



Philanthropy Study Committee: Final Report and Recommendations

March 2012

Evaluate and Report on How to Maximize Private Funding Support for University of New Mexico Over the Long Term

BENCHMARK
other
institutions,
both peer and
aspirational;
evaluate the
size and scope
of the peers'
development
operations and
funding
mechanisms.

EVALUATE
UNM's
philanthropic
effort,
encompassing
staffing,
funding, and
design of
philanthropic
efforts going
forward.

REPORT
with
recommendations
presented to the
UNM Board of
Regents and the
UNM Foundation
Board of Trustees



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Executive Summary: Philanthropy Study Committee Final Report

The charge to this committee is to make recommendations for maximizing fundraising support at UNM. The importance of fundraising has been emphasized with the candidates in the UNM Presidential search. As other funding sources are negatively impacted by current economic conditions, private fundraising support will become an increasingly important revenue source in maintaining the core mission at UNM”

In order to fulfill the Committee charge, the proceedings and presentations **focused on benchmarking other institutions, both peer and aspirational**, by evaluating the size and scope of the peers’ development operations and funding mechanisms. Drawing from this evaluation, the Committee considered UNM’s philanthropic effort encompassing staffing, funding, and design of philanthropic efforts going forward. This careful and thoughtful analysis provided the foundation for the recommendations made in the full report.

The Committee’s recommendations on Foundation staffing will frame the funding discussion which will in turn determine the budget and funding sources for the UNM Foundation budget. The Committee report on these recommendations will be an important part of the UNM FY12/13 budget process and should be presented to leadership as early in that process as possible with the goal now being mid-March, 2012.

The opportunity is to develop an interdependent model that is both strategic and measurable in terms of return on investment. Given that the average amount raised per frontline development officers at comparable institutions is about \$1.8 - \$2 million and the number of UNMF frontline staff is 25, our base fund raising potential is currently \$50 - \$60 million. Several factors have contributed to higher than average dollars raised per UNM development officer in the past several years such as the receipt of several extraordinary gifts. The McConnell Survey, data from an outside consultant, was presented comparing UNMF staffing and compensation levels. According to this survey the UNMF compares favorably in terms of compensation and has fewer positions filled at lower salary levels than the other organizations surveyed.

Philanthropy Study Committee Conclusions

- *The Foundation exists to support the University. A seamless, transparent partnership between the University and the Foundation is very important to success.*
- *Given the decline in the University’s funding and the return on investment realized by investing in the Foundation, we need to invest more in fundraising.*
- *An important goal of the Committee has to be to recommend a sustainable funding model. Achieving a sustainable model will likely take the form of a funding/build-up/transition plan over a number of years, with near-term and long-term goals carefully distinguished. It is instructive to look at UNM and the Foundation as a single entity, and distinguish between funds flows into the whole, and funds flows between the parts.*
- *Any staff reductions will immediately negatively affect fundraising capacity of the organization.*

A list of suggestions as prioritized by members of the Committee:

- Increase the level of institutional support from the University, the direct beneficiary of the investment in fundraising. Possible means of support suggested include:

- cost sharing agreements (*As us currently done in several departments, costs for fundraisers are shared between the Foundation and the department*)
- fees for services (*The Foundation provides annual fund services, computer services, communication services and fundraising support. Costs for these services could be agreed upon to through a multiple year contract.*)
- explore the option of having Academic Affairs contribute **\$200,000** in recurring funds from its budget
- eliminate the current charge for Foundation for office space - **\$300,000**
- eliminate the planned charge for employee benefit costs for the UNM employees assigned to the Foundation - **\$290,000**
- Improve the return on the \$50 million on deposit with the University by either
 - revising the University's current investment policy allowing the portfolio to generate at least a 3% return - **\$1,500,000** (*Note: This results in \$600,000 more investment income than the \$900,000 presently projected*), or
 - allow the Foundation to hold and invest these funds until needed by the University. (*Note: Additional investment income reduces the amount of institutional support*)
- Reduce the spending distribution by 1% making available to the Foundation - **\$2.7 - \$3 million** (*Note: The spending distribution has "restricted purposes" attached to it; therefore, it could not be distributed to the University then made available to the Foundation*)

Committee Recommendations

Given the foregoing, and after careful and thorough deliberation, the recommendations of this Committee are:

- **A motion was approved to recommend a funding model that calls for 16 total new hires to be added over the 5 year projected period. This motion was seconded and carried with 1 abstaining vote.**
- **Committee members recommended that additional data be added to the final report (Data – Appendix 23) and that a ten year projected model also be included (Assumptions and Model – Appendix 24).**
- ***Institutional support be provided by the University to fund budgetary requirements net of other revenue sources***
- ***Investigate how callable funds be held by the Foundation or University could be invested in a higher yield, low risk strategy.***
- ***As revenue sources are variable due to economic conditions, operating deficits due to lower than projected revenues will be minimized by using a reserve with an annual allocation to the reserve.***

Philanthropy Study Committee

Final Report and Recommendations

March 2012

On Thursday, August 18, 2011, Board of Regents President - Jack Fortner, University of New Mexico Foundation Board of Trustees Chair – Gary Gordon and UNM Foundation President and CEO – Henry Nemcik met to discuss significant financial issues impacting the UNM Foundation and ultimately the University of New Mexico. Their discussions led to a decision to create a study group, hereafter the **Philanthropy Study Committee**, comprised of individuals representing all areas of the University.

Regent Fortner designated himself as Co-Chair of the Committee and in a letter dated October 18, 2011 (Appointment Letters - Appendix 1), Regent Fortner asked that the following individuals join him in service on the Committee:

Co-Chair – Gary Gordon Chair, UNM Foundation Board of Trustees

UNM Board of Regent Representatives:	Lt. General Bradley Hosmer, USAF (Ret.), Regent
UNMF Board of Trustees Representatives:	Jacob Wellman – Student Regent Gerald Landgraf – Chair, Finance Committee Anne Yegge – Past Board Chair
UNM Deans:	Richard Howell – Dean, College of Education Mark Peceny – Dean, College of Arts and Sciences
UNM Staff:	Andrew Cullen – Associate Vice President, Planning, Budget & Analysis
HSC Representatives:	Nancy Ridenour – Dean, College of Nursing Ava Lovell – Vice President of Finance, HSC
UNM Faculty Senate Representative:	Tim Ross - President
UNM Foundation:	Henry Nemcik – President and CEO

Following the mailing of the letter, each individual was contacted and confirmed their availability to participate (Members and Bios – Appendix 2). A process document listing the Committee membership, the Committee charge, draft process, draft meeting agendas and projected timeline was sent to the members when the confirmation process was complete (Process Document - Appendix 3). As a goal of the Committee process was to be transparent about purpose and process, a public webpage was created and all documents and materials produced for the meetings were made available online:

<http://www.unmfund.org/philanthropy-study-committee>.

The charge to the Committee as articulated by Co-Chair Fortner in the first meeting on December 9, 2011 was as follows:

“The charge to this committee is to make recommendations for maximizing fundraising support at UNM. The importance of fundraising has been emphasized with the candidates in the UNM Presidential search and as other funding sources are negatively impacted by current economic conditions, fundraising support will become an increasingly important revenue source in maintaining the core mission at UNM” (12/9/11 Minutes – Review of Charge – Appendix 10).

In order to fulfill the Committee charge, the proceedings and presentations focused on benchmarking other institutions, both peer and aspirational, by evaluating the size and scope of the peers' development operations and funding mechanisms. Drawing from this evaluation, the Committee considered UNM's philanthropic effort encompassing staffing, funding, and design of philanthropic efforts going forward. This careful and thoughtful analysis provided the foundation for the recommendations made in this report.

Three meetings were organized and held. The first two meetings followed similar formats, with presentations and discussions of national and peer information (Friday, December 9, 2011 and Friday, January 6, 2012). The third meeting, held on February 3, 2012, was a working meeting, where members evaluated data and information and developed recommendations for the final report (Meeting Agendas – Appendices 4, 11 and 18).

The first meeting began with a presentation by Henry Nemcik, UNMF President and CEO and Sandy Liggett, UNMF General Counsel (Member and UNMF Staff Presenter Bios – Appendix 2), on the **“History of the UNM Foundation and Affiliated Fundraising Organizations”** (Presentation – Appendix 5).

The Foundation was created as a separate legal entity to raise private funds and hold specific assets in 1979. In 1989 the Board of Regents delegated the responsibility of overseeing University assets and investments to the Foundation Investment Committee. These assets total in excess of \$340 million today. In 2009-2010, the Foundation at the request of the Regents transitioned to a stand-alone organization with expanded fiduciary duties to include fiscal, human resources and treasury functions.

It was planned at this time that institutional support would be reduced slowly over a 10 -15 year period. The majority of personnel and operating cost were shifted to the Foundation budget over 3 years beginning in FY09/10. Foundation revenues include institutional support, the development funding allocation, short-term investment income and unrestricted revenues. However, due to recent negative economic conditions and the accelerated reduction in institutional support the development funding allocation was raised from the historical level of 90-105 bps to 185 bps to cover revenue shortfalls.

