University Advancement

Bob Groves
Vice President
University Advancement

Scott Westerman
Assoc. Vice President
Alumni Relations, Dir. Of MSUAA

Bob Thomas
Assist. Vice President
Advancement Marketing & Communications

Monique Dozier
Assist. Vice President
Information Systems & Donor Strategy

Vivianne Robinson
Director of Human Resources

Sarah Blanck
Director of Finance & Endowments

Pete Lasher
Assoc. Vice President
University Development
University Advancement’s Mission

The mission of University Advancement is to secure support for Michigan State University in terms of money, talent, service and advocacy by delivering an integrated program of communications, marketing and engagement. Our objective is to build deep and long-term relationships with alumni and other stakeholders and potential partners that will ensure increased support in the future.
The Anatomy of a Gift

The voluntary transfer of property from one party to another without the expectation of any value in return.

Components of a completed gift . . .

• Completed delivery – convey title, relinquishing control
• Donative intent – may include restriction as to use
• Acceptance by the donee – agreement to accept with any restrictions
Responsibilities of Accepting and Managing Gifts

• Accountability to the donor
• Mechanisms to control and account for use
  – Context of solicitation
  – Acceptance of donors intent in gift and endowment agreements
  – Purpose / Restrictions on accounts
• Related, but different obligations
  – Legal (IRS, State Law)
  – Policy (i.e. Alcohol Purchase)
  – Moral obligation (Stewardship)
Types of Gifts

• Outright gifts
  – Checks, Credit cards
  – Marketable securities

• Other Assets
  – Real Estate
  – Art
  – Intellectual Property

  • Special concerns:
    – Completion of the gift – formal transfer
    – Related use
    – Appraisal / Valuation
Timing

• Now

• Pledges
  – Usually 5 years or less
  – Documented with signatures and payment schedules
  – Impact financial statements

• Deferred
  – Bequest Intentions
  – CGA, CRT and other life income agreements
Purpose of Gift

• Unrestricted
• Restricted
  – Scholarships
  – Program Support
  – Research
  – Restricted to program but discretionary as to purpose

