

UF'S WELCOME TO THE ENDOWMENT COMMUNICATIONS ADDITIONAL DOCUMENTS

DONOR COMMUNICATION



FACULTY COMMUNICATION



Welcome to the University of Florida Endowment

YOUR INVESTMENT FUELS

A BRIGHTER FUTURE FOR FLORIDA,

THE NATION AND THE WORLD



UNIVERSITY of FLORIDA





Funding Your Philanthropic Passion.

CREATING AN ENDOWMENT DEMONSTRATES YOUR
COMMITMENT TO MAKING A LASTING IMPACT. In return,

UF promises to be a good steward of your investment and to spend the funds in a transparent manner that aligns with your philanthropic intentions.

To better understand how we distribute funds to support your goals, it is helpful to know our payout structure. Following guidelines established by the UF Foundation Board, each endowment generates an annual payout based on the spending rate. The annual spending rate is 4 percent of the principal fund's spending base, distributed quarterly (1 percent). Transfers are made directly from the principal fund on the last day of the quarter, with spendable monies available the following day. The endowment will last forever.

For more information about the endowment's fees and investment structure, please visit the UF Foundation website: www.uff.ufl.edu/documents/policies

FOR EXAMPLE

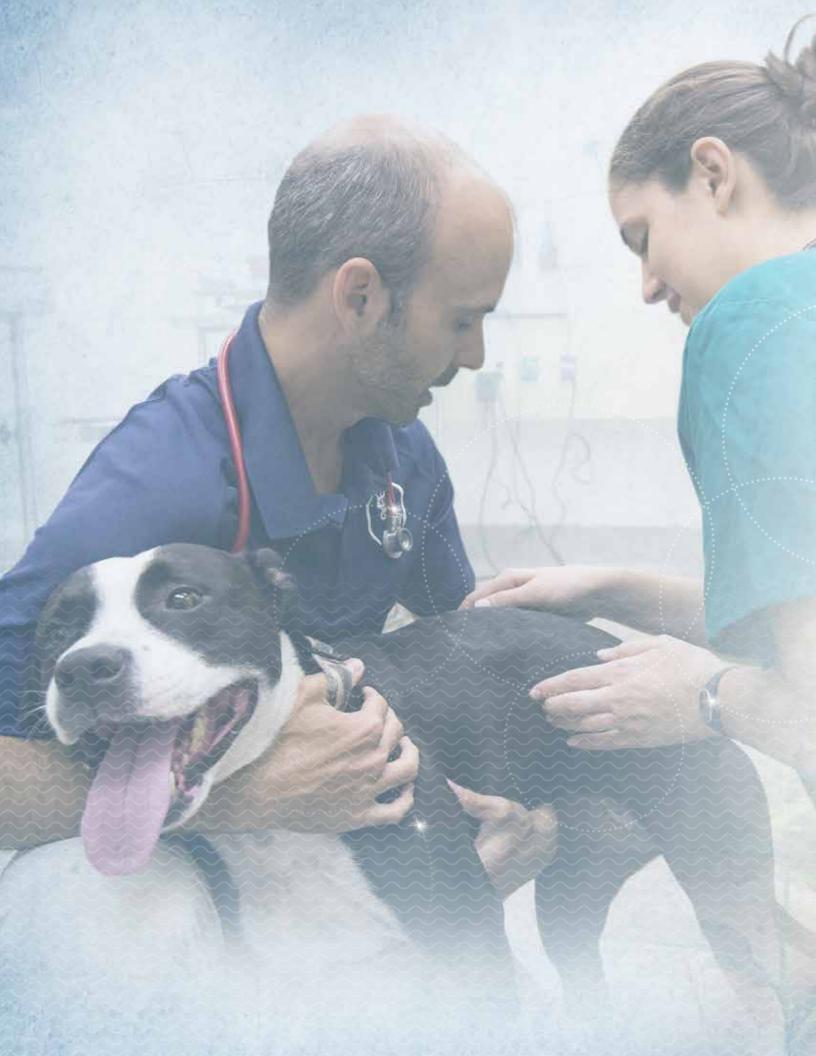
IF A FUND'S SPENDING BASE IS \$100,000, then the fund's annual payment would be \$4,000, paid out on a quarterly basis of \$1,000 per quarter.

The principal amount would remain and continue to grow, funding the designated purpose forever.



ENDOWMENTS AT WORK.