The second presentation at the initial meeting –**“National Perspectives on Types of Foundation and Foundation Funding Models”** (Presentation – Appendix 7) was presented by David Bass, Director of Foundation Programs and Research – Association of Governing Boards (Bio – Appendix 6). The data AGB has collected shows a downward trend in state provided support expected to continue for some time. Though tuition has increased, this is not a trend that can continue without push back. As these trends continue, important elements in private fundraising are:

- **Private support is growing and becoming more important as economic conditions change**
- **Private fundraising of major gifts is a long term process with up to 15 years invested in cultivating a major gift solicitation**
- **The retention of productive development officers is critical to maintain a successful flow of gifts**
- **A critical focus of senior management becomes identifying and building top performers**

- **Foundation assets need to be around \$750 million to \$1 billion in order to produce the income for a foundation to be fully independent**

Mr. Bass remarked in closing that in considering these ideas, the revenue model for the UNM Foundation should be one that will best serve the funding and growth patterns of the University.

The final presentation for the first meeting, **“From the Beginning to Maturity of a Foundation”** (Presentation – Appendix 9) was made by Paul Robell, Assistant to the President – Philanthropy and Donor Relations (previously Vice President of Development and Alumni Affairs, 1/1995 – 6/2010, University of Florida) (Bio – Appendix 8).

Mr. Robell discussed the various campaigns successfully completed and being planned. All completed campaigns exceeded their goals. The first campaign raised \$392.6 million with 25 – 30 frontline development officers and a goal of \$200-\$250 million; the second campaign raised \$850 million with 40 frontline development officers and a goal of \$500-\$750 million; and the third campaign has raised to date \$1.45 billion with 74 frontline development officers and a goal of \$1.5 billion. The next campaign will begin FY2014-2015 with an additional 9 frontline development officers and a goal of \$3 billion.

The keys to achieving these goals at the University of Florida were:

- **Deans participate in fundraising and pay for a portion of the development officer’s salary**
- **Development of regional donor bases**
- **Manage develop officers, important to have a good ask rate, an experienced officer should raise between \$1.8-\$2.0 million with 2 to 4 years experience to raise funds at this level**
- **State matching program**
- **Entrepreneurial activities, such as Gatorade**

The University of Florida is a central/decentralized hybrid. Planned Giving, CFR, Gift Processing, Legal Services, Principal Gifts, Prospect Research and Real Estate are centralized. The development officers are embedded in the colleges, schools and units. The University of Florida Foundation holds private funds until needed by the University and invests these funds at a higher rate of return than the University is able to achieve.

A key point in Mr. Robell’s presentation, one that is fundamental in building a sustainable funding model for a foundation, is that the funds raised by development officers are not used to pay their salaries and other expenses. There is no direct relationship to funds raised and budgeted funds required to pay fundraising cost. Each institution must determine its own best way to pay for development costs given their unique situation over the long term.

The second meeting began with a presentation titled “Development Officer Return on Investment Study Analysis” (Presentation – Appendix 13) by Cara A. Quackenbush, Program Manager and Senior Analyst for Eduventures – Research and Consulting for Higher Education (Bio – Appendix 12). Ms. Quackenbush focused on a general analysis of return on investment using data from 2008, 2010 and 2011. The data used from 2008 had 42 responses. There were 8 respondents in the cohort using data from 2010 to compare to the FY2011 UNM data. The analysis presented was intended to be a generalized, not granular, analysis of the data. A more in depth report will be available in Spring 2011 with 50-60 responses, and will include UNMF.

Three major factor influence return on investment: institutional factors, staff factors and donor factors. The focus of this presentation was on institutional factors, in which program maturity and investment are most important in looking at return on investment. Important metrics used to measure return on investment are:

- **Cost to raise a dollar**
- **Dollars raised per frontline officer**
- **Dollars raised per budget dollar**
- **Department investment per area**
- **Ratio of frontline staff per services staff FTE**
- **Ratio of donors to alumni base**
- **Ratio of rated prospects to alumni base**
- **Average gift size**

The data were sorted by groupings of annual dollars raised with the comparative data for UNM falling in the \$55 million to \$99.9 million level. The averages for this level were \$70 million raised with a budget of \$10.6 million, raised by a total of 90 FTE Advancement Staff and of those 28 were frontline FTE. Further, dollars raised per Advancement FTE were \$770k, dollars raised per frontline FTE were \$2.11 million and dollars raised per total budget dollar were \$6.61. To achieve higher fundraising levels, the number of major gifts and unit frontline officers must grow dramatically to support prospect cultivation.

A baseline investment in services areas is needed to support the growth of frontline staff. Though estimates vary based on position of officers in the organization, approximately 3 support staff are needed for each development officer. The data used in comparison to the UNM metrics were taken from the FY2010 benchmarks from a cohort of 8 peer and aspirant universities – Rutgers University Foundation, Texas A&M Foundation, University of Connecticut Foundation, Inc., University of Iowa Foundation, University of Tennessee-System, University of Cincinnati Foundation, University of Maryland-College Park and University of Oregon.

Summary of key findings in the 8 member cohort of peer and aspirational institutions data set FY2010:

- **Increased investments over time in budget and staff produce higher fundraising totals.**
- **Efficiencies in fundraising can be a result of positive factors such as the quality of the donor base and/or staff productivity, but can also be a result of under investment in programs that produce more long term results which will negatively impact future revenue streams.**
- **On average, frontline FTE make up nearly 40% of the total advancement FTE in this comparison group, slightly more than the 33% indicated for the larger survey of the same metric in 2007.**
- **Despite budget constraints institutions are continuing to invest in advancement staff and move forward with campaigns.**

Metric comparisons of UNM Foundation FY2011 data to FY2010 8 member cohort:

- **Total Annual Dollars Raised – UNMF - \$83 million+ to cohort \$95 million+ median**
- **Total Advancement Budget - UNMF - \$9.4 million+ to cohort \$13.5 million+ median**
- **Dollars Raised per Budget Dollar – UNMF - \$8.78 to cohort \$6.46 median**
- **Frontline FTE as a percentage of Total Advancement Staff (including admin) – UNMF: 29.5% to cohort: 38% median.**
- **Dollars Raised per Frontline FTE – UNMF - \$3.3 million+ to cohort \$1.8 million+**

In terms of investments in more long range fundraising areas, the UNM Foundation compared with the cohort is less invested in the areas of annual giving, planned giving and principal gifts and more invested in the major gifts areas. Even though Foundation investment in this area is proportionately higher, the Foundation still has less than the average number of frontline major gifts officers. Further, less investment in long term initiatives will not only negatively impact long term returns but also impact optimal stable growth of the overall fundraising program. The Foundation, relative to peers, is also making lesser investments in the important service areas of IT, Research and Stewardship and Events.

The UNM prospect base relative to the cohort showed a slightly higher donor to total alumni ratio and nearly twice the average gift size. However the prospects rated \$25K and \$500K were significantly lower than the peer group. This supports the need for additional research staff to improve the numbers of identified rated donors.

The final presenter for the second meeting, Richard W. Lawrence – Executive Vice President and COO University of Colorado Foundation (Bio – Appendix 14) discussed the **“University of Colorado Foundation History and Organizational Structure”** (Presentation – Appendix 15).

The University of Colorado is governed by their Board of Regents. The nine UC Regents are elected whereas at UNM the Regents are appointed. The UC Foundation started in 1967. The current UC budget is \$2.8 billion with the state contribution only 5.7% of total funding. The UC Foundation transferred \$98.4 million in private support in FY2011. The mission of the UC Foundation is to raise, manage and invest private support for the benefit of the UC. There are currently 206 staff members, 78 in development. The major expense for the UC Foundation is in salaries, as “fundraising is a people business.” UC made the decision to maintain investments in long term initiatives during tight budget periods given their opinion that you either invest in the maintenance or in the recovery of these long term areas. Further, **even given returns adjusted with present value calculations, planned giving is the most efficient fundraising initiative with a cost of \$.08 to raise a dollar.**

The UC Endowment is approximately \$750 million. The Investment Committee oversees policies and provides fiduciary oversight, while the investment function is outsourced. The UC has a separate 501(c)(3) for real estate holdings. The Unrestricted Net Assets (reserve fund) totals \$65 million+ (unaudited 10/31/11). This fund was built over time with a portion of the annual budget allocated to the fund and is used as capital for economic downturns and for expansion opportunities.

The UC Foundation holds monies to be distributed to the University until the expenditure is requested and earns a short-term interest rate of 3% on those “callable” funds. The fee (DFA) on the endowment is 1.35% or 135 bps. They consider going above this amount to negatively impact gift requests, and feel that a gift fee also has a negative impact on fundraising. In terms of revenue exposure at the UC Foundation, direct support from the University is expected to experience increasing future constraints; fees (DFA) from the Long Term Investment Pool provide more than half of budget revenues which are subject to negative impact due to market volatilities. Short Term Investment Pool balances are projected to be stable, but if the callable fund balance shrinks this would result in a budget shortfall. Currently the cost to raise a dollar is \$.216.

