- 2**** - Endowed Scholarship
- 3**** - Expendable Program, Faculty, or Facility
- 4**** - Endowed Program, Faculty, or Facility
- 5**** - Funds held for other organizations

- 9**** - Funds awaiting designation

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.

4.1 ENDOWMENTS

The purpose of an endowment is to maintain funds in perpetuity for a specific purpose (i.e. student support, faculty support, research support, or program support). The endowment principal is invested 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 for the purposes specified by the donor or to be returned to principal. On July 1st of each year, the endowment spendable distribution becomes available for spending by the University. Any unspent funds from prior years are retained in the endowment spendable fund, unless otherwise noted in the Memorandum of Understanding (MOU). Investment and spending policies for the endowment are governed by a separate [Investment Policy Statement](#).

4.1.1 ENDOWMENT TYPES

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.

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 gains 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.

4.1.2 ENDOWMENT FUND ACCOUNTING

Unitized Accounting and Timing

All calculations related to the endowment are done on a quarterly basis. When a cash gift is made to an endowment fund, that contribution "buys in" to the endowment pool on the first day on the following quarter.

Example: A donor makes a cash contribution to an endowment that is received on September 30. That contribution would buy into the endowment pool on October 1 and begin earning investment returns. If that same contribution is received on October 1, it would not buy into the pool until January 1 of the following year.

Once a contribution is received and subsequently invested within the endowment pool (currently invested through SEI), it begins to generate earnings/losses and incur endowment management fees. Earnings/losses are allocated to each fund using a weighted average method. These earnings/losses **do not** represent what is available for immediate spending.

Endowment Spending

Before available income can be spent, the MOU must be signed and executed. If the MOU isn't signed, the annual spending distribution will be accrued in the spendable portion of the endowment but will not be available for spending.

What is made available for spending is determined by the Foundation's Board who receives the recommendation from the Investment Committee based on a documented Spending Policy. What is available for spending is generally 3.5-4.5% of the endowment principal market value. The market value is calculated using a 12 quarter rolling average. The effective date for that calculation is 9/30 of every year, with the calculated spending allocation made available on 6/30 of the following year. The 6/30

date most closely follows the beginning of NDSU's academic year. These amounts are communicated to campus in January so that scholarship awards and budgets can be considered, but cannot be accessed until 7/1. Gifts are invested in the endowment pool in the quarter after they are received, and are then included in the calculation of the spending distribution.

Example: The Investment Committee meets in December 2018 and determines a spending policy amount of 4% for 2019/2020. That 4% is applied to the average market value of each individual endowment for the 12 quarters ending 9/30/18. The calculated spending distribution is then made available to campus on 7/1/19.

The endowment spending policy, and how the endowment is managed in general, are dictated by state and federal law, referred to as UPMIFA (Uniform Prudent Management of Institutional Funds Act).

Endowment Spendable Gifts

There is still flexibility that can be offered to donors or potential donors who would like to contribute to an endowment, but would like awards to also be available immediately. Donors have the option of donating directly to the spendable portion of their endowment.

Example: John Doe is starting a \$50,000 scholarship endowment, and will be making his contribution on 12/15/18. Per the above timelines, his contribution will buy into the endowment on 1/1/2019, and thus will not generate funds for scholarship until the 2020/2021 academic year. John very much wants a scholarship to be made available for the 2019/2020 academic year. John can stipulate, either within the MOU or via separate contribution, that he would like a certain portion of the contribution to go the "spendable" portion of his endowment for 2019/2020 scholarships.

Endowment spendable gifts do not qualify for the North Dakota income tax credit for contributions to qualified endowments. In addition, they need to be specifically noted as a contribution to the spendable portion of the endowment by the donor. A separate gift will be recorded for the contribution to the spendable portion of the endowment. If a contribution is received from a donor referencing an endowment, it will be deposited into the principal (non-spendable) portion of the endowment by default.

Endowment Fee

An annual endowment fee is assessed on a quarterly basis upon the quarter-end market value of each endowment within the investment portfolio. The endowment fee effective since January 1, 2017 is 1.89%. The endowment fee is reinvested into the operations of the Foundation. The fee is reviewed periodically, approved by the Foundation's Board, and is subject to the University's approval.

The President/CEO, in consultation with the CFO, has authority to approve alternative endowment fee schedules in rare cases. No staff member, University employee or volunteer of the organization has independent authority to make decisions on an endowment fee structure with a donor.

4.2 EXPENDABLE FUNDS

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

4.2.1 EXPENDABLE FUND TYPES

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.

4.2.2 EXPENDABLE FUND ACCOUNTING

Gifts maintained in expendable funds will not retain earned interest. All interest earned on these accounts will be reinvested into the operations of the Foundation. This will underwrite the Foundation's administration of these funds, which will have significant receipt, management, and disbursement activity.

4.3 FACILITY FUNDS

Facility funds (or 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. The Foundation has separate capital project guidelines that cover the process for facility fundraising projects. Pledges to Facility funds should be limited in length due to the nature of construction and financing.

4.4 FUND MINIMUMS

Gift minimums have been established for various types of restricted gift funds, as detailed below and in the Foundation [Fund Guidelines](#). The donor may choose to pledge the minimum amount over a period of up to five years. Pledges over five years require approval of the President/CEO and CFO of the Foundation before accepting a donor's commitment. These naming levels shall be subject to review and updates based on economic conditions present at North Dakota State University. See the related [Fund Guidelines](#) for further information.

4.4.1 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/department and shall be determined by the size, operating budget, national ranking, and visibility of the program, as well as benchmarked against other peer institutions.

4.4.2 FACILITY 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 a 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 five years.

4.4.3 ENDOWMENT AND EXPENDABLE FUND MINIMUM LEVELS

	Endowment	Expendable	Expendable
		Total Commitment	Per Year
FACULTY & NON-ACADEMIC POSITIONS			
Dean’s Chair	\$2,000,000- \$5,000,000 (dependent on Academic College/department)		
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

- 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 college/department’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.
- 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.
- Further definitions of each fund purpose can be found in the [Fund Guidelines](#).