ENDOWMENTS REFLECT YOUR PRIORITIES AND GOALS AND STAND AS AN ENDURING TRIBUTE TO YOUR GENEROSITY. They provide a permanent source of financial stability, while enhancing UF's prestige. These investments support the university in four major areas of need: student scholarships and fellowships, faculty endowments, research and programs, and





Frequently Asked Questions

WHEN WILL I RECEIVE MY ANNUAL ENDOWMENT REPORT?

12 to18 months after establishing the fund, for the first report. Every following year, donors can expect their annual endowment reports to arrive in the mail in late fall.

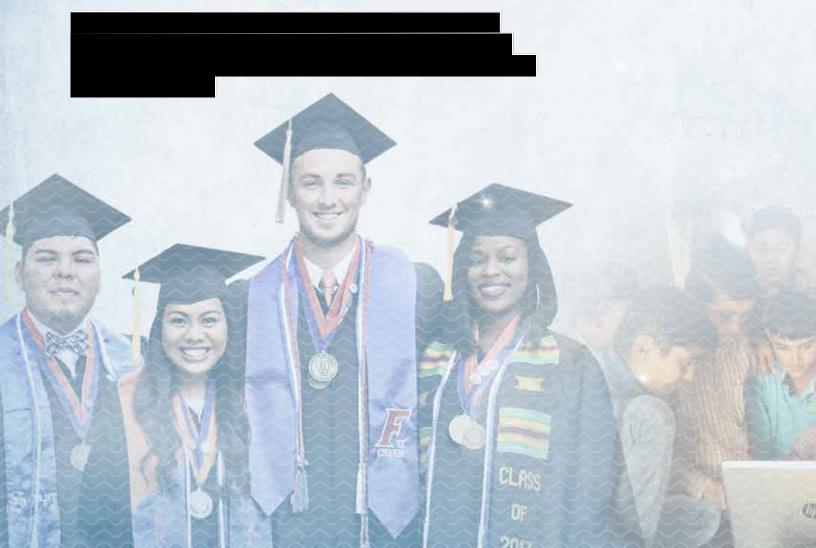
WHO CAN I CONTACT IF I HAVE QUESTIONS ABOUT MY FUND?

The UF Foundation Finance & Accounting Office is available to discuss information in your report. They may be reached at **352-392-9503** or **finance-accounting@uff.ufl.edu**.

WHO MANAGES THE INVESTMENT OF THE FUNDS?

The endowment is invested by the **University of Florida Investment Corporation** (**UFICO**), a separate entity from UF and the UF Foundation. UFICO is governed by a volunteer board of experienced investment professionals. The UF Foundation Board provides oversight and approval of the investment strategy executed by UFICO.

WHAT IS THE ENDOWMENT INVESTMENT STRATEGY?



I ESTABLISHED A SCHOLARSHIP. MAY I PICK THE RECIPIENT?

Scholarship recipients are determined by a university or college selection committee. Per UF Foundation policy, "the donor may advise but may not participate in the selection or evaluation of students or faculty members who would benefit from the gift." Donors are informed about the recipient(s), but are not involved in the selection process. More information on the policy can be found here: https://www.uff.ufl.edu/docview/?docid=2009

MY ENDOWMENT FUNDS THE WORK OF A FACULTY MEMBER. HOW DO I CONTACT THE RECIPIENT OF MY ENDOWMENT?

Your college representative can provide the contact information for your endowed faculty member. UF encourages regular communication between faculty and donors, depending on the wishes of the donor.

HOW DO I KNOW THE FUNDS ARE BEING SPENT IN ACCORDANCE WITH MY INTENTIONS AND OBJECTIVES?

Compliance with donor intent is one of the UF Foundation's fundamental responsibilities, and many areas of the foundation are dedicated to safeguarding our donors' objectives. The legal department helps to establish gift purpose at the outset, through a gift agreement, estate documentation, or other evidence clearly documenting donor intent, and ensuring your gift is held in a fund for that purpose. Finance & Accounting oversees spending for compliance with the fund purpose. Internal auditors review endowment expenditures each year; the results are reported to the audit committee of the UF Foundation Board.

IS IT POSSIBLE TO SEND ENDOWMENT REPORTS TO OTHERS?

Yes, the UF Foundation is happy to send annual endowment reports to individuals of the donor's choosing. Please complete the survey at the end of your endowment report to indicate the name, address and phone number of the individual(s) who should also receive future reports



Our Pledge to You: The Donor Bill of Rights

PHILANTHROPY IS BASED ON VOLUNTARY ACTION FOR THE COMMON GOOD.