Henry Nemcik – UNMF President and CEO gave the final presentation of the second meeting titled the **“University of New Mexico Foundation Funding Model”** (Presentation – Appendix 16).

There is significant growth in alumni and major gift prospects in the class years '50-'90. The current campaign is focusing on alumni going back from 1974. A stable growth-focused funding for the Foundation allows more extensive cultivation of the growing alumni pool as we go forward, and provides the foundation for future successful campaigns and fundraising. The potential for identifying important donors will increase. Successful realization of that potential is a long term process. We have to be prepared in the next campaign to have appropriate staffing to maximize the potential of these new prospects.

Rod Harder, UNM Foundation CFO, presented the current funding model for the Foundation. The majority of revenues at 65.4% of the total budget come from the Development Funding Allocation (DFA – currently 1.85% or 185bps). Other revenues include Institutional Support – 18.8%, Short-Term Investment Income – 7.9%, Unrestricted Gifts – 1.6% and the use of Reserve Funds to balance the budget– 6.3%. An examination of revenues indicates significant negative pressure on several sources. The DFA percentage is anticipated to decrease and Institutional Support already has decreased over the past few years.

Fiscal data from peer institutions shows that most have institutional support ranging from 35%-50%, versus UNMF's 19% current institutional support for development operations (FY11/12) and forecast of 6% institutional support for FY12/13. Further, Harder noted, it is important that action on budget shortfalls be taken by mid to late March in order to avoid workforce reduction, as staffing is almost 80% of the Foundation's budget. The Foundation made a recommendation to the University Finance Office to follow a model used by most other Universities that would allow the Foundation to hold and transfer as needed short-term funds allowing for a higher investment return than current policy permits at UNM. This model was discussed by Florida and Colorado during their presentations.

In the closing discussion, the Committee members determined that the data and information presented in the first two meetings were sufficient to develop recommendations and a final report. The third meeting planned for Friday, February 3, 2012 was organized as a planning session. In the interim, Committee members were emailed a table of data, information and member discussion points for review and comment (Data and Comment Table – Appendix 22).

The third meeting, held on Friday, February 3, 2012 began with the call for approval of the minutes for the two previous meetings (Agenda – Appendix 18). The 12/9/11 Minutes were approved as presented (Minutes – Appendix 10) and the 1/6/12 Minutes were approved with an amendment to the entry on short-term investment income (Minutes – Appendix 17).

Henry Nemcik began the meeting deliberations with a presentation of significant points from the two previous meetings (Presentation – Appendix 19). The Committee's recommendations on Foundation staffing will frame the funding discussion which will in turn determine the budget and funding sources for the required UNM Foundation budget. The Committee report on these recommendations will be an important part of the UNM FY12/13 budget process and should be presented to leadership as early in that process as possible with the goal now being mid-March, 2012.

Paul Robell articulated one of the most important concepts in developing a fund raising model: **“ . . .there is no direct relationship to funds raised and budgeted funds required to pay for fund raising costs. . . ”** Each institution must determine what works best for their situation. One of the most important goals of this committee is to provide recommendations on which to build a sustainable funding model for future fundraising and the support of the UNM mission.

When UNM's fund raising operation was embedded in the University, it was difficult to establish an accurate cost for overall operations though an estimate of 125 staff with an annual cost of approximately \$11 million would be reasonable. With the transition to a stand-alone foundation, there is now the opportunity to develop a model that is both strategic and measurable in terms of return on investment. Given that the average amount raised per frontline development officers at comparable institutions is about \$1.8 - \$2 million and the number of UNMF frontline staff is 25, our base fund raising potential is currently between \$45 - \$50 million. Several factors have contributed to higher than average dollars raised per UNM development officer in the past several years such as the receipt of several extraordinary gifts. There a direct relationship between fund raising and "boots on the ground" when effectively managed that is not unique to non-profits. However, given institutional goals, resources, support staffing, donor pools and other factors, there is an optimal level of return on investment unique to each organization.

The McConnell Survey, data from an outside consultant, was presented comparing UNMF staffing and compensation levels. According to this survey the UNMF compares favorably in terms of compensation and has fewer positions filled at lower salary levels than the other organizations surveyed.

Rod Harder, discussed the revenue sources referenced in the AGB handout "How Public Colleges and Universities Pay for Fund Raising" as they currently relate to UNMF:

- Unrestricted Gifts – gifts, such as some bequests, not designated by donor for a specific use; which support the Foundation by agreement with the Regents
- Endowment Management Fee or DFA (Development Funding Allocation) – currently at 185 bps, 1.85% (note: the current fee of 185 bps has been lower in the recent past and is different for each institution depending on endowment value, institutional support and the institutional funding model. The value of the UNM endowment fund is currently approximately \$340 million)
- Institutional Support – there are several ways to allocate institutional support; cost sharing or contract for services at the unit or institutional level (HSC currently has most of the cost sharing agreements with the Foundation)
- Unrestricted Endowments – endowments not designated by donor for specific use; which support the UNM Foundation by agreement with the Regents
- Alumni Funds – this revenue source is not currently available to the Foundation
- Short Term Investment Income – UNM currently holds and invests \$50 million in unexpended non-endowed gifts and endowment spending distributions which under present procedures in place are immediately transferred to the University rather than held by the Foundation until needed. The investment income on these funds is paid to the Foundation. Due to recent negotiations, this calculation going forward will be based on the rate received on global bond investments at approximately 195 bps or 1.95%. An outside professional opinion advises that investment strategies to realize a higher rate of return may violate current policies in place for UNM and would require Regent's approval to revise these policies. The Regents may decide to revise the investment policies or the University may allow the Foundation to hold and invest these funds until needed. As the Foundation is not as restricted in investment options as the University, an investment rate of return of approximately 3% could be realized with little additional risk. This strategy has been followed successfully at other institutions.

One other potential way to realize a higher rate of return was discussed that was not listed in the AGB handout. The Lobo Energy group has undertaken the long term project of developing

energy efficiencies and savings for the University by upgrading current systems and technologies. A proposal was made at the last UNMF Investment Committee Meeting by Lobo Energy representatives whereby a \$10 million investment in one of these projects would potentially produce a 5% return. The investment could be made from the \$50 million regardless of whether it is held by the University or the Foundation.

Four possible staffing models for the Foundation were discussed as follows:

- Minus Model – current staffing would be reduced by 6 frontline development officers and 6 administrative and support staff. This would result in a budget decrease of \$720,000 and a decrease of base fund raising capacity of \$5 million resulting in an annual base fundraising capacity of \$45 - \$55 million.
- Model # 1 - the current budget plus a \$500,000 contingency for unpredictable revenue sources and expenses projected with a 2% inflation rate. Staffing at 25 frontline development officers, 83.5 total staff. The FY12/13 required funding including the \$500,000 would be \$9.8 million with a projected fundraising capacity of \$50 million.
- Model # 2 - moderate growth model with assumptions of model # 1 plus the addition of 6 frontline development officers and 4 administrative and support staff over 5 years. The FY12/13 required funding for this model would be \$10 million with an annual base fundraising capacity of \$54 - \$62 million. At the end of the 5 year period, frontline development officers would number 31 and total staff would be 93.5. It was suggested that the additional development staff include regional staff in this model.
- Model # 3 - a relatively more aggressive growth model includes the assumptions of models # 1 and # 2 plus an additional 6 frontline development officers (12 total) and an additional 4 administrative and support staff (8 total) for a total of 20 additional new hires over 5 years. The FY12/13 required funding for this model would be \$10.3 million with an annual base fundraising capacity of \$58 - \$74 million. At the end of the 5 year period, frontline development officers would number 37 and total staff would be 103.5.

Mr. Harder presented the projected budget proposals for models 1, 2 and 3 (see meeting materials). The DFA is intentionally projected to remain constant with any increases in the endowment used to reduce the 185 bps fee. Short term investment income is projected at the University's estimate of \$900,000. If the short-term funds were invested by the UNM Foundation, any additional investment income would reduce the projected institutional support (a committee member requested that net present value models be done on the proposals including the Minus Model).

A discussion followed among committee members on possible funding sources, and a list of suggestions as was prioritized by members of the Committee:

Easel Worksheets from 2/3/12 Philanthropy Study Committee Meeting

- Maintain and increase the level of support from the University, the direct beneficiary of the investment in fundraising, as Institutional Support is the most predictable source of revenue. A number of possible means of support suggested

include:

- cost sharing agreements (As currently done in several departments, costs for fundraisers are shared between the Foundation and the department.)
- fees for services (The Foundation provides annual fund services, computer services, communication services and fundraising support. Costs for these services could be agreed upon through a multiple year contract.)
- explore the option of having Academic Affairs contribute **\$200,000** in recurring funds from its budget
- not charging the Foundation for office space - **\$300,000**
- not charging the Foundation for employee benefit costs for the UNM employees assigned to the Foundation - **\$290,000**
- Improve the return on the \$50 million on deposit with the University by either
 - revising the University's current investment policy allowing the portfolio to generate at least a 3% return - **\$1,500,000** (*Note: This results in \$600,000 more investment income than the \$900,000 presently projected*), or
 - allow the Foundation to hold and invest these funds until needed by the University (*Note: Additional investment income reduces the amount of institutional support*)
- Reduce the spending distribution by 1% making available to the Foundation - **\$2.7 - \$3 million** (*Note: The spending distribution has "restricted purposes" attached to it; therefore, it could not be distributed to the University then made available to the Foundation*)
- Maintain the 185 basis point allocation to assist in covering the increased staffing costs and until annual investment income or other "guaranteed" income sources (those ultimately approved by the Regents) are sufficient to offset the impact of any basis point allocation reduction.