4.5 MEMORANDUMS OF UNDERSTANDING (MOU)

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, expendable fund, or facility fund. An MOU accompanies the restricted gift fund while a gift agreement accompanies the gift, such as a pledge agreement or statement of intent. These are two separate documents that cannot be used interchangeably. An MOU is required for new funds that are setup by the college/department.

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. Naming guidelines for restricted gift funds are detailed in the separate [Naming Guidelines](#) document.

MOU Elements

The MOU includes the following elements:

- Establishment – describes the legal entities that are entering into the fund agreement including the donor, Foundation, and University
- Statement of donor intent – includes the purpose for the fund such as scholarship, faculty, facility, or program and the college/department that is benefiting
- Legacy statement - the donor's reason or motivation for creating a fund should be recorded through a legacy statement when the MOU is created. If necessary, the Legacy Statement can be written after the MOU is executed. This information helps beneficiaries connect with their benefactors
- Source of funds - description of the initial type of asset funding the gift such as a pledge, cash gift, or deferred gift
- Use of funds - including specific criteria on how the fund can be spent and who has administering authority over the fund. For scholarships, the term, number, and amount of the award can be specified
- Management and custody of funds – including how the funds are invested, when they buy into the pool (for endowed funds), description of the endowment fee, and a spending description (for endowed funds)
- Amendment – statement that the Foundation may modify or release any restriction in the MOU only as authorized by North Dakota law. It would be a very rare occurrence for this to happen and the Foundation would make every effort to consult with the donor regarding any such modification
- Miscellaneous – statement that no contribution to the fund is conditional and the Foundation shall not return any assets contributed under any circumstances; for endowed funds, a statement that the fund will comply with the Uniform Prudent Management of Institutional Funds Act (UPMIFA)
- Signatures – including the donor, the Foundation and the University

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.

Establishing a Restricted Gift Fund (Endowed or Expendable)

The Donor Compliance Services (DCS) department is responsible for ensuring the process for establishing a restricted gift fund is timely and accurate utilizing established forms and procedures.

The DCS Coordinator, in conjunction with development staff, is responsible for coordinating the drafting of the agreement, approval routing, tracking, and management of MOUs. The coordinator should work with college/department staff responsible for managing or benefiting from the fund to ensure that the fund can be awarded as stated in the MOU before the MOU is shared with the donor.

Each MOU is drafted based on input provided by the donor in collaboration with the Director of Development, the college/department(s) that will benefit from the endowment, and the DCS Coordinator. When completing the [MOU Request Form](#), it should be completed in its entirety with each question answered based on donor intent. The accuracy of this information will ensure timely and efficient approval and tracking of the fund requirements.

See Reference 8.3 for a copy of the MOU Request Form.

Before approving the MOU, the donor should understand what they can expect from the college/department, University, and the Foundation after the fund is created. This includes, but is not limited to, how the fund will be managed, the process for identifying beneficiaries, and the stewardship updates they will receive. If the donor changes the agreement after review, the approvals should be completed again.

Once the MOU has been executed, the DCS department is responsible for sending the signed original MOU to the donor and notifying the Administering Authority of the fund.

In order for fund spending distributions to be available for expenditure and reported to campus, the fully executed MOU must be signed, scanned into Papersave, assigned a fund number, and the gift value, including cash and pledge balance, must have reached the minimum endowment levels established by the University at the time the MOU was created. The fully executed MOU and any addendums can be found in the Media tab of Raiser's Edge or the Attachments area of RE NXT.

If a donor wishes to change an MOU, the use of an MOU addendum is advised. An MOU addendum follows the same process as other MOUs. Donors should be aware that changing criteria can impact students and the University negatively, depending on the timing of the change. Directors of Development should work with DCS closely in these situations to determine the results of a potential addendum to an MOU.

If a college/department wishes to change an MOU, they should work with DCS closely to determine any donor intent effects and work through a process to potentially amend a fund's MOU. The process may include donor communication, if applicable. For funds that a college/department set up, the criteria can change minimally without violating any donor intent, such as GPA, class standing, etc. Larger changes to

criteria could become problematic if donors contributed to that fund thinking it was for a certain purpose which is later changed.

4.6 SUMMARY OF MOU CONSIDERATIONS

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.

Within a fund's MOU, donor restrictions and/or preferences for expenditures must be followed. The only exception to this would be if a preference creates a situation where funds cannot be utilized in a specific situation, for example, a specific scholarship criteria causes no qualified recipients in a particular academic year. There is then flexibility in that instance to broaden the pool based on all other preferences.

Donor restrictions and preferences must be practical, possible and legal. If these three conditions no longer can be met within an existing MOU, the fund cannot be utilized and further communication with the donor needs to take place.

There are several considerations that need to be taken into account when requesting and reviewing scholarship MOUs. For a full description of these considerations, see Reference Section 8.4 for details.

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.

4.7 STATEMENTS OF INTENT (SOI)

A Statement of Intent (SOI) is used for deferred gifts, i.e. future estate, gift annuity, or charitable remainder unitrust. A Statement of Intent (SOI) is created to capture a donor's intention for the use of funds that will not be received until a future date, most times after the donor's death (i.e. monies from their future estate, the remainder of a charitable remainder unitrust, the residuum of a charitable gift annuity, a beneficiary designation of a life insurance policy, etc.) This also allows the University the opportunity to document the donor's intention, which the donor may choose to change over their lifetime. The SOI can be revised at any time at the donor's request. When the SOI establishes a new fund, an MOU is created at the same time following the process outlined above.

Donors may, however, choose to early activate a future endowment by making annual gifts directly to the income (spending) account of the fund. These monies can be made available immediately.

