



ASSOCIATION OF  
DONOR RELATIONS  
PROFESSIONALS



# Future Proofing Our Fund Terms

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# Learning the hard way





ASSOCIATION OF  
DONOR RELATIONS  
PROFESSIONALS

BUILDING  
RELATIONSHIPS  
FOR GOOD

**BACK**  
*TO*  
**THE FUTURE**



# Sorry no dogs.....



# Our problems are not new.....

*“In the year 1434 there died at Barchester one John Hiram, who had made money in the town as a wool-stapler, and in his will he left the house in which he died and certain meadows and closes near the town, still called Hiram's Butts, and Hiram's Patch, for the support of **twelve superannuated wool-carders**, all of whom should have been **born and bred and spent their days in Barchester**; he also appointed that an alms-house should be built for their abode, with a fitting residence for a warden, which **warden was also to receive a certain sum annually out of the rents** (.....).*

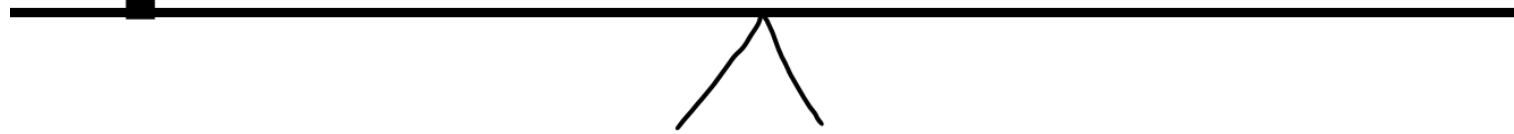
*From that day to this the charity had gone on and prospered— at least, the charity had gone on, and **the estates had prospered**. **Wool-carding in Barchester there was no longer any**; so the bishop, dean, and warden, who took it in turn to put in the old men, generally appointed some hangers-on of their own; worn-out gardeners, decrepit grave-diggers, or octogenarian sextons.....”*

**The Warden** (Book 1 of The Barchester Chronicles)  
By Anthony Trollope

# The Great Balancing Act

**Specific**

*Flexible*





## Basic Template

DONOR NAME, of PLACE (the “donor”), plans to establish an endowed scholarship fund at Northeastern University, an educational institution incorporated under the laws of Massachusetts (“Northeastern”).

Insert Bio/reason donor is creating fund

The endowed fund will be defined and administered as follows:

Northeastern 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”).

The principal of the fund will be kept intact. Annual disbursements 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 Northeastern (the “Trustees”). Additional gifts in any amount may be made to the fund at any time by the donor, family, and/or friends.

Selection of students: Recipients of this scholarship will be selected by Northeastern’s Office of Student Financial Services (or any successor thereof).

Selection requirements: That office will select one or more students with financial need [in the College of \_\_\_\_\_] for a scholarship. Candidates must be full-time undergraduate students at Northeastern. The scholarship may be renewed in succeeding years.

If the fund does not reach the activation amount within five years of the date of this agreement, the Board of Trustees of Northeastern reserve the right to 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 impractical or 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.



# Like ketchup on your fries

The principal of the fund will be kept intact. Annual disbursements 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 Northeastern (the “Trustees”). Additional gifts in any amount may be made to the fund at any time by the donor, family, and/or friends.

**Selection of students:** Recipients of this scholarship will be selected by Northeastern’s Office of Student Financial Services **(or any successor thereof)**.

# Sometimes Less is more

The amount available for the endowed scholarship awards each year will be determined by the Office of Administration and Finance (or any successor thereof) in accordance with the endowment spending policy approved by the Board of Trustees of Northeastern **(the current policy permits the expenditure of five-point five percent (5.5%) of a three-year rolling average of the funds market value)**

The principal of the fund will be kept intact. Annual disbursements 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 Northeastern.** Additional gifts in any amount may be made to the fund at any time by the donor, family, and/or friends.