A motion was made by Nancy Ridenour to recommend a funding model that would be a blend of the presented models 2 and 3 such that 16 total new hires would be added over the 5 year projected period. This motion was seconded and carried with 1 abstaining vote.

Committee members recommended that additional data and a ten year projected model be added to the final report as appears in the pages following:

PHILANTHROPY STUDY COMMITTEE
10-Year Funding Model (FY2012/13 – FY2021/22)

ASSUMPTIONS

STAFFING: The Philanthropy Study Committee recommended a “tiered growth” model adding two development staff in years one and two and four development staff in years three, four and five. The initial models reviewed by the committee were 5-year models and no growth was/is projected beyond the fifth year. The model was extended to 10 years to more accurately reflect the long-term payback for the additional investment in the first five years.

PROJECTED GIFTS: The model is intended to illustrate the “relative impact” of additional investment in the University’s fundraising efforts. It is not a detailed budget model. Each major gift fundraiser is projected to raise \$2 million in new gifts, which is in line with current performance.

The baseline for this analysis is \$50 million (\$2 million X 25 major gift fundraisers). The projected gifts do not include principal gifts resulting from efforts by the Foundation’s President, Vice Presidents for Development, the University’s President, Deans and other officials which have added \$22 million - \$40 million per year during the Changing Worlds Campaign.

Projected gifts are based on campaign counting guidelines and include cash gifts, multi-year pledges, gifts in kind and testamentary gifts. The projected gifts reflect non-endowed gifts at 79% of total gifts and endowment gifts at 21% which is the actual breakdown for the campaign to date.

The “cash” component of the projected gifts is projected at 35% of the non-endowed gifts again based on the campaign to date plus the 4.65% spending distribution from all new and prior endowment gifts.

REVENUES: Institutional Support is the University’s investment in the fundraising effort and includes all funding from I&G, auxiliary, cost-sharing agreements and fee for service agreements. The model projects \$2,533,719 in the first year and \$3,937,219 in the tenth year. The Development Funding Allocation is the fee assessed on the Endowment Fund. The “absolute dollar” amount of support from the DFA is projected to be constant at \$5.9 million over the 10-year period. This allows the projected increase in the average market value of the endowment from \$318.6 million to \$502.9 million as a result of investment performance and new endowment gifts to reduce the fee from 185 bps to 117 bps over the 10-year period. The investment consultant for the Endowment Fund has stated that the portfolio’s present allocation is expected to return 7.6% over the long-term. This is an expected average return which includes years that the return is under the expected return and years that the return is over.

The short-term investment income is projected to remain constant at \$900,000 based on the University’s commitment for FY2011-12. The model does not anticipate any improvement on the investment return to potentially \$1.5 million (\$50 million at 3% return) as a result of adopting either of the proposals being considered by University officials. Additional investment income, of course, would reduce the amount of institutional support required.

OPERATING EXPENSES: In order to reflect the “relative impact” of additional investment in the University’s fundraising efforts, any increase in expenses due to inflation is ignored as inflation was also ignored in the sources of revenue. During the first 5-year period, as staff additions are projected, salaries and benefits increase by \$100,000 per major gift fundraiser and \$56,000 per support staff. Other expenses increase by \$15,000 per major gift fundraiser for travel and cultivation expenses.

OPERATING SURPLUS: The unpredictable sources of revenue such as the development funding allocation, short-term investment income and unrestricted gifts and miscellaneous income are subject to fluctuations in capital markets and economic factors and require that the Foundation maintain a “reserve balance”. During the Changing Worlds Campaign the reserve has been depleted to less than \$1 million and is no longer sufficient to provide for variations in revenues. Therefore, \$200,000 per year is included in the projected revenues throughout the 10-year period at which time the reserve balance reaches approximately \$3 million.

10-Year Model (Tiered Growth)

	Base Year FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22
Major Gift Fundraisers (FTE)	25.0	26.5	28.0	31.0	34.0	37.0	37.0	37.0	37.0	37.0	37.0
Support to Fundraisers (FTE)	16.5	17.0	17.5	18.5	19.5	20.5	20.5	20.5	20.5	20.5	20.5
Central Fundraising Services (FTE)	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
General & Administrative (FTE)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
	83.5	85.5	87.5	91.5	95.5	99.5	99.5	99.5	99.5	99.5	99.5
Projected Gifts to the Foundation	\$ 50,000,000	\$ 53,000,000	\$ 56,000,000	\$ 62,000,000	\$ 68,000,000	\$ 74,000,000	\$ 74,000,000	\$ 74,000,000	\$ 74,000,000	\$ 74,000,000	\$ 74,000,000
- Non Endowed Gifts (79%)	\$ 39,500,000	\$ 41,870,000	\$ 44,240,000	\$ 48,980,000	\$ 53,720,000	\$ 58,460,000	\$ 58,460,000	\$ 58,460,000	\$ 58,460,000	\$ 58,460,000	\$ 58,460,000
- Endowment Gifts (21%)	\$ 10,500,000	\$ 11,130,000	\$ 11,760,000	\$ 13,020,000	\$ 14,280,000	\$ 15,540,000	\$ 15,540,000	\$ 15,540,000	\$ 15,540,000	\$ 15,540,000	\$ 15,540,000
Projected Cash Transfers to UNM											
- Non Endowed Gifts (35%)	\$ 13,825,000	\$ 14,654,500	\$ 15,484,000	\$ 17,143,000	\$ 18,802,000	\$ 20,461,000	\$ 20,461,000	\$ 20,461,000	\$ 20,461,000	\$ 20,461,000	\$ 20,461,000
- Endowment Spending (4.65%)*	\$ 488,250	\$ 488,250	\$ 1,035,090	\$ 1,640,520	\$ 2,304,540	\$ 3,027,150	\$ 3,749,760	\$ 4,472,370	\$ 5,194,980	\$ 5,917,590	\$ 6,640,200
	\$ 14,313,250	\$ 15,142,750	\$ 16,519,090	\$ 18,783,520	\$ 21,106,540	\$ 23,488,150	\$ 24,210,760	\$ 24,933,370	\$ 25,655,980	\$ 26,378,590	\$ 27,101,200
<i>* Reflects spending distributions from new Endowment Gifts, not prior gifts already on deposit in the Endowment Fund.</i>											
Present Value (1.4% Discount Rate)		\$ 15,142,750	\$ 16,291,015	\$ 18,268,423	\$ 20,244,319	\$ 22,217,593	\$ 22,584,925	\$ 22,937,879	\$ 23,276,781	\$ 23,601,953	\$ 23,913,708
Cumulative Increase in Cash Gifts		\$ 829,500	\$ 2,205,840	\$ 4,470,270	\$ 6,793,290	\$ 9,174,900	\$ 9,897,510	\$ 10,620,120	\$ 11,342,730	\$ 12,065,340	\$ 12,787,950
Non-Endowed Gifts (Cash)	\$ 13,825,000	\$ 14,654,500	\$ 15,484,000	\$ 17,143,000	\$ 18,802,000	\$ 20,461,000	\$ 20,461,000	\$ 20,461,000	\$ 20,461,000	\$ 20,461,000	\$ 20,461,000
Endowment Spending (4.65%) *	\$ 14,815,096	\$ 14,815,096	\$ 15,473,384	\$ 16,179,400	\$ 16,963,774	\$ 17,828,700	\$ 18,776,435	\$ 19,750,705	\$ 20,752,256	\$ 21,781,850	\$ 22,840,272
Less: UNM Investment in Fdn (Cash)	\$ (1,821,222)	\$ (2,533,719)	\$ (2,734,219)	\$ (3,135,219)	\$ (3,536,219)	\$ (3,937,219)	\$ (3,937,219)	\$ (3,937,219)	\$ (3,937,219)	\$ (3,937,219)	\$ (3,937,219)
Net Cash Transfers to UNM	\$ 26,818,874	\$ 26,935,877	\$ 28,223,165	\$ 30,187,181	\$ 32,229,555	\$ 34,352,481	\$ 35,300,216	\$ 36,274,486	\$ 37,276,037	\$ 38,305,631	\$ 39,364,053
Present Value (1.4% Discount Rate)		\$ 26,935,877	\$ 27,833,496	\$ 29,359,364	\$ 30,912,950	\$ 32,494,234	\$ 32,929,686	\$ 33,371,332	\$ 33,819,256	\$ 34,273,541	\$ 34,734,272
<i>* Reflects spending distributions from new endowment gifts and all prior gifts already on deposit in the Endowment Fund.</i>											
UNM Investment in Fdn (Cash)	\$ 1,821,222	\$ 2,533,719	\$ 2,734,219	\$ 3,135,219	\$ 3,536,219	\$ 3,937,219	\$ 3,937,219	\$ 3,937,219	\$ 3,937,219	\$ 3,937,219	\$ 3,937,219
Present Value (1.4% Discount Rate)		\$ 2,533,719	\$ 2,696,468	\$ 3,049,242	\$ 3,391,761	\$ 3,724,241	\$ 3,672,821	\$ 3,622,112	\$ 3,572,102	\$ 3,522,783	\$ 3,474,145
ROI - Net Cash to UNM/Cash Investment		1063.10%	1032.22%	962.84%	911.41%	872.51%	896.58%	921.32%	946.76%	972.91%	999.79%
ROI - P.V. Net Cash to UNM/Cash Investment		1063.10%	1032.22%	962.84%	911.41%	872.51%	896.58%	921.32%	946.76%	972.91%	999.79%
Investment by UNM Fdn (Cash)	\$ 9,108,603	\$ 9,309,103	\$ 9,509,603	\$ 9,910,603	\$ 10,311,603	\$ 10,712,603	\$ 10,712,603	\$ 10,712,603	\$ 10,712,603	\$ 10,712,603	\$ 10,712,603
Present Value (1.4% Discount Rate)		\$ 9,309,103	\$ 9,378,307	\$ 9,638,826	\$ 9,890,365	\$ 10,133,120	\$ 9,993,215	\$ 9,855,242	\$ 9,719,173	\$ 9,584,984	\$ 9,452,646
Cumulative Increase in Investment (Cash)		\$ 200,500	\$ 401,000	\$ 802,000	\$ 1,203,000	\$ 1,604,000	\$ 1,604,000	\$ 1,604,000	\$ 1,604,000	\$ 1,604,000	\$ 1,604,000
ROI - Cumulative Increase in Cash Gifts/ Cumulative Increase in Investment		413.72%	550.08%	557.39%	564.70%	572.00%	617.05%	662.10%	707.15%	752.20%	797.25%

