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Beyond the Gift: Mastering Agreements & Donor Intent

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Session Agenda

- Drafting Strong Gift Agreements
- Navigating legal and financial implications
- Addressing stewardship challenges

What is Fund Management?

Fund Management departments enable the creation, maintenance, and financial stewardship of donor and institutionally established gift funds. Additionally, it is the departments responsibility to mitigate the university's risk in relation to the acceptance, administration, and maintenance of funds.

- Fund Terms/MOUs
- Spending Guidance and Compliance
 - Reporting



Why Do Gift Agreements Matter

DONOR NAME SCHOLARSHIP

DONOR NAME, of **PLACE** (the “donor”), plans to establish an endowed scholarship fund at ABC University, an nonprofit institution incorporated under the laws of (State) (“ABC”).

Bio

The endowed fund will be defined and administered as follows:

1. ABC shall establish an endowed fund to be known as the “**NAME OF SCHOLARSHIP**” (the “fund”). The donor agrees to contribute an initial gift of at least \$20,000 (Twenty Thousand Dollars) to the fund. It is the intention of the donor to make additional gifts for a total of \$100,000 (One Hundred Thousand Dollars) to be paid within five years from the date of this agreement. The fund will be activated when the gifts to the fund are equal to or greater than \$100,000 (One Hundred Thousand Dollars) (the “activation amount”).
2. The principal of the fund will be kept intact. Annual awards will be made once the fund reaches the activation amount. The amount available for scholarship awards each year will be determined by the Finance Office (or any successor thereof) in accordance with the endowment spending policy approved by the Board of Trustees of ABC (the “Trustees”). Additional gifts in any amount may be made to the fund at any time by the donor, their family, and/or friends.
3. **Selection of students:** Recipients of this scholarship will be selected by ABC’s Office of Student Financial Services (or any successor thereof).
4. **Selection requirements:** Student Financial Services will select one or more students with financial need [in the College of _____] for a scholarship. Candidates must be full-time undergraduate students at ABC. The scholarship may be renewed in succeeding years.
5. **Preferences:** The donor prefers that the recipients of this scholarship be.....
6. If the fund does not reach the activation amount within five years of the date of this agreement, the Trustees reserve the right to terminate the endowed fund and convert this fund into a current use fund to be used for the same purpose as outlined above. In the unlikely event that the fund becomes unlawful, impracticable, impossible to achieve, wasteful, or otherwise can no longer be used as stated in this agreement, and the donor is no longer living or able to give consent to a revision of these terms, or if the donor is not able to be located, the Trustees reserve the right to amend or augment the fund restrictions. To the extent possible, such a change shall be in keeping with the original intent of the donor.

IN WITNESS WHEREOF, Northeastern University and the donor have executed this instrument in two original counterparts as of the _____ day of _____, 2024.

Donor Name

ABC UNIVERSITY

By: _____
Name
Title



Ensure donor
intent is honored



Provide institutions
with flexibility over
time



Minimize legal and
financial risks



Foster donor trust
and long-term
engagement

What Goes Into a Gift Agreement?

Donor Information

Purpose of the gift

Fund administration details

Spending and investment policies

Compliance considerations (e.g., UPMIFA)


Out clause

Uniform Prudent Management of Institutional Funds Act

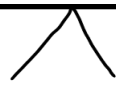
Crafting Flexible and Sustainable Terms

The Great Balancing Act

Specific *Flexible*



**DONOR
INTENT** **University
Priorities**



Crafting Flexible and Sustainable Terms

- Donor Intent

The donors are establishing this fund in honor of the great choreographer Bill T. Jones in recognition of the brilliant way he used his art to fully engage his audience to explore, examine, and experience humanity as seen through the performances of his company of black dancers. The donors hope that this scholarship will support and inspire the next generation of great young dancers and choreographers to understand that dance is not just “art” to entertain, but when done right, it can be a powerful tool to challenge, educate, and inspire future audiences to create a better world.

Crafting Flexible and Sustainable Terms

- Spending Policy

The principal of the fund will be kept intact. Annual awards will be made once the fund reaches the activation amount. The amount available for scholarship awards each year will be determined by the Finance Office (or any successor thereof) **in accordance with the endowment spending policy approved by the Board of Trustees of ABC** (the “Trustees”).

Crafting Flexible and Sustainable Terms

- Successors

The principal of the fund will be kept intact. Annual awards will be made once the fund reaches the activation amount. The amount available for scholarship awards each year will be determined by the Finance Office **(or any successor thereof)** in accordance with the endowment spending policy approved by the Board of Trustees of ABC (the “Trustees”). Additional gifts in any amount may be made to the fund at any time by the donor, their family, and/or friends.

Crafting Flexible and Sustainable Terms

- One or More

Selection requirements: Student Financial Services (or any successor thereof) will select one or more students with financial need in the College of _____ for a scholarship. Candidates must be full-time undergraduate students at ABC. The scholarship may be renewed in succeeding years.

Crafting Flexible and Sustainable Terms

- Not Enough Funding to Cover Purpose

Purpose of the fund: This scholarship will provide one or more students with a scholarship covering full cost of attendance per year. Should the annual disbursements from the fund not fully cover the cost of attendance, any gap in funding will be covered with institutional, state, and federal scholarships.

Crafting Flexible and Sustainable Terms

- Too much money

Purpose: The fund will provide fresh flowers for the office of the President of ABC College. **Should the annual disbursal the fund receives exceeds the budget needed to have fresh flowers in the office, the President may, at their discretion, also use the fund to help maintain and beautify the College grounds.**

Crafting Flexible and Sustainable Terms

- Alternate Use

If at some point in time ABC does not continue to play baseball at Parsons Field, the annual disbursal will be used to provide operational support for the ABC baseball program.

Crafting Flexible and Sustainable Terms

- Out Clause – Fund Conversion

If the fund does not reach the activation amount within five years of the date of this agreement, the Trustees of ABC **reserve the right to convert this fund into a current use fund to be used for the same purpose as outlined above.**

Crafting Flexible and Sustainable Terms

- Out Clause – Change of Purpose

In the *unlikely* event that the fund becomes unlawful, impracticable, impossible to achieve, wasteful, or otherwise can no longer be used as stated in this agreement, **and the donor is no longer living or able to give consent to a revision of these terms, or if the donor is not able to be located**, the Trustees reserve the right to amend or augment the fund restrictions. To the extent possible, such a change shall be in keeping with the original intent of the donor.

Legal & Financial Implications

- Words have actual meaning:
 - Tuition vs. Cost of Attendance
 - Scholarship vs. Fellowship vs. Assistantship

Term	Funding For	Work Required	Typical Recipients
Scholarship	Tuition/living costs	No	Undergrad & Grad
Fellowship	Research/development	No (usually)	Grad students, Postdocs
Assistantship	Tuition + stipend	Yes	Grad students

- Majoring vs. Studying

Donor stewardship

- Managing donor expectations
 - FERPA & Privacy Concerns
 - Student Meetings
- Proactive donor communication
 - Gift Officers
 - Donor Relations

Strengthening Collaboration

- Working with Gift Officers
 - Training
 - Access
- Working with Finance
 - Fund Establishment
 - Endowment Management
- Working with Gift Administration/Processing

Questions?



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