Form of Gift

• Current Use
• Endowment
<table>
<thead>
<tr>
<th>Institution</th>
<th>Endowment Market Value</th>
<th>Enrollment: FTE</th>
<th>Endowment per FTE</th>
<th>Expenditures per FTE</th>
<th>Expenditures</th>
<th>Ratio: End to Exp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvard University (Cambridge, MA)</td>
<td>$31,419,653,000</td>
<td>19,992</td>
<td>$1,571,611</td>
<td>$163,169</td>
<td>$3,452,493,000</td>
<td>9.1</td>
</tr>
<tr>
<td>Yale University (New Haven, CT)</td>
<td>$19,174,387,000</td>
<td>11,617</td>
<td>$1,650,545</td>
<td>$205,568</td>
<td>$2,405,354,000</td>
<td>7.97</td>
</tr>
<tr>
<td>Stanford University (Stanford, CA)</td>
<td>$16,502,606,000</td>
<td>15,349</td>
<td>$1,075,158</td>
<td>$151,527</td>
<td>$2,789,316,000</td>
<td>5.92</td>
</tr>
<tr>
<td>University of Michigan-Ann Arbor (Ann Arbor, MI)</td>
<td>$7,834,751,733</td>
<td>52,883</td>
<td>$148,153</td>
<td>$38,283</td>
<td>$1,959,876,055</td>
<td>2.6</td>
</tr>
<tr>
<td>University of Texas at Austin (Austin, TX)</td>
<td>$7,441,482,347</td>
<td>44,999</td>
<td>$165,369</td>
<td>$38,283</td>
<td>$1,959,876,055</td>
<td>3.8</td>
</tr>
<tr>
<td>Northwestern University (Evanston, IL)</td>
<td>$7,012,867,000</td>
<td>19,853</td>
<td>$353,240</td>
<td>$82,285</td>
<td>$1,685,282,000</td>
<td>4.16</td>
</tr>
<tr>
<td>University of Chicago (Chicago, IL)</td>
<td>$6,575,126,000</td>
<td>14,111</td>
<td>$465,957</td>
<td>$117,690</td>
<td>$1,840,754,000</td>
<td>3.57</td>
</tr>
<tr>
<td>University of Notre Dame (Notre Dame, IN)</td>
<td>$6,383,344,000</td>
<td>11,862</td>
<td>$538,134</td>
<td>$73,791</td>
<td>$885,641,000</td>
<td>7.21</td>
</tr>
<tr>
<td>Texas A &amp; M University (College Station, TX)</td>
<td>$6,328,931,718</td>
<td>44,499</td>
<td>$142,226</td>
<td>$45,049</td>
<td>$2,297,391,069</td>
<td>2.75</td>
</tr>
<tr>
<td>Washington University in St Louis (Saint Louis, MO)</td>
<td>$5,348,871,000</td>
<td>12,651</td>
<td>$422,802</td>
<td>$151,690</td>
<td>$2,122,895,000</td>
<td>2.52</td>
</tr>
<tr>
<td>University of Virginia-Main Campus (Charlottesville, VA)</td>
<td>$5,346,500,000</td>
<td>21,996</td>
<td>$243,067</td>
<td>$39,764</td>
<td>$952,000,000</td>
<td>5.62</td>
</tr>
<tr>
<td>Duke University (Durham, NC)</td>
<td>$5,161,005,412</td>
<td>15,088</td>
<td>$342,053</td>
<td>$134,208</td>
<td>$2,090,834,000</td>
<td>2.47</td>
</tr>
<tr>
<td>University of Minnesota-Twin Cities (Minneapolis, MN)</td>
<td>$2,514,007,307</td>
<td>60,672</td>
<td>$41,436</td>
<td>$39,359</td>
<td>$2,673,754,197</td>
<td>0.94</td>
</tr>
<tr>
<td>University of Wisconsin-Madison (Madison, WI)</td>
<td>$2,066,958,201</td>
<td>38,185</td>
<td>$54,130</td>
<td>$48,408</td>
<td>$2,041,850,656</td>
<td>1.01</td>
</tr>
<tr>
<td>Purdue University-Main Campus (West Lafayette, IN)</td>
<td>$2,001,600,855</td>
<td>59,970</td>
<td>$33,377</td>
<td>$22,013</td>
<td>$1,578,419,279</td>
<td>1.27</td>
</tr>
<tr>
<td>Pennsylvania State University-Main Campus (University Park, PA)</td>
<td>$1,831,100,000</td>
<td>81,051</td>
<td>$22,592</td>
<td>$33,342</td>
<td>$2,911,034,000</td>
<td>0.63</td>
</tr>
<tr>
<td>Michigan State University (East Lansing, MI)</td>
<td>$1,718,100,760</td>
<td>15,088</td>
<td>$342,053</td>
<td>$134,208</td>
<td>$1,609,143,000</td>
<td>1.01</td>
</tr>
<tr>
<td>Indiana University-Bloomington (Bloomington, IN)</td>
<td>$1,574,815,344</td>
<td>81,842</td>
<td>$19,242</td>
<td>$22,640</td>
<td>$2,292,099,928</td>
<td>0.69</td>
</tr>
<tr>
<td>Ohio State University-Main Campus (Columbus, OH)</td>
<td>$1,405,646,025</td>
<td>62,805</td>
<td>$22,381</td>
<td>$36,583</td>
<td>$2,357,000,000</td>
<td>0.6</td>
</tr>
<tr>
<td>University of Nebraska-Lincoln (Lincoln, NE)</td>
<td>$1,241,577,000</td>
<td>42,798</td>
<td>$29,010</td>
<td>$31,239</td>
<td>$1,562,894,000</td>
<td>0.79</td>
</tr>
<tr>
<td>University of Illinois at Urbana-Champaign (Champaign, IL)</td>
<td>$1,132,625,790</td>
<td>43,862</td>
<td>$25,822</td>
<td>$39,454</td>
<td>$1,777,879,512</td>
<td>0.64</td>
</tr>
<tr>
<td>University of Iowa (Iowa City, IA)</td>
<td>$1,058,694,909</td>
<td>28,352</td>
<td>$37,341</td>
<td>$43,440</td>
<td>$1,339,046,216</td>
<td>0.79</td>
</tr>
</tbody>
</table>
Big 10 Comparison – Market Value
Big 10 Comparison – Endowment per Student
Endowments – Other Thoughts