Present Value Factors (1.4% Discount Rate)	1	0.986193275	0.972577193	0.95914913	0.945906456	0.932846582	0.919967055	0.907265321	0.894738987	0.882385567
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	Base Year FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22
FOUNDATION REVENUES											
- Institutional Support	\$ 1,821,222	\$ 2,533,719	\$ 2,734,219	\$ 3,135,219	\$ 3,536,219	\$ 3,937,219	\$ 3,937,219	\$ 3,937,219	\$ 3,937,219	\$ 3,937,219	\$ 3,937,219
- Development Funding Allocation	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178	\$ 5,894,178
- Short-Term Investment Income	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
- Unrestricted Gifts & Misc	\$ 181,206	\$ 181,206	\$ 181,206	\$ 181,206	\$ 181,206	\$ 181,206	\$ 181,206	\$ 181,206	\$ 181,206	\$ 181,206	\$ 181,206
	\$ 8,796,606	\$ 9,509,103	\$ 9,709,603	\$ 10,110,603	\$ 10,511,603	\$ 10,912,603	\$ 10,912,603	\$ 10,912,603	\$ 10,912,603	\$ 10,912,603	\$ 10,912,603
FOUNDATION OPERATING EXPENSES											
- Salaries/Taxes/Benefits	\$ 6,882,083	\$ 7,060,083	\$ 7,238,083	\$ 7,594,083	\$ 7,950,083	\$ 8,306,083	\$ 8,306,083	\$ 8,306,083	\$ 8,306,083	\$ 8,306,083	\$ 8,306,083
- Other Operating Expenses	\$ 2,226,520	\$ 2,249,020	\$ 2,271,520	\$ 2,316,520	\$ 2,361,520	\$ 2,406,520	\$ 2,406,520	\$ 2,406,520	\$ 2,406,520	\$ 2,406,520	\$ 2,406,520
	\$ 9,108,603	\$ 9,309,103	\$ 9,509,603	\$ 9,910,603	\$ 10,311,603	\$ 10,712,603	\$ 10,712,603	\$ 10,712,603	\$ 10,712,603	\$ 10,712,603	\$ 10,712,603
OPERATING SURPLUS/(DEFICIT)	\$ (311,997)	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
BEGINNING RESERVE BALANCE	\$ 1,261,943	\$ 949,946	\$ 1,149,946	\$ 1,349,946	\$ 1,549,946	\$ 1,749,946	\$ 1,949,946	\$ 2,149,946	\$ 2,349,946	\$ 2,549,946	\$ 2,749,946
ENDING RESERVE BALANCE	\$ 949,946	\$ 1,149,946	\$ 1,349,946	\$ 1,549,946	\$ 1,749,946	\$ 1,949,946	\$ 2,149,946	\$ 2,349,946	\$ 2,549,946	\$ 2,749,946	\$ 2,949,946
ENDOWMENT FUND											
- Beginning Balance	\$ 318,604,215	\$ 318,604,215	\$ 332,760,955	\$ 347,944,084	\$ 364,812,340	\$ 383,412,908	\$ 403,794,291	\$ 424,746,353	\$ 446,285,073	\$ 468,426,877	\$ 491,188,652
- Annual R.O.I. @ 7.6%		\$ 24,213,920	\$ 25,289,833	\$ 26,443,750	\$ 27,725,738	\$ 29,139,381	\$ 30,688,366	\$ 32,280,723	\$ 33,917,666	\$ 35,600,443	\$ 37,330,338
- Additions (Cash Endowment Gifts)		\$ 11,130,000	\$ 11,760,000	\$ 13,020,000	\$ 14,280,000	\$ 15,540,000	\$ 15,540,000	\$ 15,540,000	\$ 15,540,000	\$ 15,540,000	\$ 15,540,000
- Less Consultant & Custodian Fees		\$ (477,906)	\$ (499,141)	\$ (521,916)	\$ (547,219)	\$ (575,119)	\$ (605,691)	\$ (637,120)	\$ (669,428)	\$ (702,640)	\$ (736,783)
- Less Spending Distribution @ 4.65%		\$ (14,815,096)	\$ (15,473,384)	\$ (16,179,400)	\$ (16,963,774)	\$ (17,828,700)	\$ (18,776,435)	\$ (19,750,705)	\$ (20,752,256)	\$ (21,781,850)	\$ (22,840,272)
- Less Development Funding Alloc		\$ (5,894,178)	\$ (5,894,178)	\$ (5,894,178)	\$ (5,894,178)	\$ (5,894,178)	\$ (5,894,178)	\$ (5,894,178)	\$ (5,894,178)	\$ (5,894,178)	\$ (5,894,178)
		\$ 332,760,955	\$ 347,944,084	\$ 364,812,340	\$ 383,412,908	\$ 403,794,291	\$ 424,746,353	\$ 446,285,073	\$ 468,426,877	\$ 491,188,652	\$ 514,587,756
- Average Balance		\$ 325,682,585	\$ 340,352,519	\$ 356,378,212	\$ 374,112,624	\$ 393,603,599	\$ 414,270,322	\$ 435,515,713	\$ 457,355,975	\$ 479,807,764	\$ 502,888,204
Development Funding Percentage		1.81%	1.73%	1.65%	1.58%	1.50%	1.42%	1.35%	1.29%	1.23%	1.17%

PHILANTHROPY STUDY COMMITTEE
10-Year Funding Model (FY2012/13 – FY2021/22)

GRAPHS

The graphs are intended to illustrate the “relative impact” of additional investment in the University’s fundraising efforts. Each major gift fundraiser is projected to raise \$2 million in new gifts, which is in line with current performance.

The baseline for this analysis is \$50 million (\$2 million X 25 major gift fundraisers). The projected gifts do not include principal gifts resulting from efforts by the Foundation’s President, Vice Presidents for Development, the University’s President, Deans and other officials which have added \$22 million - \$40 million per year during the Changing Worlds Campaign.

Projected gifts are based on campaign counting guidelines and include cash gifts, multi-year pledges, gifts in kind and testamentary gifts. The projected gifts reflect non-endowed gifts at 79% of total gifts and endowment gifts at 21% which is the actual breakdown for the campaign to date.

The “cash” component of the projected gifts is projected at 35% of the non-endowed gifts again based on the campaign to date plus the 4.65% spending distribution from both new and prior endowment gifts.

Total Net Cash to UNM compared to UNM’s Support to UNM Foundation: In the first year, projected gifts increase by \$3 million to \$53 million as a result of adding 1.5 FTE major gift fundraisers. By the fifth year, projected gifts increase to \$74 million as a result of adding 12 FTE major gift fundraisers and remain at that level as no additional fundraisers are projected for the remaining five years. The projected “Total Cash Transfers to UNM” from cash gifts and endowment spending distributions increases from \$29.5 million to \$43.3 million over the ten year period. The University’s cash outlay increases from \$2.5 million to \$3.9 million. The “Total Net Cash to UNM” increases from \$26.9 million to \$39.4 million. A graphical illustration of the R.O.I. (total “net cash” return on the University’s cash outlay) depicts annual returns ranging from 1,063% to almost 1,000% on the University’s cash outlay.