5 FUND MANAGEMENT

Spending is not a one-time annual occurrence. Proper fund management occurs throughout the year. The college/department needs to monitor funds for new gifts that increase both the principal and spending funds and, as a result, may provide additional funds available to award. At a minimum, the college/department, in consultation with the Donor Compliance Services (DCS) team, should review available spending figures and make spending decisions at least three times a year in an effort to maximize use of all available funds. In addition, funds need to be monitored for student award cancellations that will allow funds to be re-awarded.

On an annual basis, the DCS team will have a meeting with each college/department to review their funds.

5.1 MONITOR PENDING FUNDS

The main reasons why a fund is not showing up as available for spending is that either the MOU is not finalized or the fund is associated with a deferred gift. The DCS department tracks the MOUs and provides reminders to keep the signature and approval process moving. Once the final MOU is received, the fund will become available for spending and listed on monthly fund reports.

5.2 MONITOR AVAILABLE SPENDING BALANCES

As new gifts become available for departmental/program support and faculty funds, college/departments should attempt to utilize these funds during the fiscal year.

In the event that new gifts cannot be spent responsibly for that fiscal year, the college/department should be prepared to explain to the donor why the additional gifts were not spent and what the future plans are for these funds.

5.2.1 FUND REPORTING

DCS provides monthly fund activity reports and balance reports to each college/department. This shows the cash available for spending for expendable funds and spendable portions of endowments. Some funds will have pledges that are outstanding, but this is not reflected in the fund reports as the cash has not been received yet. The balance report also includes the endowment principal value, which is not available to be spent. Beginning in January, the amount that will become available from endowment spending distributions is listed in a separate budget column on the balance report.

DCS provides quarterly fund activity and balance reports for each college to the Provost.

5.3 STUDENT SCHOLARSHIPS AND AWARDS

Each college/department's Scholarship Coordinator must work with the DCS department to ensure that endowments and gifts are utilized in concert with the donors' intentions. The Foundation has separate

Scholarship Guidelines that discuss various administrative aspects of student scholarships and awards, including an awarding calendar.

The Office of Financial Aid and Scholarships (FAS) is the University's central administrative processing unit for all forms of financial assistance to students. FAS is responsible for preparing and communicating information on financial aid and scholarships and helping students apply for and receive student loans, grants, scholarships and other types of financial aid. Federal and state regulations require FAS to be informed of all forms of financial assistance students receive since these resources could affect students' eligibility for federal and state resources.

AcademicWorks is the University's scholarship software that is used for student applications, scholarship awarding, and thank you messages.

To ensure that qualified student scholarship candidates are appropriately awarded scholarships, a college/department must be certain that candidates satisfy all eligibility criteria stated in the Memorandum of Understanding (MOU).

The Foundation provides each college/department with amounts available to award for the next academic year by January 31. The Scholarship Coordinator should ensure that all available funds are awarded; that recipients are notified in a formal, timely and accurate manner; and that thank-you responses are written and received.

It is expected that all scholarship recipients send a thank you note when receiving a scholarship. See Section 6.3 for further information.

5.4 FUND COMPLIANCE AUDITING

The DCS department of the Foundation conducts routine fund compliance audits of every college/department to:

- Ensure expenditures are in compliance with donor intent as documented within the fund's MOU;
- Ensure donors' gifts are being utilized.

Department funds will be audited to ensure consistency with the [Fund Disbursement Guidelines](#). Scholarship funds will be audited to ensure all criteria are being met. See the separate [Fund Compliance Guidelines](#) for further information.

6 REPORTING TO DONORS

Most donors not only want to know that their gifts have been put to use, but also who is benefiting from the gifts and what impact their gifts are making. In other words, they want to know the return on their investments. Impact reports to donors are to be recorded as contact actions in Raisers Edge.

6.1 MANAGING ENDOWMENT, EXPENDABLE, AND FACILITY FUNDS

The establishment of a college/department stewardship team is a valuable resource for managing endowment, expendable, and facility funds. Responsible fund management begins with an understanding of how the college/department's endowments and gifts will be used and establishing a plan, in coordination with appropriate college/department faculty and staff, to keep donors informed about how these endowments and gifts are being used.

Effective fund management responsibilities include, but are not limited to:

- Requesting Memos of Understanding (“MOU”) through the Donor Compliance Services department;
- Depositing and recording gifts promptly and properly;
- Tracking gifts to ensure they are deposited to the correct restricted funds;
- Utilizing endowments and gifts in concert with donors' intentions;
- Monitoring endowment minimums;
- Spending available earnings timely and properly and correctly posting awards;
- Recording holders of faculty endowments, including term of awards;
- Reviewing accounts prior to year-end and determining a plan for unspent income;
- Communicating to donors about use of funds; and
- Communicating to donors about future plans for expenditure of unused funds.

6.2 NOTIFICATION OF BENEFICIARIES AND FUND USE

After making student awards and naming faculty holders, college/departments should notify donors and provide the names of their beneficiaries. (See [Scholarship Guidelines](#) for student confidentiality policies.) The awarding staff should work in tandem with Donor Compliance Services, Office of Financial Aid and Scholarships and/or Directors of Development to ensure that funds are being disbursed appropriately.

If there is a change to the award recipient or the faculty holder, donors should be notified of the change and provided any information about the new award recipients or faculty holders.

If a faculty position becomes vacant, the donor supporting that position should be notified and informed of the plans to fill the position.

After scheduling lectures, special programs or exhibits, the college/department should inform donors, share the plans and invite them to attend.

6.3 STUDENT THANK-YOU NOTES

All scholarship recipients should be strongly encouraged to write thank-you notes. However, students cannot be required to write thank-you letters or attend a scholarship event as a condition of receiving the award. Money can be withheld throughout the semester pending confirmation that a thank-you letter has been sent, but must eventually be disbursed to the student. Colleges/departments should develop college/department-specific guidelines for writing thank-you notes.