# One or more

**Selection requirements:** That office will select **one or more students** with financial need for a scholarship. Candidates must be full-time undergraduate students at Northeastern. The scholarship may be renewed in succeeding years.



It is the donors' intention that the scholarships be large enough to have a significant impact on the recipients' financial needs.

Or.....what ever the intention of the donor is (second student can only be awarded after the first is getting a full tuition scholarship.....)

# Restriction v. Preference

One or more what???

**To support a Left-handed Lithuanian Linebacker from Lynn.**

Or,

**To support... twelve superannuated wool-carders all of whom should have been born and bred and spent their days in Barchester.**

# Meet Obsidian





# the out clause

And why the Auditors are my best friend,  
and why they should be yours as well.



But, the out clause is not always at the end





# Sometimes it is at the beginning

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.

## And sometimes it is in the middle

- Purpose of the fund:** The fund will support the Northeastern baseball program by providing for ongoing maintenance, construction, improvements, and capital upgrades to the John “Tinker” Connelly Pavilion and Friedman Diamond at Parsons Field (or any successors thereof). **Should the annual dispersal the fund receives exceed the annual expenses needed to maintain the pavilion and field, and reserves are not needed for future planned capital improvements, the fund may also** provide for professional and leadership development for the players and coaches on a case by case basis determined by the director in consultation with the head baseball coach.
- Restrictions:** These funds will not be used for grounds keeping or trash pick-up.
- If at some point in time Northeastern does not continue to play baseball at Parsons Field the annual dispersals will be used to provide operational support for the Northeastern baseball program.**



# The Balfour Fund

## Future Proofing Planned Gifts

## Balfour part 1 – the price

1. Northeastern shall establish an endowed fund to be known as the “XYZ Balfour Scholarship” (the “fund”) **from a bequest** given by the donor. The fund will be activated **when the market value is equal to or greater than \$1,000,000** (One Million 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 Northeastern. Additional gifts in any amount may be made to the fund at any time by the donor, her family, and/or friends.

**3. Purpose of the fund:** Each year Northeastern provides a full tuition, room & board scholarship to four graduates of the Balfour Academy (“Balfour”). In the years that the fund is available to be awarded, it will provide a fifth graduate of Balfour with a five-year scholarship covering full tuition, room, board, fees, books, and health insurance. When that student has graduated, another student may receive the scholarship. Should the annual disbursements from the fund not fully cover the cost of tuition, room, board, fees, books, and health insurance any gap in funding will be covered with institutional, state, and federal scholarships. Should the fund earn enough, multiple students may be funded at the same time.

## Balfour part 2 – what the fund is for

1. Northeastern shall establish an endowed fund to be known as the “XYZ Balfour Scholarship” (the “fund”) from a bequest given by the donor. The fund will be activated when the market value is equal to or greater than \$1,000,000 (One Million 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 Northeastern. Additional gifts in any amount may be made to the fund at any time by the donor, her family, and/or friends.
3. **Purpose of the fund:** Each year Northeastern provides a full tuition, room & board scholarship to four graduates of the Balfour Academy (“Balfour”). **In the years that the fund is available to be awarded, it will provide a fifth graduate of Balfour with a five-year scholarship covering full tuition, room, board, fees, books, and health insurance.** When that student has graduated, another student may receive the scholarship. Should the annual disbursements from the fund not fully cover the cost of tuition, room, board, fees, books, and health insurance any gap in funding will be covered with institutional, state, and federal scholarships. Should the fund earn enough, multiple students may be funded at the same time.

## Balfour part 3

1. Northeastern shall establish an endowed fund to be known as the “XYZ Balfour Scholarship” (the “fund”) from a bequest given by the donor. The fund will be activated when the market value is equal to or greater than \$1,000,000 (One Million 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 Northeastern. Additional gifts in any amount may be made to the fund at any time by the donor, her family, and/or friends.
3. **Purpose of the fund:** Each year Northeastern provides a full tuition, room & board scholarship to four graduates of the Balfour Academy (“Balfour”). In the years that the fund is available to be awarded, it will provide a fifth graduate of Balfour with a five-year scholarship covering full tuition, room, board, fees, books, and health insurance. When that student has graduated, another student may receive the scholarship. **Should the annual disbursements from the fund not fully cover the cost of tuition, room, board, fees, books, and health insurance any gap in funding will be covered with institutional, state, and federal scholarships.** Should the fund earn enough, multiple students may be funded at the same time.