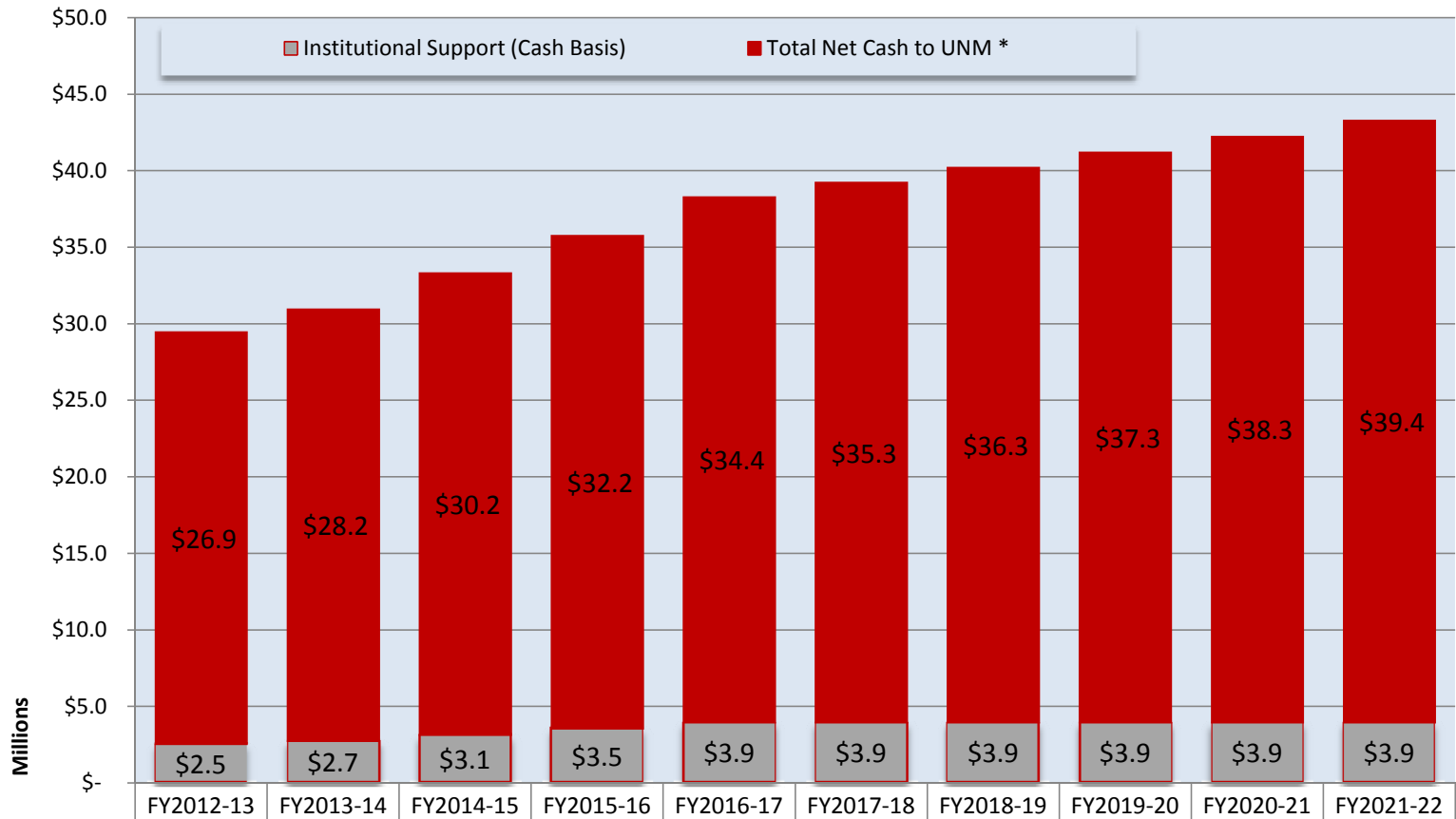
Cumulative Increase in Cash to UNM Compared to Cumulative Increase in Foundation’s Budget: The cumulative effect of additional cash transfers to the University resulting from additional expenditures by the UNM Foundation is illustrated in another graph. Whereas in the first year, an addition expenditure of \$200,500 results in an increase of \$829,500 in cash to UNM with a return of 414% for that expenditure, the cumulative expenditures totaling \$1.6 million in the tenth year result in a cumulative increase of \$12.8 million in cash to UNM with a return of 797%.

Growth in Endowment Reduces Basis Point Fee (DFA): The Development Funding Allocation (DFA) is projected to be a constant “absolute dollar” amount in the model. This allows for a reduction in the basis point fee over the 10-year period as a result of investment performance and new endowment gifts. The graph illustrates a decline from the current fee of 185 bps to 181 bps in the first year and to 117 bps in the tenth year.

Comparative Development Funding Allocations (DFA): The fees assessed by various institutions on their Endowment Funds are presented in a graph format.

UNM Foundation

Total Net Cash to UNM Compared to UNM's Support to the UNM Foundation

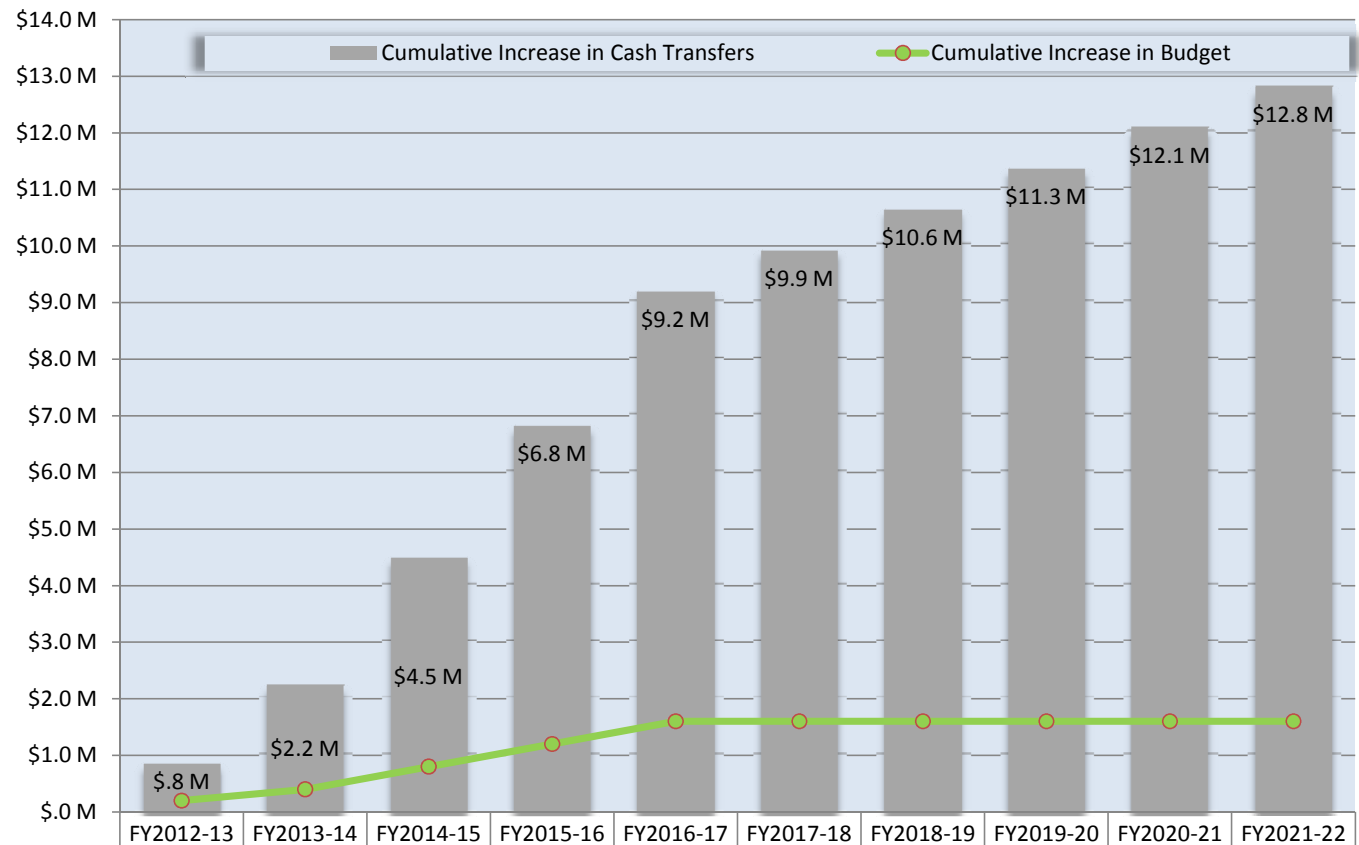


■ Total Net Cash to UNM *	\$26.9 M	\$28.2 M	\$30.2 M	\$32.2 M	\$34.4 M	\$35.3 M	\$36.3 M	\$37.3 M	\$38.3 M	\$39.4 M
■ Institutional Support (Cash Basis)	\$2.5 M	\$2.7 M	\$3.1 M	\$3.5 M	\$3.9 M	\$3.9 M	\$3.9 M	\$3.9 M	\$3.9 M	\$3.9 M
	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22
Total Cash Transfers to UNM	\$29.5 M	\$31.0 M	\$33.3 M	\$35.8 M	\$38.3 M	\$39.2 M	\$40.2 M	\$41.2 M	\$42.2 M	\$43.3 M
Annual Cash R.O.I.	1063.1%	1032.2%	962.8%	911.4%	872.5%	896.6%	921.3%	946.8%	972.9%	999.8%