It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

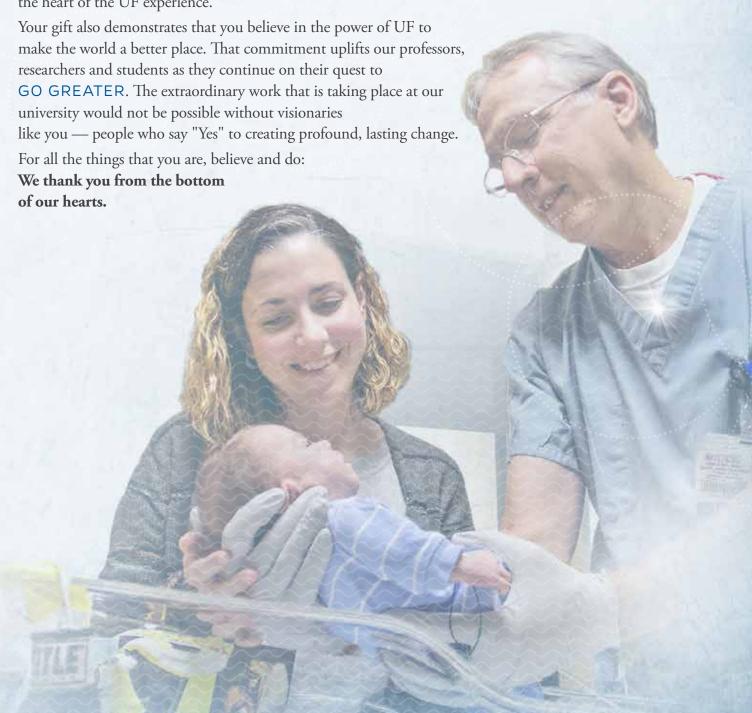
- To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- To have access to the organization's most recent financial statements.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgment and recognition.
- To be assured that information about donations are handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing organizations
 of interest to the donor will be professional in nature.
- To be informed whether those seeking donations are volunteers, employees
 of the organization or hired solicitors.
- To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The text of this statement in its entirety was developed by the American Association of Fundraising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and has been adopted by the UF Foundation Board of Directors.

Thank You

WE ARE PROFOUNDLY GRATEFUL FOR YOUR GENEROSITY, YOUR SPIRIT AND YOUR PASSION TO MAKE UF THE BEST THAT IT CAN BE.

Your recent endowment gift shows that you understand the value of financial stability for a research university. Your generosity enables us to cover essential costs, fund vital research and honor the traditions of excellence and integrity that have always been at the heart of the UF experience.





UNIVERSITY of FLORIDA

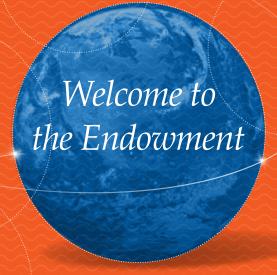
FOUNDATION

OFFICE OF DONOR RELATIONS

352-392-1691

contact@uff.ufl.edu

www.uff.ufl.edu/endowment



HOW PRIVATE FUNDING ENHANCES YOUR WORK

YOUR ROLES AND RESPONSIBILITIES





THE IMPORTANCE OF ENDOWMENTS

CONGRATULATIONS ON YOUR ENDOWED FACULTY APPOINTMENT!

Endowments are the hallmark of a great university and the cornerstone for innovative breakthroughs and worldwide impact. Private support promotes quality, stability, productivity and creativity, leaving a lasting legacy on the university and the communities it serves.

As an endowed fund recipient, you have the great honor and responsibility of advancing UF's impact through your teaching, research or service. We look forward to sharing your successes with the entire Gator Nation.

The UF Foundation has a proud tradition of showing appreciation to donors, and you, as a fund recipient, play a crucial role in that process. By sharing the highlights of how an endowment is helping you accomplish your work, you give donors confidence that their funds are nurturing tangible goals—and you inspire them to keep on giving.



WHAT IS AN ENDOWMENT?

AN ENDOWMENT IS A DONOR-ESTABLISHED FUND THAT GENERATES A STEADY INCOME STREAM IN PERPETUITY TO SUPPORT ITS SPECIFIC PURPOSE.

Each endowment generates an annual payout based on the spending rate established by the UF Foundation Board.