## Balfour part 4 – the “one or more”

1. Northeastern shall establish an endowed fund to be known as the **“XYZ Balfour Scholarship”** (the “fund”) from a bequest given by the donor. The fund will be activated when the market value is equal to or greater than \$1,000,000 (One Million 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 Northeastern. Additional gifts in any amount may be made to the fund at any time by the donor, her family, and/or friends.
3. **Purpose of the fund:** Each year Northeastern provides a full tuition, room & board scholarship to four graduates of the Balfour Academy (“Balfour”). In the years that the fund is available to be awarded, it will provide a fifth graduate of Balfour with a five-year scholarship covering full tuition, room, board, fees, books, and health insurance. When that student has graduated, another student may receive the scholarship. Should the annual disbursements from the fund not fully cover the cost of tuition, room, board, fees, books, and health insurance any gap in funding will be covered with institutional, state, and federal scholarships. **Should the fund earn enough, multiple students may be funded at the same time.**

## Balfour part 5

4. **Administration of the fund:** The fund will be administered by Northeastern's office of Student Financial Services.
5. **Selection of students:** Recipients of this scholarship will be selected by Northeastern's Admissions Committee (or any successor thereof) in consultation with the leadership of Balfour.
6. **Selection requirements:** One or more students with financial need who are **graduates of Balfour** (or any successor thereof) will be selected for a scholarship. Candidates must be full-time undergraduate students at Northeastern. The scholarship may be initially awarded to a student in their freshman year, or to a transfer student. The scholarship may be renewed in succeeding years.



## Balfour part 6

**7. If the fund does not reach the activation amount within five years of the death of the donor, but the market value of the fund has reached \$500,000 (Five Hundred Thousand Dollars) or more, the purpose of the fund as outlined above in Section 3, will be changed to provide a full tuition scholarship. Should the annual disbursements from the fund not fully cover the cost of full tuition, any gap in funding will be covered with institutional, state, and federal scholarships.** Should the market value of the fund not reach \$500,000 (Five Hundred Thousand Dollars) within five years of the death of the donor, the Trustees of Northeastern reserve the right to convert the endowed fund to a current use fund to be used for the same purpose as outlined above in Section 3.

8. Should Balfour close or change its mission significantly, then the purpose of the fund as outlined in Section 3 will be changed to provide scholarships for fulltime undergraduate students with financial need majoring in mathematics. These recipients will be selected by Northeastern's Office of Student Financial Services.

9. In the unlikely event that the fund becomes impractical or can no longer be used as stated in this agreement, the Trustees of Northeastern 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.

## Balfour part 7

7. If the fund does not reach the activation amount within five years of the death of the donor, but the market value of the fund has reached \$500,000 (Five Hundred Thousand Dollars) or more, the purpose of the fund as outlined above in Section 3, will be changed to provide a full tuition scholarship. Should the annual disbursements from the fund not fully cover the cost of full tuition, any gap in funding will be covered with institutional, state, and federal scholarships. **Should the market value of the fund not reach \$500,000 (Five Hundred Thousand Dollars) within five years of the death of the donor, the Trustees of Northeastern reserve the right to convert the endowed fund to a current use fund to be used for the same purpose as outlined above in Section 3.**

8. Should Balfour close or change its mission significantly, then the purpose of the fund as outlined in Section 3 will be changed to provide scholarships for fulltime undergraduate students with financial need majoring in mathematics. These recipients will be selected by Northeastern's Office of Student Financial Services.