If a donor is deceased, it may be appropriate to have students write thank-you notes to the fund contact person which may be surviving family members. In these cases, the students should be informed that they are not writing to the donor, but to another interested party or relative. As a general rule of thumb, if someone is receiving an annual endowment report they are the fund contact and should also be the person receiving a thank-you note.

Where there are no individuals to receive thank-you notes, students should write thank-you notes to the college/department specified in the award letter or notification. If no college/department is specified, the student can address their thank-you note to the Foundation. Students are expected to write thank-you notes regardless of the circumstances of a living or deceased donor.

The best practice recommendation is for the college/department to ensure the student thank-you notes are being sent to donors. The Foundation database has the most updated contact information for donors. Colleges/departments should request a list of addresses for scholarship thank-you purposes from the Foundation's Information Services department.

Inform students that as award recipients, their benefactor is being provided with their name (and any other public information being released).

Students should be directed by the college/department to tell the donor about themselves and about the impact the scholarship/award is making in their lives.

In the award letter or notification, the college/department should direct the students to look on AcademicWorks for information about the donor and the scholarship. AcademicWorks information may include why the donor created the scholarship and selection criteria. As a result, students are more likely to write more personal and engaging notes to their donors. Thank-you notes should not include the amount of the award.

Scholarships and awards assist students with educational expenses. Students should convey both appreciation and impact of the award. This help subsequently alleviates some financial burdens on families, which may result in families having monies available for other expenditures. However, students should avoid telling donors that because of the scholarship, for example, their parents were able to travel abroad to see family members, able to purchase a family car, or that the student did not need to work over summer break.

6.4 ENDOWED FACULTY AND PROGRAM FUNDS

The college/department is responsible for promoting the effective and consistent stewardship of faculty-directed endowments, ensuring full utilization of allowed funds in accordance with fund Memorandum of Understanding (MOU) criteria.

6.4.1 FILLING AN ENDOWED FACULTY POSITION

When an endowed position is vacated, attempts should be made to fill the position as soon as possible.

All faculty appointments should be made in accordance with the stipulations of the fund's MOU and in accordance with university policy and practice.

When an endowed faculty holder is named, the holder should be briefed by the dean, or his/her designee, on the endowment MOU criteria and the expectations for managing the endowment and communicating with donors.

6.4.2 EXPECTATIONS OF ENDOWED FACULTY POSITION HOLDERS

The holder of an endowed faculty position shall be familiar with the endowment MOU, and understand that all expenditures from endowed funds should adhere to those expenditures permitted under the MOU and following the [Fund Disbursement Guidelines](#).

Every attempt should be made to use all available endowment income annually.

6.4.3 REPORTING TO DONORS

Where faculty vacancies exist, the dean or department head should work with the college's Director of Development to communicate to donors describing efforts to fill the positions or the status of the searches. These communications should be entered as a contact report in Raisers Edge/NXT.

The college's Director of Development should oversee collection and mailing of annual communications from holders of endowed faculty positions to the donors who created the positions. The college/department development office can help the Dean prepare a memo to faculty endowment holders that expresses the importance of these regular required updates. Copies of the endowment holders' letters should be entered as a contact report in Raisers Edge and scanned into Papersave.

Holders of endowed or annually funded faculty positions are expected to provide donors with regular updates on their current work and accomplishments. Even in situations where faculty consider their work to be on-going and may not believe they have new information to report, the faculty member should still have contact with the donor at least once a year.

College/departments should make one form of contact with faculty endowment donors in tandem with the annual endowment report mailed by the Foundation. This contact may be as simple as a letter indicating that the annual endowment report will arrive soon and to contact the college/department with any questions. While the endowment report provides donors with a financial summary of the endowment's activity for the past fiscal year, the contact from the college/department serves to provide an explanation of how their monies were used (or why they were not used) and the plans for using the funds in the current year.

6.4.4 ENGAGING FACULTY AND DONORS

Donors should be provided various opportunities to meet the faculty members they support, either through college/department events, University-wide events, or through personal meetings when donors visit campus.

6.5 UPDATES FROM FACULTY

Faculty responsible for overseeing donor supported programs, centers, and the like should provide donors with regular updates on work being accomplished.

The faculty member may consider calling the donor or sending emails to share quick updates or special news.

Faculty should work with the college's Director of Development to ensure action is documented within Raisers Edge/NXT.

6.6 UPDATES FROM THE DEAN OR OTHER COLLEGE/DEPARTMENT LEADER

As appropriate, based on the level of a donor's giving, the Dean or other college/department leader should provide updates on goals reached or progress made as a result of a donor's gifts.

The Dean can write an "insiders" letter and send it to a select group of donors. The letter can share goals and achievements as well as discuss specific concerns or address special issues.

6.7 IMPACT STATEMENTS OR UPDATES

College/departments should share news or accomplishments with donors when the news "happens." This type of engagement reinforces to donors that they are truly part of a team. For example, if the college, department or faculty member is recognized with an achievement or significant national ranking, they can share this information in a personal and immediate way with a donor rather than informing a donor in an annual communication.

Directors of Development or the faculty members themselves should consider sending copies of press releases or other announcements relating to the work of the faculty member or the donors' areas of interest.

6.8 ANNUAL ENDOWMENT REPORTING

For endowment funds, the Foundation Finance and Operations division produces and mails an annual report after the close of the fiscal year. The report reflects a financial summary of the fund's activity during the past year.

Colleges/departments are responsible throughout the year for planning and allocating use of available monies for spending. Foundation Donor Compliance staff are available to meet with college/department staff responsible for fund awarding and expenditures to discuss spending plans, the annual endowment report, or questions that donors may raise from the report.

In cases where available funds were not expended during the fiscal year, the college/department should contact donor compliance prior to May 1 and provide an explanation of why the money was not spent, along with future plans for utilizing the funds in the next fiscal year.