Annual payout is the amount made available each year for spending, in accordance with the fund's purpose. **The annual payout is currently 4% of the spending base.**

Spending base is the calculated value of the endowed principal balance used to calculate the payout amount. The spending base

fluctuates between 85% and 95% of the fund's market value, based on investment markets.

The annual spendable income, calculated as the spending rate of 4% of the principal fund's spending base, is distributed quarterly (1% per quarter). The quarterly distribution is transferred on the last day of the quarter and is available for spending from your PeopleSoft account the following day.

FOR EXAMPLE,

IF A FUND'S MARKET VALUE IS \$1.5 MILLION, with a spending base of \$1.275 million (85% of market value), the endowment will pay out roughly \$51,000 annually (4% of the fund's spending base), equal to \$12,750 quarterly.

YOUR RESPONSIBILITIES AS AN ENDOWED-FUND RECIPIENT

YOUR PRIMARY RESPONSIBILITIES AS THE RECIPIENT OF AN ENDOWED FUND ARE TO STRICTLY ADHERE TO THE DONOR'S INTENT for the gift; to follow all UF and UF Foundation policies and procedures; and to adhere to all state and federal laws surrounding charitable gifts. You are also expected to report regularly on the progress of your work. That information forms part of an important document that goes to donors known as the Annual Endowment Report (AER).

Every donor who has established or significantly supported a UF endowed fund receives an AER. This report is produced by the UF Foundation's Office of Donor Relations, in collaboration with the individual college or unit that receives information from you, the faculty member. The resulting AER provides donors with transparency about how UF is using the financial returns from their endowed investment, and it informs them about the real progress you are making toward your goals.

Essentially, when you report to a college or unit about your work, you are speaking directly to donors. Keep this point in mind when summarizing your research and deciding what language to use to address your audience.

ANNUAL ENDOWMENT REPORTS

THE OFFICE OF DONOR RELATIONS MAILS OUT AER REPORTS TO DONORS IN OCTOBER AND NOVEMBER

OF EACH YEAR. In the case of new endowments, donors receive their first AER report 12 to 18 months after they established the fund, which gives it ample time to be invested and generate a payout. All reports, whether for new or existing funds, feature the following content:

- » Financial report
 » Endowment overview
- » Dean/Director message » Endowment survey
- College highlights

Donors with larger endowments also receive an individualized Fund Impact Questionnaire (FIQ) as part of their personalized report. The FIQ details the fund's impact on your work during the last year. Writing an FIQ gives you an opportunity to express gratitude and inform the donor(s) about your annual teaching, research activities and accomplishments.

Faculty who are required to complete an FIQ will be notified in early April and provided with a link to the Annual Endowment Report portal. The online template makes it easy to summarize your activities in a succinct but meaningful manner.

Your development office will remind you of the deadline to submit the FIQ, which is well in advance of the October–November mailing date for donors to receive the AER.

PLEASE CHECK WITH YOUR DEVELOPMENT OFFICE IF YOU ARE UNSURE WHETHER YOU WILL HAVE TO WRITE AN FIQ.

OTHER WAYS TO CONNECT WITH YOUR DONOR

WE ENCOURAGE YOU TO MAKE MEANINGFUL CONNECTIONS WITH YOUR DONOR THROUGHOUT

THE YEAR. In addition to providing formal updates, such as the FIQ, you can provide effective stewardship in other ways:

- » Phone calls;
- Meetings over meals;
- » Quick notes or emails when key research milestones are reached;
- Invitations to visit a lab;
- Introductions to students benefiting from endowment funding.

PLEASE CONTACT YOUR DEVELOPMENT OFFICE

BEFORE INITIATING ANY OF THESE ACTIVITIES. The development office knows which activities your donor prefers and how often the donor likes to be contacted. By coordinating with the office in advance, you ensure that additional stewardship is appropriate and appreciated.

Faculty who are required to complete an FIQ will be notified in early April and provided with a link to the Annual Endowment Report portal. You will be reminded of the deadline to submit the FIQ well before October.

FREQUENTLY ASKED QUESTIONS

WHAT IS THE PURPOSE OF DONOR STEWARDSHIP?