9. In the unlikely event that the fund becomes impractical or can no longer be used as stated in this agreement, the Trustees of Northeastern 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.

## Balfour part 8

7. If the fund does not reach the activation amount within five years of the death of the donor, but the market value of the fund has reached \$500,000 (Five Hundred Thousand Dollars) or more, the purpose of the fund as outlined above in Section 3, will be changed to provide a full tuition scholarship. Should the annual disbursements from the fund not fully cover the cost of full tuition, any gap in funding will be covered with institutional, state, and federal scholarships. Should the market value of the fund not reach \$500,000 (Five Hundred Thousand Dollars) within five years of the death of the donor, the Trustees of Northeastern reserve the right to convert the endowed fund to a current use fund to be used for the same purpose as outlined above in Section 3.

8. **Should Balfour close or change its mission significantly, then the purpose of the fund as outlined in Section 3 will be changed to provide scholarships for fulltime undergraduate students with financial need majoring in mathematics. These recipients will be selected by Northeastern's Office of Student Financial Services.**

9. In the unlikely event that the fund becomes impractical or can no longer be used as stated in this agreement, the Trustees of Northeastern 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.



But in the end.....

you **HAVE** to have an out clause.

To cover...

**The fund does not reach the activation level  
OR  
You can not spend the fund per the terms**

# The “deadbeat” out clause I inherited

If the fund does not reach the activation amount within five years of the date of this agreement, the Trustees of Northeastern reserve the right to terminate the fund **and to transfer the balance to another endowed scholarship fund.** If at any time the fund becomes impractical or can no longer be used as stated in this agreement, the Trustees of Northeastern 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.

## We changed to.....

If the fund does not reach the activation amount within five years of the date of this agreement, the Trustees of Northeastern reserve the right to **convert this fund into an expendable fund to be used for the same purpose as outlined above.** If at any time the fund becomes impractical or can no longer be used as stated in this agreement, the Trustees of Northeastern 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.

# But if things change, and you can't award it.

1. If the fund does not reach the activation amount within five years of the date of this agreement, the Trustees of Northeastern reserve the right to covert this fund into an expendable fund to be used for the same purpose as outlined above. **If at any time the fund becomes impractical or can no longer be used as stated in this agreement, the Trustees of Northeastern 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.



# Solved by adding the donor

If the fund does not reach the activation amount within five years of the date of this agreement, the Trustees of Northeastern reserve the right to convert this fund into a current use fund to be used for the same purpose as outlined above. If at any time the fund becomes impractical or 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 of Northeastern 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.

## The next tweak

If the fund does not reach the activation amount within five years of the date of this agreement, the Trustees of Northeastern reserve the right to convert this fund into a current use fund to be used for the same purpose as outlined above. **If at any time the fund becomes impractical or can no longer be used** as stated in this agreement, and the donor is no longer living or able to give consent

If the fund does not reach the activation amount within five years of the date of this agreement, the Trustees of Northeastern reserve the right to 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 impractical or can no longer be used** as stated in this agreement, and the donor is no longer living or able to give consent to

# We are not quite done,

Because we need to worry about future proofing our  
**Current Use** funds as well as your Endowed funds.  
(Which of course I found out the hard way)



## A partial fix

Should Professor XYZ leave Northeastern before this funding is fully spent, the dean of the College of XXX, or their designee, may direct any unspent portion of this fund to support the research of a faculty member working in a similar field.



## Next problem....

Sometimes donors pay with stock, which sometimes leaves you with odd amounts left in the fund.

## I “think” this fixes it

In the unlikely event that all of the funding is not able to be spent as outlined above, **the donors will have the option to revise these terms** to direct the remainder of their gift to support another program at Northeastern. If the donors are no longer living or able to give consent to a revision of these terms, or if the donors are unable to be contacted, **or if the unspent funding is less than 8% of the initial gift, the dean if xxxx, or their designee, will direct any unspent money to support another .....**





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# Questions ?

## Or, lessons to share?