The Foundation Finance and Operations division should inform college/department administrators when the annual endowment report is being mailed to donors. Sample reports are provided to the college/department, these samples should be shared with appropriate staff members to familiarize them with the report and the type of information contained in the personalized financial/beneficiary pages.

6.8.1 ENDOWMENT REPORT RECIPIENTS

It is vital to maintain correct endowment report recipient information.

Changes to who receives the endowment report must be made by submitting a change request to Information Services. The request should include the reason for the change as well as the Constituent ID of the correct endowment report recipient.

- Changes to address, business and/or marital information on a donor, endowment report recipient, or college/department stewardship contact must be made in the Raisers Edge database system.
- Requests to update a record should be made through Information Services at the Foundation's website: <https://www.ndsualumni.com/dod-form>

When a new fund is created within Raisers Edge, the MOU Contact(s) are listed on the MOU Request Form and entered into Raisers Edge by Accounting.

6.9 STEWARDSHIP REPORTS

Stewardship reports providing an overview of donors' giving history, including designations, matches, and deferred giving, can be provided at the discretion of the Director of Development. Donors with multiple areas of campus support or a long history of philanthropy with NDSU appreciate seeing the totality of their support. Stewardship reports serve not only to delineate past giving but frequently open the door to future gifting conversations.

7 ENGAGE AND RECOGNIZE DONORS

Key individual donors should have a personalized stewardship plan as part of the strategic donor plan. Personalized stewardship plans may include college/department events, University-wide events, or through personal meetings or tours when donors visit campus.

The Foundation in partnership with the colleges/departments will identify and establish the recognition and overall stewardship for donors based on their level of giving. Although donor stewardship should always be tailored for what is appropriate for an individual, an overall plan will ensure that consistent recognition is given.

7.1 GENERAL STEWARDSHIP OPPORTUNITIES

Directors of Development send birthday cards to all constituents assigned and will work in collaboration with colleges/departments to engage faculty and administration. Colleges/departments may choose to send donors birthday cards or other annual cards based on giving level. Please be cognizant of religious differences when choosing appropriate holiday cards. Thanksgiving can be a great time of year to reach out to donors in this way for multiple reasons: it is appropriate for expressing thanks, it is a secular holiday, it arrives earlier than the typical holiday card, and it is early enough that donors may be prompted to make an end-of-year gift.

The University President sends birthday and holiday cards to the following groups of donors:

- Top 15-25 Donors
- 1862 Society
- Individuals/Organizations/Foundations assigned to the President

7.2 GIFT ANNOUNCEMENTS

Gift announcements, press releases, and similar campaign-related information are most effectively handled by the Foundation. Gifts of \$750,000 or more are considered for gift announcements. Gift announcements may include press conferences or events. News of construction projects progress, scholarships recipients, and faculty appointments due to funded position are best handled by college communications or University Relations.

Draft press releases should be sent to the Foundation Communications Specialist for review and approval before they are shared with any donors or volunteers who may be referenced or quoted in the text; the Communications Specialist should also be given the opportunity to review revised and/or final versions of press releases prior to their distribution via University Relations. Some coordination with other central offices may be necessary. Questions should be directed to the Communications Specialist.

Communications staff in the colleges/departments and University Relations should keep the following priorities in mind when drafting a major gift press release:

- ensure that the donor and beneficiaries have given approval to publicize the gift, the donor's and beneficiaries' names, and/or the story surrounding the gift;
- send a draft of the story to the Communications Specialist for review and approval, and if necessary, copy editing;
- have the Director of Development secure donor approval of the final draft;
- make arrangements for any special requests for distribution of the press release.

The Communications Specialist will forward all drafts announcing gifts to the Foundation President/CEO, Vice President of Development and Vice President of Outreach, who must review and approve these drafts before they are released.

All requests for quotes from the University President should be channeled through University Relations. Requests for quotes from the campaign chairs or Foundation staff should be channeled through the Communications Specialist. Drafts of all gift stories that require review and approval from the University

President should be sent to University Relations for review. The college communication staff will be responsible for final submission of the approved press release to the appropriate distribution channels.

7.3 EVENTS

Donors should be provided various opportunities to be engaged with the University through college/department events, University-wide events, or through personal meetings or tours when donors visit campus.

The purpose and goals of an event should be identifiable, communicated, achievable, measurable, and have a strategic purpose. College/department development offices should determine the type of event that will best achieve the goals. Invitations to events should be purposeful. Colleges/departments should be able to specifically answer why a person is on an invitation list.

University wide: The Foundation coordinates events in various locations. Current strategies are coordinated around efforts in Arizona, Florida, Minneapolis/St. Paul, and annually identified areas.

College/department: Events coordinated by colleges and departments include but are not limited to reunions, scholarship program, and advisory board meetings.

Individual visits to campus: While engaging alumni and donors, individual visits can include classroom engagement opportunities, campus and college tours and visits with college administration and faculty.

Development staff is responsible for engaging donors at events with appropriate staff, faculty and students. Outreach staff works to provide list of attendees prior to events and seating assignments in a timely basis to provide all campus and Foundation staff with information about attendees.

It is strongly encouraged that colleges/departments work with the Outreach team to code event attendees in Raisers Edge.

Event coordinators should post events on the calendar of events with the Foundation. This posting serves all University development and alumni relations offices well, providing college/departments with an opportunity to "piggy- back" their events with other events where appropriate.

Staff coordinating events can reach out to the Foundation Outreach department to discuss how to plan an event. This includes department staff who host development and alumni events within a department or program.

7.4 DONOR-BENEFICIARY MEETINGS AND EVENTS

Donors should be provided with various opportunities to meet their beneficiaries, either through college/department events, University-wide events, or through personal meetings when donors visit campus. Each college/department should attempt to hold a donor recognition event annually where donors and scholarship recipients can meet, for example, by holding an annual scholarship reception. Consider involving alumni who were past beneficiaries. These people can provide donors a "Where are

they now?" type of update. Colleges/departments may also offer to organize private meetings or meals between the donor and the beneficiaries.