Stewardship keeps donors informed about the impact of their philanthropy, giving them confidence that they have invested wisely. Your stewardship will develop interest and respect between yourself and your donor(s), as well as educate them on how their funding is being put to work on campus. Research shows that 46% of donors stop giving for reasons connected to "a failure to communicate impact."*

The UF Foundation is responsible for ensuring that donor funds are used to the maximum capacity that donors intended. Failure to meet this requirement can raise legal issues and affect our ability to fundraise. The Foundation must maintain transparency so we can build trust and ensure future gifts. Ask yourself, "If I were standing in front of a donor, would I feel 100% confident about my ability to easily explain how I used these funds? Could I show how my efforts align with the purpose of my endowment?"

If you have any questions about how state or federal law relates to your endowment, contact the UF Foundation Legal Counsel, at 352-392-7760 or LegalCounsel@uff.ufl.edu.

WHAT IF THE DONOR(S) TO MY ENDOWMENT IS DECEASED?

In this instance, the development office will seek to locate a next of kin to receive the AER report. If no next of kin can be identified, an AER report for that fund will not be produced. The faculty member will continue to receive a fund payout and will be expected to follow the fund purpose requirements.

^{* 2003} study by Cygnus Applied Research, cited in "Donor-centered Fundraising: How to Hold on to Your Donors and Raise Much More Money" by Penelope Burke

WHAT IF MY DONOR IS A FOUNDATION OR CORPORATION?

Foundations and corporations have a designated UF representative. Your development office will coordinate the mailing of the AER report to the organization.

MY FUND WAS JUST CREATED. WHEN SHOULD I EXPECT TO RECEIVE FUNDING?

It can take up to seven months, due to the investment and payout process. Newly endowed gifts are invested quarterly, with the first spendable transfer occurring at the end of its first invested quarter. Depending on when gifts are made, funds may take up to four months to be invested and up to seven months to generate the first spendable transfer.

WHAT CAN I USE THE ENDOWMENT FUNDING FOR?

The endowment payout supports your scholarly work, which may include teaching, research and service activities, or any other specifications written into the fund purpose, found in the Foundation Accounting System.

EXAMPLES OF ACCEPTABLE EXPENDITURES

include, but are not limited to:

- » Salary and benefits;
- Salary for support staff working exclusively on the professor's scholarly projects;
- >> Travel for the professor related to scholarly work;
- Purchase of computers and software for the professor;
- Meetings related to scholarly work;
- » Graduate student stipends;
- » Printing of materials related to scholarly work.

EXAMPLES OF UNACCEPTABLE EXPENDITURES

from endowed spendable funds include, but are not limited to:

- >> Expenses paid for professor's personal benefit;
- Travel for department purposes not solely related to the professor's scholarly work;
- Office celebrations;
- Lab equipment for use by others within the department;
- » Staff salaries for general office workers;
- Salaries of departmental administrators not solely utilized by the recipient;
- » Gifts and awards;
- » Building maintenance;
- » Lobbying expenses;
- » Dues/memberships to social clubs;
- First-class travel

Please refer to the UF Foundation policy website for more information on spending guidelines: **uff.ufl.edu/endowmentguidelines**

MAY I ASK THE DONOR FOR A NEW GIFT?

Please coordinate any donor requests with your development office. Many donors appreciate the opportunity to make new gifts if they receive excellent stewardship and feel engaged with the university.

WHO MANAGES THE INVESTMENT OF UF'S ENDOWED FUNDS?

The endowment is invested by the University of Florida Investment Corporation (UFICO). UFICO is a separately incorporated, direct support organization for UF governed by a volunteer board of experienced investment professionals. The UF Foundation Board provides oversight and approval of the investment strategy executed by UFICO.

WHO ADMINISTERS THE UF ENDOWMENT?

UF Foundation stewards and administers the endowment, consisting of over 3,400 individual funds with specific purposes established by donors. The Foundation is the fundraising and gift-fund-management arm of the University of Florida. It also serves as fiduciary, caring for gift assets to ensure they are used in accordance with donors' wishes. As part of its stewardship responsibilities, the Foundation oversees all annual endowment reporting.

WHOM MAY I CONTACT IF I HAVE A QUESTION ABOUT MY FUND'S PAYOUT?

The UF Foundation Finance & Accounting Office, is available to discuss any questions you may have: **352-392-9503** or **finance-accounting@uff.ufl.edu.**

You may also contact the fund administrator on your campus or in your unit with questions about fund payout.



FOUNDATION

OFFICE OF DONOR RELATIONS

352-392-1691 contact@uff.ufl.edu www.uff.ufl.edu/endowment