• Not a single pot of funds
  • Comprised of hundreds of individual funds, governed by individual gift agreement’s purpose
  • May include some pooled institutional funds

• Invested under specific guidelines to:
  • Generate stable, spendable income (usually 4-5%)
  • Preserve principal
  • Hedge against inflation

• Subject to oversight by Attorney General in most states and morally, (and in some cases legally) to donors and their heirs

• State Appropriations vs. Endowment
  • What is the endowment equivalent of $200M per year in state appropriations?
Endowments

• True Endowment
  — Established by donor’s intent
  — Governed by policy and donor agreement

• Fund Functioning as and Endowment (FFE)

• Endowment Investment
  — Mutual Fund concept
  — Quarterly purchase of “shares”
  — Income distributed per share
Endowment & Scholarship System

• Budget

• Recruitment
  – Students
  – Faculty

• Stewardship

• System Link on Investments and Financial Management
  (ifm.msu.edu)
### Endowment Detail

#### Summary

<table>
<thead>
<tr>
<th>Field</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment ID:</strong></td>
<td>4228</td>
</tr>
<tr>
<td><strong>Endowment Name:</strong></td>
<td>Knas Family Band Jacket Endowment Fund in the Spartan Marching Band</td>
</tr>
<tr>
<td><strong>Sort Name:</strong></td>
<td>Knas</td>
</tr>
<tr>
<td><strong>Year Signed:</strong></td>
<td>2012</td>
</tr>
<tr>
<td><strong>Year Activated:</strong></td>
<td>2012</td>
</tr>
<tr>
<td><strong>Principal Acct No.:</strong></td>
<td>NX100262 (20-2739)</td>
</tr>
<tr>
<td><strong>Income Acct No.:</strong></td>
<td>RT100291 (20-2748)</td>
</tr>
<tr>
<td><strong>Endowments per Account:</strong></td>
<td>O - One - Only this endowment on the accounts</td>
</tr>
<tr>
<td><strong>Stewardship Fee:</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Endowment Minimum Amount:</strong></td>
<td>30000</td>
</tr>
<tr>
<td><strong>Endowment Minimum Amount Comment:</strong></td>
<td>O - Other/Endowment</td>
</tr>
<tr>
<td><strong>Type:</strong></td>
<td>E - Endowment</td>
</tr>
<tr>
<td><strong>Reinvest Type:</strong></td>
<td>R* - Reinvest unspent income - w/option</td>
</tr>
<tr>
<td><strong>Reinvestment Description:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Endowment End Date:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Endowment End Date Description:</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Description:** Expandable Amounts from the Endowment will be used to support the purchase of Band Jackets for first-year members of the Spartan Marching Band who are in good standing. Should there come a time when student members of the Spartan Marching Band no longer need to purchase their jackets, this fund shall be used at the discretion of the Director of the Spartan Marching Band in support of student Band member needs.

#### Endowment Allocation Code

<table>
<thead>
<tr>
<th>Allocation Code</th>
<th>AE060706</th>
</tr>
</thead>
</table>

[Adjust Allocation Code]
Endowment Detail (cont’d)

Donor, department and investment information.
## Spending Policy

### MUSIC (OOI: 10030598 / CUC: 30598)
Fiscal Year 2012-2013, Status as of the end of March, 2013

<table>
<thead>
<tr>
<th>Number of Units as of 1/1/2013</th>
<th>Market Value as of 1/1/2013</th>
<th>Income Account Number</th>
<th>Fund Name</th>
<th>Income Account Balance</th>
<th>Balance of 2012-2013 Investment Income</th>
<th>Total Income Available 2012-2013</th>
<th>Reinvest Type</th>
<th>2013-2014 Investment Income</th>
<th>Other Resp. Units</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>809.62</td>
<td>$5,000.00</td>
<td>RT100291</td>
<td>Kings Family Band Jacket Endowment Fund in the Spartan Marching Band</td>
<td>$63.62</td>
<td>$63.62</td>
<td>$127.24</td>
<td>Reinvest - w/option</td>
<td>$248.21</td>
<td>O - Other/Endowment</td>
<td></td>
</tr>
</tbody>
</table>
Activity Report

