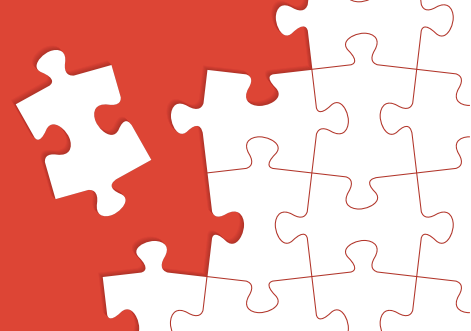


TRUSTEES AND DONOR INTENT

Building a university culture that honors donor intent.

The American Council of Trustees and Alumni



As a trustee, you shape the direction, finances, and culture of your college or university. These factors have a delicate relationship—changing one often affects the rest. Proactively creating a culture that protects donor intent deepens the trust of alumni who donate to your institution and, in the long run, can lead to greater philanthropic support for higher education.

BUILDING A CULTURE THAT HONORS DONOR INTENT

A university culture that honors donor intent starts with leadership. Ensure that presidential searches and evaluations take not only fundraising success, but also respect for donor intent, into consideration.

Adopt a simple model resolution, such as:

1. WHEREAS philanthropic support provides essential resources to carry out the university's mission;
2. WHEREAS the university's guiding values require that it uphold the principles of ethics, integrity, transparency, and accountability;
3. WHEREAS said values also require that the university be conscientious stewards of the university's human, physical, financial, information, and natural resources;
4. LET IT BE RESOLVED THAT the board reaffirms its commitment to upholding faithfully the intent of donors as articulated in their gift agreements with the university.

QUESTIONS FOR THE UNIVERSITY FOUNDATION

Most charitable donations to a college or university are routed through the university foundation, which is not governed by the university's board of trustees. However, trustees still need a thorough understanding of the giving process, from start to finish.

When a donor writes a check to the school, what does this act of generosity set in motion? You can gain a clear sense of the "life cycle" of a gift by reviewing key documents, such as the university foundation's gift acceptance policy and template gift agreement.

To better understand the university foundation's stewardship policies, ask:

- Does the foundation's board have a stewardship committee? If not, would the board consider creating one?
- How does the foundation handle reporting to donors and to the board of trustees?
- Does the foundation conduct a regular donor intent audit?

SETTING POLICIES AND PROCEDURES THAT SAFEGUARD DONOR INTENT

Even if the foundation is a legally separate entity, the board of trustees can promote transparency by ensuring that the foundation provides regular reporting to the board. Routinely review key documents, including the memorandum of agreement between the university and the foundation, the template gift agreement, and results of the donor intent audit (if available).

If a memorandum of agreement does not yet exist, establishing one gives both the board of trustees and the foundation's board the opportunity to clarify their roles and reporting lines. These memoranda may be modified on occasion, and either board should be able to initiate a revision.

Trustees must understand their responsibilities when the university can no longer honor donor intent. Many gift agreements include language such as "If, in the reasonable judgment of the president & CEO of [GRANTEE], changed circumstances should at some future time render the designated use of any portion of the gift no longer consistent with the mission of [GRANTEE], then the president & CEO shall use such funds for such alternate purpose for the benefit of [GRANTEE] as is mutually agreed to by the president & CEO and the donor."

Discuss how the advancement office will make the determination that a gift needs further review and how this matter should be brought before the board of trustees. When evaluating the implementation of gifts, strive to treat each gift agreement with the same respect and courtesy you would expect for your own family's giving.

CONDUCTING A DONOR INTENT AUDIT AND MONITORING PRINCIPAL GIFTS

Consider encouraging the foundation to establish a stewardship committee, review principal gifts annually, and conduct a regular donor intent audit.

A donor intent audit investigates a selection of gifts to determine whether the gifts have been spent in keeping with the donors' wishes, as articulated in gift agreements. If respect for donor intent is incorporated into the president's evaluation, the results of the audit serve as a useful benchmark.

It is also an excellent practice to conduct an annual review of principal gifts, such as those above \$10 million, to ensure that expenditures align with the donors' intent. Though time-consuming, this practice can help avoid a potential public relations disaster for the university and can assure donors that the university honors their contribution.

Although a board of trustees does not typically conduct these reviews itself, proactively requesting information on how gifts are spent stresses to the foundation the importance of donor intent.

Being a trustee is already a demanding job, and faithfully stewarding donor funds is no easy task. Yet the time invested in this duty will pay dividends in the long run. Alumni can give with confidence when they see that their alma mater values them not just for their wallets, but as sons and daughters of the university community. Interested in learning more? Visit GoACTA.org or contact us by emailing info@GoACTA.org or calling 202-467-4787.



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