Colleges/departments may host events to recognize new faculty holders of endowed positions. Corresponding endowment donors should be invited to these events. The University awards the faculty member a medallion. The donor may be presented with a similar medallion piece at the same event-reinforcing the partnership between the faculty member/University and the donor. The Foundation Outreach team will provide resources to college/departments for such events.

7.5 GIVING CLUBS AND SOCIETIES

7.5.1 CUMULATIVE GIVING SOCIETIES

The Foundation's cumulative giving societies recognize individuals and organizations that have demonstrated extraordinary generosity in their gifts to NDSU over the years.

The principal benefit of membership is the satisfaction of supporting the students, faculty, and staff at NDSU as it maintains a leadership role in higher education. The critical support of our membership provides the University an extra measure of strength and flexibility.

1862 Society

The 1862 Society is the highest form of public recognition for private support given to NDSU. Established in 1990, the society gets its name from the year Congress passed the Morrill Act, creating America's land-grant universities. In 2012 the 1862 Society was expanded to recognize increased levels. We honor donors as they reach the following Legacy levels. For cumulative gifts and pledges over \$1 million, the donor will be recognized for the 1 Million Legacy Level. For cumulative gifts and pledges over \$2.5 million, the donor will be recognized for the 2.5 Million Legacy Level. For cumulative gifts and pledges over \$5 million, the donor will be recognized for the 5 Million Legacy Level. For cumulative gifts and pledges over \$10 million, the donor will be recognized for the 10 Million Legacy Level.

Founders Society

The Founders Society is named after the group of North Dakotans who were instrumental in the establishment of NDSU in 1890. Membership is accorded to those who: (1) have made an outright gift of \$500,000 or more, (2) have made cumulative gifts totaling \$500,000 or more, or (3) have made a pledge to give \$500,000 or more.

Old Main Society The Old Main Society is named after NDSU's most recognized landmark.

Membership is accorded to those who: (1) have made an outright gift of \$250,000 or more, (2) have made cumulative gifts of \$250,000 or more, or (3) have made a pledge to give \$250,000 or more.

President's Gold Medallion Society

Membership is accorded those who: (1) have made an outright gift of \$100,000 or more, (2) have made cumulative gifts totaling \$100,000 or more, or (3) have made a pledge to give \$100,000 or more.

President's Silver Medallion Society

Membership is accorded to those who: (1) have made an outright gift of \$50,000 or more, (2) have made accumulated gifts totaling \$50,000 or more, or (3) have made a pledge to give \$50,000 or more.

President's Copper Medallion Society

Membership is accorded to those who: (1) have made an outright gift of \$25,000 or more, (2) have made accumulated gifts totaling \$25,000 or more, or (3) have made a pledge to give \$25,000 or more.

President's Bronze Medallion Society

Membership is accorded to those who: (1) have made an outright gift of \$10,000 or more, (2) have made accumulated gifts totaling \$10,000 or more, or (3) have made a pledge to give \$10,000 or more.

All efforts should be made to present these gifts at the annual Evening of Distinction dinner. In special cases when the donor is infirm or immobile, efforts may be made for delivery of these gifts by the Director of Development. All deliveries are made in coordination with the Outreach department. The Development staff should file a contact report upon delivery and alert the Outreach department of delivery. Any awards not personally delivered two weeks after the Evening of Distinction will be mailed by the Outreach department and should include a personal note from the President of the University or their assigned Director of Development.

College/Department Cumulative Giving Societies

The University does not endorse or encourage the establishment of giving societies within a college/department.

7.5.2 ANNUAL GIVING SOCIETIES

President's Circle

The President's Circle honors donors for their annual gifts to NDSU. There is one level within the society:

- President's Circle - giving of \$1,000 or more.

7.5.3 PLANNED GIVING SOCIETY

Heritage Society

The Heritage Society recognizes those who contribute to NDSU through a planned gift. Membership is offered to all individuals and couples who let us know, via written documentation, that they included NDSU in their estate plans or as a beneficiary of another type of planned gift, regardless of the amount and regardless of its binding status. Gift commitments that qualify include:

- A bequest in a will or living trust
- A charitable gift annuity
- A charitable lead trust
- A charitable remainder trust
- A remainder interest in a home, farm, or other property
- Designation of NDSU as the beneficiary of a retirement plan or insurance policy

7.6 DONOR HONOR ROLLS

A donor honor roll is a listing of donors of a particular college/department and/or at a specific giving level. Its purpose is to publicly recognize donors and possibly inspire others to give at a higher level.

The University currently does not publicize a University-wide donor honor roll and colleges/departments are discouraged from establishing donor honor rolls.

7.7 DONOR NAMING

Private gifts to support the University through the Foundation offer an opportunity for appropriate recognition for donors. Depending upon the level of commitment, recognition may include naming opportunities for student and faculty support funds, programs, facilities, colleges, schools, and departments.

The permanent nature of endowments and the naming of facilities, colleges, schools and units require they be established with sensitivity to the needs and goals of the donors as well as the University. To maintain consistent standards, the University and the Foundation adopted [Naming Guidelines](#), with understanding that specific circumstances may call for agreements falling outside these stipulations.

7.8 MEMORIALS

When contributions are made in someone's memory, it is noted in the Reference section of the gift in Raisers Edge and printed on the tax receipt. Family members are periodically notified of the names, but not the amounts, of contributors in their loved one's memory by the Gift Processing Coordinator.