**Total Net Cash to UNM includes transfers of non-endowed gifts (cash) and endowment spending distributions (cash) from new endowment gifts and all prior endowment gifts less UNM's cash outlay.*

UNM Foundation

Cumulative Increase in Cash to UNM Compared to Cumulative Increase in Foundation's Budget

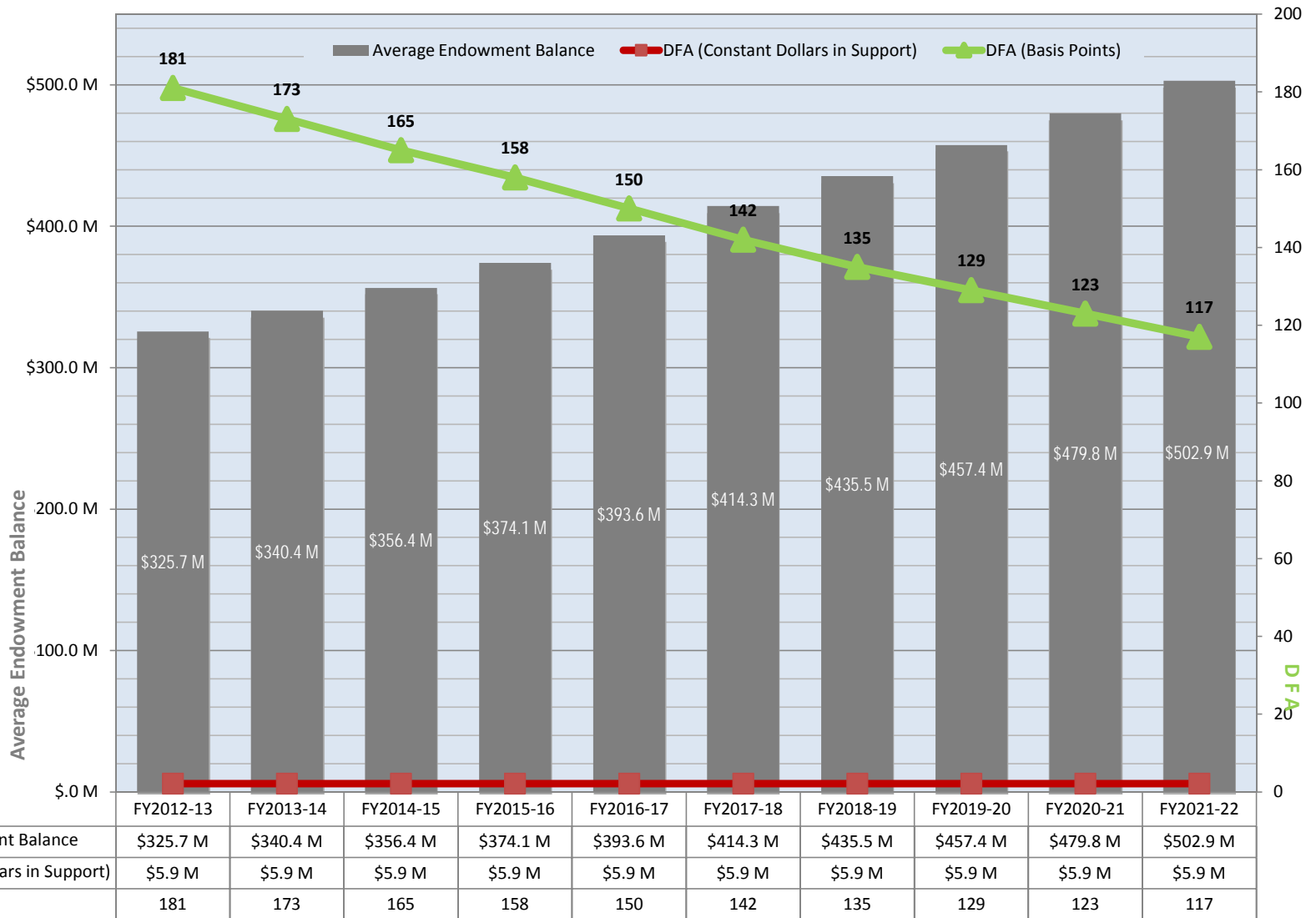


Cumulative Increase in Cash Transfers	\$.8 M	\$2.2 M	\$4.5 M	\$6.8 M	\$9.2 M	\$9.9 M	\$10.6 M	\$11.3 M	\$12.1 M	\$12.8 M
Cumulative Increase in Budget	\$.2 M	\$.4 M	\$.8 M	\$1.2 M	\$1.6 M	\$1.6 M	\$1.6 M	\$1.6 M	\$1.6 M	\$1.6 M

	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22
ROI	413.7%	550.1%	557.4%	564.7%	572.0%	617.1%	662.1%	707.2%	752.2%	797.3%

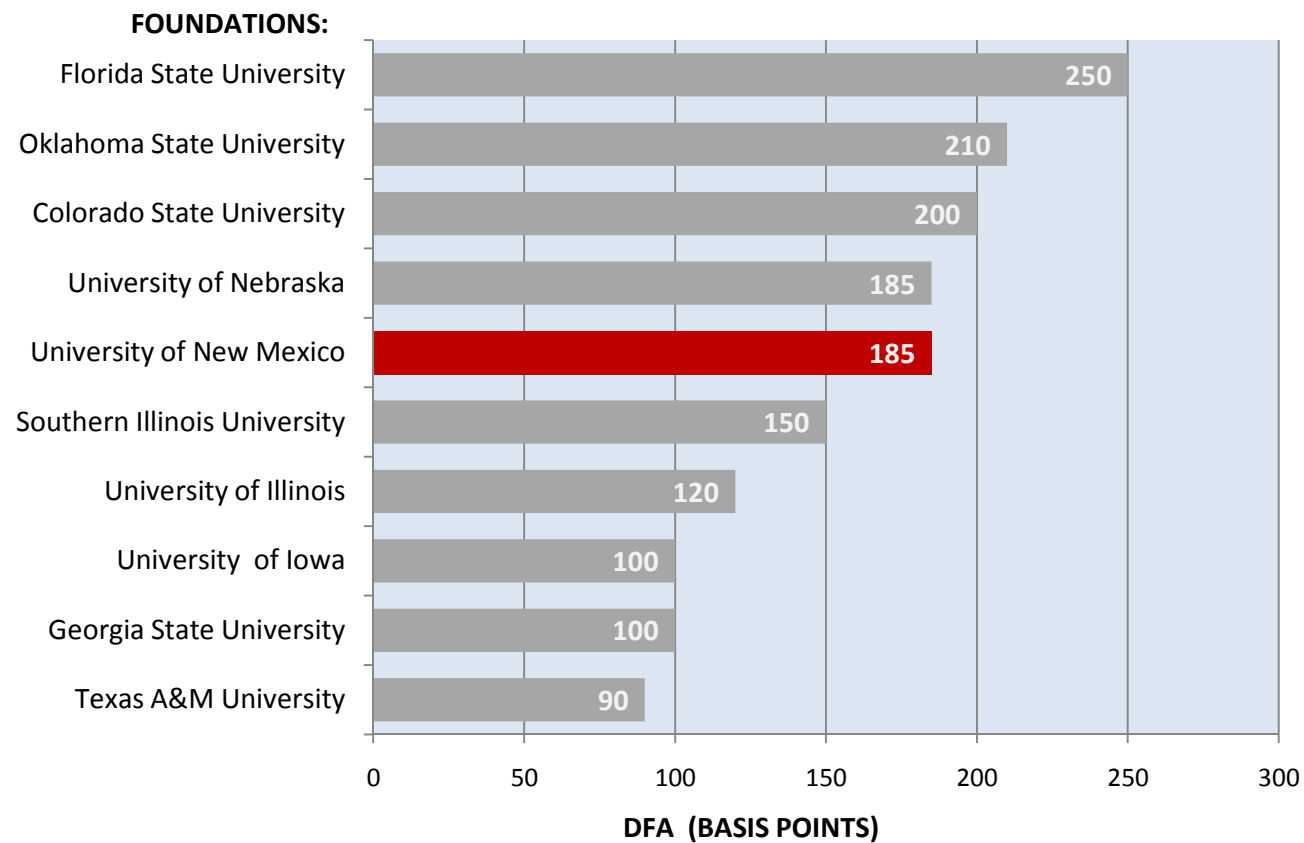
UNM Foundation

**Growth in
Endowment
Reduces Basis
Point Fee
(DFA)**



UNM Foundation

**Comparative
Development
Funding
Allocations
(DFA)**



Philanthropy Study Committee Conclusions

- *The Foundation exists to support the University. A seamless, transparent partnership between the University and the Foundation is very important to success.*
- *Given the decline in the University's funding and the return on investment realized by investing in the Foundation, we need to invest more in fundraising.*
- *An important goal of the Committee has to be to recommend a sustainable funding model. Achieving a sustainable model will likely take the form of a funding/build-up/transition plan over a number of years, with near-term and long-term goals carefully distinguished. It is instructive to look at UNM and the Foundation as a single entity, and distinguish between funds flows into the whole, and funds flows between the parts.*
- *Any staff reductions will immediately negatively affect fundraising capacity of the organization.*