Annual Statement of Endowment Activity
For the Year Ended June 30, 2012
Daniel J. and Bette H. Church Endowed Scholarship in Accounting
ACCOUNTING AND INFORMATION SYSTEMS

Summary of Principal Account

<table>
<thead>
<tr>
<th>Book Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Beg. of Period:</td>
<td>$88,848</td>
</tr>
<tr>
<td>Gifts, Net Gains/(Losses):</td>
<td>$2,500</td>
</tr>
<tr>
<td>Balance at End of Period:</td>
<td>$91,148</td>
</tr>
</tbody>
</table>

Summary of Spending Account

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RT083279 Balance at Beg. of Period:</td>
<td>$1,218</td>
</tr>
<tr>
<td>Plus Total Revenue:</td>
<td>$5,475</td>
</tr>
<tr>
<td>Plus/Less Transfers:</td>
<td>$0</td>
</tr>
<tr>
<td>Less Expenditures:</td>
<td>($5,000)</td>
</tr>
<tr>
<td>Balance at End of Period:</td>
<td>$1,693</td>
</tr>
</tbody>
</table>

Department Comments:
The following students were awarded the Daniel J. and Bette H. Church Endowed Scholarship in Accounting, and the award amounts:
Burkard, Justin Michael $1000
Eom, Younae $1000
Han, Luyao $500
Podelnyk, Matthew Alexander $500
Redman, Jeremy Franklin $1000
Rothwell, Michelle Marie $1000
Understanding Your Endowments

• Endowment Agreement:
  — Establishment
  — Fiscal Administration
  — Purpose
  — Administration Criteria (Scholarship only)
  — Governing Laws and Policies

• Administration of Agreement
Quiz Time – Acceptable uses of this Endowment.

One mission of the College of Music is to help students develop and prepare for successful careers. The skill set needed for this success changes over time. The goal of the Endowment for Entrepreneurial Activities in the College of Music is to support students in achieving success and building effective career skills in a changing world. Expendable Amounts may be used for exploring new ways of communicating; launching entrepreneurial ventures; developing websites; exploring strategies in grant writing and raising funds; encouraging diversified (interdisciplinary or multidisciplinary) experiences and professional development to address changing markets and constituencies; providing student incentives such as honoraria and prizes; engaging guest speakers; supporting seminars, internships and practicums; developing online supportive resources; supporting staff and faculty in their efforts to build and sustain this program.
This endowment will support...

- Scholarships.
  False

- The study of non-traditional communication through music in an auto factory.
  True

- Creating a video game design to teach music theory.
  True
Depositing, Receipting and Acknowledging Gifts

- Importance of timely depositing
- Importance of including transmittals and backup information
- Central responsibility for receipting for IRS substantiation
- Reconciliation of ADVANCE and EBS records
Investment in Fundraising

YOU HAVE TO SPEND MONEY TO MAKE MONEY, AND WALTER JUST HATES IT.
Funding Fundraising

• It’s more than wine and dine!

• Foundation = Central Services

• Shared Investment
  — Annual Giving
  — Constituent development officer salary
  — Constituent development office operating cost
  — Alumni Relations
Sample College/School Partnership

- Dean
- Senior Director of Development
- Senior Director of Constituency Programs, University Development
- Administrative Support
  - Major Gift Officer: 75/25
  - Director of Communication: 100/0
  - Director of Alumni Relations: 100/0
Constituent Investment Changes

- Concentration is at the Major Gift level of $10,000 to $5,000,000
- Higher prospect amount requires additional investment.

- Increased engagement
- More personal contact
- Increased travel, meals, targeted communication
Accountant’s Role in Stewardship

- Gift Integrity
- Proper expenditures and reconciliation
- Additional Giving
- Honor donors’ intent
- Demonstrate ROI
- Tell the story
Questions?

Contact us:

- Bob Groves  grovesr@msu.edu  4-1008
- Pete Lasher  lasher@msu.edu  4-1006
- Scott Westerman  wsw@msu.edu  2-1690
- Sarah Blanck  blancks@msu.edu  4-1042