8 REFERENCES

8.1 REFERENCE 3.1: GIFT RECEIPT GUIDELINES

\$1 to \$99	E-receipt if we have valid email address; if not, regular gift receipt from CEO.
\$100 to \$499	Printed CEO signature gift receipt
\$500 and above	Actual CEO signature gift receipt
Sponsorship	Under \$500 printed CEO signature gift receipt, over \$500 actual CEO signature gift receipt
Stock	Actual CFO signature gift receipt
Bison Bidders Bowl	Donor form and printed CEO signature gift receipt
Matching Gifts	If \$250+, printed CFO signature gift receipt
Payroll deductions/EFTs/Recurring credit cards	Annual gift receipt letter in January. Follow the guidelines above for receipt amount.
Gift in Kind	CFO signs letter
Memorials	Printed CEO signature
IRA Contribution	Under \$500 printed CEO signature, over \$500 CEO signs
PAC/ Other Charitable	Printed CEO signature
Net Community Gifts	Receive a generated gift receipt letter

8.2 REFERENCE 3.3: ACKNOWLEDGMENTS

8.2.1 ACKNOWLEDGMENT LETTER CONTENT

Acknowledgment letters should contain the following:

- **How the donor's support made a difference.**

Donors love to hear about the ways in which their support has helped by possibly: increasing the number of scholarships offered; providing needed funds to help support student travel; to award scholastic or creative achievement; or support undergraduate research. Look for

examples of students doing timely work, or studying in interesting locations, or being cited by a faculty member in his or her work.

If the fund supports a visiting speaker series, identify the speaker for the academic year and briefly describe why that person was important to the campus beyond the college/department. Also indicate if the funds allowed the speaker to stay an extra day and meet with students and if so, describe the outcome.

If the fund is for program support or a general college/department budget, describe the tangible progress the college/department made over the past year. Tell of any new hires directly related to the support, any rise in ratings, any other praise the college/department has received, or if enrollment in the major has increased.

Pinpointing one specific thing that was affected by a donor's generosity may be difficult. In that case, it may be best to find a specific story or bit of good news that can serve as a representative example of how your college/department is doing well and is related to the generous support of the donor.

It is also helpful to connect the donor's gift to the college or department's vision and/or to the campaign. For example: "your gift for student scholarships supports the top priority of the campaign," or "our goal is to be a student-focused, land grant, research university, and your generosity is leading us there."

- **Who the support has helped.**

Donors want to know about the people they have helped. If the college/department awards scholarships, students often talk about their goals and accomplishments in letters to donors. Consider how this translates to the college/department and incorporate into the letter.

Each college/department or program has stronger and weaker parts, and department heads or directors are always trying to find ways to strengthen both areas. Consider briefly mentioning those areas and why it is important to develop them.

- **How donors can be more involved beyond signing the check.**

Most donors give to the University for a number of reasons; one main reason is to feel connected to their alma mater and the good work being done here. Therefore, a thank you letter is a great place to provide an opening for them to increase their level of involvement. However, do not offer involvement if the college/department is not able to follow through. Consider the donor's interests and affiliations; provide information on or informally invite them to campus events, visiting lectures, alumni tailgates, alumni advisory groups, or student networking opportunities.

- **Connect personally with the donor**

When possible and appropriate, noting other interactions with the donor or significant events in their personal life can provide a more personal connection. Examples include: "I'm glad your grandson will be joining NDSU," or "thank you also for your leadership to our advisory board."

8.3 REFERENCE 4.5 MEMORANDUM OF UNDERSTANDING REQUEST FORM

NDSU

FOUNDATION AND ALUMNI ASSOCIATION

DONOR MOU REQUEST FORM

FOR STAFF USE ONLY!

Requested By: _____

Today's Date: _____

DONOR INFORMATION

Name(s): _____

RE Constituent Number: _____

Signer (*if organization*): _____ Title: _____

FUND INFORMATION

College: _____

Department: _____

Fund Name: _____

- Create an MOU for a new Fund
- Create an MOU for an existing Fund # _____
- Create an MOU addendum to an existing Fund # _____

FUND TYPE

- Expendable Endowment
- Quasi-Endowment Term Endowment
- Other: _____

GIFT INFORMATION *(Choose all that apply)*

- Cash gift of \$ _____
- Annual recurring gift of \$ _____ (amount) given in _____ (month)
 - Donor requests annual reminder sent in _____ (month)
- Pledge of \$ _____ (*Donor completes a pledge letter*)
- Planned gift of \$ _____ (appx. amount) through _____ (vehicle)
(Donor completes Statement of Intent)
- Other: _____

March 2018

FUND PURPOSE

Graduate Scholarship or

Undergraduate Scholarship

Class standing _____ (grade level)

Major _____

GPA _____

Financial Need

High school/state/other residency preference _____

Other criteria _____

General benefit and support of: _____
(campus/college/department/unit/etc.)

Graduate Fellowship in: _____
(campus/college/department/unit/etc.)

Faculty Professorship or Chair in: _____
(campus/college/department/unit/etc.)

Faculty Fellowship in: _____
(campus/college/department/unit/etc.)

Capital Project in: _____
(campus/college/department/unit/etc.)

Other: (specific program, project, or focus area) _____

LEGACY STATEMENT:

ADDITIONAL INFORMATION:

8.4 REFERENCE 4.6: SCHOLARSHIP CRITERIA GUIDELINES

Formal MOUs shall be created that specify the purpose, eligibility criteria, etc. for each fund, and each fund will carry its own unique fund number. A scholarship can be made to recognize academic achievement and/or demonstrated financial need. Scholarships can be specific in nature. Therefore, some preferences (i.e. GPA, class standing, hometown, etc.) may be included. However, be cautious about the specifics of the terms for eligibility. University preference is to make eligibility requirements as broad as possible to ensure that we can award the scholarship annually and provide assistance to the broadest range of students possible.

- **Understand the difference between an award and a scholarship**
 - An award is meant to recognize a singular exemplary achievement and should be awardable to any student (i.e. acceptance into a major, academic achievement). No preferences can be included in an award MOU because an award is based on one required attribute. Also, awards are not limited by gender, diversity, or geographic factors since ALL students must be able to be reviewed for eligibility based on the attribute. Keep in mind that awards are to recognize a student for some achievement they have accomplished during the academic year; therefore, awards are often made at the end of the academic year and are not intended to offset costs of tuition. Although, it is important to note that University policy requires all scholarships and awards to be deposited to the student's account.
 - Awards are NOT mini-scholarships.

- **Include broad eligibility requirements**
 - Eligibility requirements should be broad in nature rather than narrowly focused to include a large pool of possible recipients. If a donor is interested in a scholarship being awarded to a very specific population, the MOU will include this as a preference rather than a requirement. When awarding scholarships, preferences must be followed. If there are no eligible candidates meeting the preference, then the scholarship can be awarded to another student meeting the broader eligibility requirements. Colleges/departments can identify specific student populations via AcademicWorks and determine whether or not there is a sufficient candidate pool. A scholarship fund cannot be created to assist particular, pre-selected individuals.

- **Encourage eligibility requirements identified in the University databases**
 - Encourage donors to consider specific eligibility requirements that college/departments can identify through PeopleSoft student searches (e.g. high school, county, zip code, college, major, and first-generation).
 - Data elements that cannot be identified in University databases should be avoided. Examples include biographical traits; qualitative characteristics such as “congenial,” “high moral values,” “the most deserving,” “motivated,” etc.; geographic locations such as “Fargo city limits,” “metropolitan area,” “rural” (“rural county” can be defined by the U.S. Census Bureau, but the term “rural” cannot).

- **Specific Criteria – Restrictions and Preferences**
 - The Foundation and University cannot accept a restriction or preference that could result in unlawful discrimination or otherwise violate state or federal law. The following examples are included for guidance:
 - **Allowable Preferences**
 - Socio-economic status
 - Major, class level, GPA
 - Residency in a particular area (city, county, state)
 - Graduating from a certain high school or school district
 - Growing up in a single-family household
 - First generation to attend college
 - Historically underprivileged or underrepresented populations
 - Disabilities or having overcome specific challenges
 - Involvement in specific student organizations, provided the group has open membership
 - **Unallowable Preferences**
 - Race or color
 - Religion
 - Citizenship or national origin
 - Age
 - You could specify “returning” students or require a minimum number of years since they last attended high school or college as a criterion.
 - Any reference to a protected class
 - **Gray Areas for Preferences**
 - Gender – If using gender as a restriction or preference, the University must prove the scholarship is being awarded to remedy a disadvantage, such as an historic, significant gender imbalance, or to support some other legally valid objective. A backup provision should be included as it may become unallowable or not represent a disadvantaged group in the future.
 - For Athletic scholarships, membership on the team is the primary criterion so gender can be specified. For example, a scholarship for a student on the women’s soccer team is allowable.
- **Donors are not included in the selection of scholarship/award recipients.**
 - Once a donor gives the University a gift, the donor has given up rights to the money or to its use. If donors are able to help determine the recipients of a scholarship/award or if they help to determine expenditures of these gifted funds, they can lose their tax-deduction for the gift.
 - Confidential student information is often shared by selection committees. This information must be protected and should not be shared with people outside of the University.
 - Improper involvement by a donor in the selection of recipients can, in some cases, jeopardize the Foundation and University’s tax exempt status.
 - Donors may suggest that the scholarship/award be given to family or friends, which could cause donors to lose the tax-deduction.
 - Awarding scholarships/awards is a time-consuming process. If a committee must work around a donor’s schedule (especially if the donor is from out of state) or watch what student information they share in discussions, the funds may not be awarded.
 - The donor, obviously, cannot personally be involved in the selection process in perpetuity.

- **Businesses are not permitted to include certain preferences in MOUs.**
 - Scholarships funded through a business with a preference for employees or employees' children are to be discouraged. There are tax implications for the donor if the University inadvertently awards a scholarship to a key employee or his/her child. The selection committee for these scholarships would need to ask donor companies, each year, to submit a number of current employees and the number of employee's children who are enrolled or planning to enroll in the University that year. This gives the number of possible candidates and helps to ensure that we are not benefiting all of the employees/children but a percentage of them.
 - These scholarships should not require students to be employees/children of employees because, in the event the business merges, closes, or the population dwindles, we would be unable to award the scholarship.
 - Businesses may not:
 - Require an employee to continue his/her employment during the period of the scholarship award or afterward.
 - Have direct involvement in the selection process. They may nominate students who have been identified as eligible candidates by the University.
 - Require recipients to take part in internships either to be eligible for the scholarship or as a result of receiving the scholarship. (Businesses can include language that states "scholarship recipients shall be given first priority, but shall not be required to participate in an internship at {company name}").
 - Award scholarships to chief stock holders, directors, or their family members.
 - Require grades or academic progress to be reported to them.
- **MOUs can benefit more than one college.**
 - Typically, if an MOU specifies that a scholarship should be given to students in more than one college, the Office of Financial Aid and Scholarships will administer the scholarship since they have the ability to review financial and academic eligibility across all colleges/ campuses. In appropriate situations and for stewardship purposes, a college/department may choose to take on the responsibility of awarding, rotating and managing the funds for MOUs that specify multiple colleges or campuses. In these situations, all college/departments must agree to this process. The awarding college/department must make note of the awarding situation when submitting the MOU request form to the Donor Compliance Services Department and provide documentation of approval from the secondary college/department and the Office of Financial Aid and Scholarships.
- **Define "Full" scholarship**
 - Be careful using the term "full" scholarship. The University defines full cost of attendance as tuition, fees, room, board, and miscellaneous expenses. This definition will be used when awarding scholarships.
- **Essays**
 - Essays should be avoided when working with a donor on establishing criteria as they are not practical. This can limit a student's interest in applying for the scholarship and create a lot of

work for the scholarship committee to review. This may result in scholarships not being awarded in a timely manner or at all.

- **Endowments are forever**
 - Be careful when drafting donor restrictions and preferences too specifically with things like technology. Think about 50 years from now, will the criteria still be possible or practical?