Committee Recommendations

Given the foregoing, and after careful and thorough deliberation, the recommendations of this Committee are:

- *A motion was approved to recommend a funding model that calls for 16 total new hires to be added over the 5 year projected period. This motion was seconded and carried with 1 abstaining vote.*
- *Committee members recommended that additional data be added to the final report (Data – Appendix 23) and that a ten year projected model also be included (Assumptions and Model – Appendix 24).*
- *Institutional support be provided by the University to fund budgetary requirements net of other revenue sources.*
- *Investigate how callable funds be held by the Foundation or University could be invested in a higher yield, low risk strategy.*
- *As revenue sources are variable due to economic conditions, the Foundation's reserve for operations will be increased by an annual allocation to provide funding for a predictable level of operations year to year.*



Philanthropy Study Committee March 2012

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October 18, 2011

Organizational Letter Sent to:

UNM Board of Regent Representatives:

Lt. General Bradley Hosmer, USAF (Ret.) - Regent
Jacob Wellman – Student Regent

UNMF Board of Trustees Representatives:

Gerald Landgraf – Chair, Finance Committee
Anne Yegge – Past Board Chair

UNM Deans:

Richard Howell – Dean, College of Education
Mark Peceny – Dean, College of Arts and Sciences

UNM Staff:

Andrew Cullen – Associate Vice President, Planning, Budget and Analysis

HSC Representatives:

Nancy Ridenour – Dean, College of Nursing
Ava Lovell – Vice President of Finance, HSC

UNM Faculty Senate Representative:

Tim Ross - President

Re: Board of Regents/UNM Philanthropy Study Committee

Dear

National college and university leaders know all too well the depth and magnitude of today's difficult operating climate. As the percentage of state support shrinks or disappears entirely and the cost of providing quality education increases, leaders must continue to forge ahead amid a backdrop of troubling financial markets, national and international uncertainties, erratic endowment returns and very narrow or deficit operating margins.

Maximizing revenue streams to help offset declining state support is essential to provide the funds necessary to meet the University of New Mexico's mission "to serve as New Mexico's flagship institution of higher learning through demonstrated and growing excellence in *teaching, research, patient care, and community service.*" The overriding reason people give to colleges and universities is because of their belief in the work of the institution and that its mission is vital to society.

It is important that we take the long view. By 2014, we will successfully complete our \$675 million campaign, *Changing Worlds: The Campaign for UNM*. These days more than ever, colleges and universities must take a mission based, donor-focused approach to advancement to provide more opportunities for donor involvement and continue to build and strengthen donor relationships. The connectivity and life-long relationship between donors and institutions must be nurtured and enhanced whether in periods of strong economic growth or turbulent times. What is the best way for us to continue to achieve such productive relationships between UNM and its community?

During the recent meetings of the Regent's Academic/Student Affairs and Research Committee, not only did philanthropy come up again and again as an one of the skills campus stakeholders need and want in a new president, but also as a vital part of solving the fiscal issues that UNM faces. Students, staff, faculty and deans alike noted the critical role private giving must play in UNM's growth.

In response to the foregoing, I would like to establish a **Philanthropy Study Committee** that will be charged with evaluating how to maximize private support for UNM over the long term. The Committee will first benchmark other institutions, both peer and aspirational, and evaluate the size and scope of their development operations and funding mechanisms.

Drawing from this analysis, the Committee will be able to evaluate UNM's philanthropic effort and make recommendations. I anticipate the Committee to have a preliminary meeting to develop an outline of activities and goals, and to meet no more than four times over a six month period with a goal of providing a report to the Regents and the UNM Foundation Trustees prior to June 30, 2012.

I am asking the following individuals to serve on the Board of Regents UNM Philanthropy Study Committee:

Board of Regent Representatives-Bradley Hosmer, Jacob Wellman UNMF

Board of Trustees Representatives – Gerald Landgraf, Anne Yegge UNM

Deans – Richard Howell, Mark Peceny

UNM Faculty Senate Representative-Tim Ross

UNM Staff – Andrew Cullen

HSC Representatives-Nancy Ridenour, Ava Lovell

Committee Staffing-Henry Nemcik

Henry Nemcik will follow up individually with each of those I have asked to serve. If you are unable to serve for any reason, let Henry know and I will make another assignment. I appreciate your leadership and service.

Sincerely,



Jack L. Fortner
President
UNM Board of Regents



Jack L. Fortner – President UNM Board of Regents

Jack L. Fortner is an attorney in Farmington, NM, where he has served as San Juan County Commissioner and an alternate municipal judge. He received his bachelor's in political science from UNM and his juris doctor from University of Michigan. Fortner has been a regent since 1999.

Term ends: 12/20/2016.

Boards and Committees

- Honorary Degree Committee, ex officio
- UNM Foundation



Gary Gordon – Chair UNM Foundation Board of Trustees

A fourth generation New Mexican, Gary L. Gordon attended the University of New Mexico and graduated *summa cum laude* in general honors, earning his degree in business management, with distinction. He was recognized as a Distinguished Presidential Scholar, and also received the Clauve Award as the university's outstanding senior. He was elected to membership in both *Phi Beta Kappa* and *Phi Kappa Phi*. Gary continued his formal education at the University of New Mexico School of Law graduating in 1986.

He practiced law with Miller Stratvert P.A. in Albuquerque for 23 years. He was elected to the American Board of Trial Advocates and chosen by his peers for listing in *Best Lawyers in America*.

In 2004 he began service as a trustee of the University of New Mexico Foundation, serving as chair of its investment committee. He currently is board chair. The Albuquerque Academy board of trustees appointed him Treasurer of the school, his alma mater, in 2009, and he retired from the practice of law. He is married to Terri Giron, an alumna of the schools of management and public administration. They are members of the President's Circle and the Popejoy Society.



Lieutenant General Bradley C. Hosmer, USAF (Ret.) – Regent UNM Board of Regents

Lieutenant General Bradley C. Hosmer chairs the Board of Directors of the Armed Forces Services Corporation. Since retiring from the Air Force in 1994 he has also advised the Department of Defense and industry on long range and strategic planning, and chaired or manned public and private special advisory councils.

On active duty, Hosmer was Superintendent of the Air Force Academy, President of the National Defense University, the Inspector General of the Air Force, a senior member of the Joint Staff (of the Joint Chiefs of Staff), commanded two fighter wings and an Air Division. He has a bachelor of science from the Air Force Academy and a Master of Arts degree from Oxford University. Hosmer was appointed to the Board of Regents in March 2011.

Term ends 12/20/2016.

Boards and Committees

- [Academic/Student Affairs & Research Committee](#)
- [Audit Committee](#)
- [Health Sciences Board](#)
- Honorary Degree Committee



Jacob P. Wellman –Student Regent UNM Board of Regents

Jacob P. Wellman is an undergraduate student studying Political Science and Sustainability Studies at the University of New Mexico. An Eagle Scout, Jake is the former National Chief of the Boy Scouts of America and has led conservation service projects around the nation, for which he was recognized with the President's Call to Service Award by President George W. Bush. He has interned in the New Mexico State Legislature, the U.S. House of Representatives, and the policy thinktank Think New Mexico.

As a Freshman, Jake helped start a chapter of the Alpha Tau Omega Fraternity at UNM and has served as President of the chapter. He is a Regent's Scholar in the University Honors Program and was recognized as a Harry S. Truman Scholar in 2011. Before his appointment, Jake served as the Chief of Staff and Attorney General of the Associated Students of UNM and sat on the President's Strategic Advisory Team. He was appointed student regent by Governor Susana Martinez in February 2011.



Gerald “Jerry” Landgraf – Trustee and Finance Committee Chair UNM Foundation Board of Trustees

Gerald Landgraf has served on the UNM Foundation Board of Trustees since 2006.

During his a 35 year health care administration career, he developed and managed HMOs under the banner of Health Plus in Michigan, New Mexico and Puerto Rico and Cimarron Health Plan (also in New Mexico). He is a past chairman and director of the American Medical Care and Review Association and served on the Board of American Health Insurance Plans, the national association representing the majority of the US based health insurance companies and managed health care organizations.

Locally, Mr. Landgraf is the chairman of the National Dance Institute (NDI) Board of Directors (the organization that has renovated the Hiland Theater) and also chairs the Anderson Abruzzo International Balloon Museum Foundation



**Anne Yegge – Past Chair
UNM Foundation Board of Trustees**

Anne Yegge retired from the City of Albuquerque as director of community services after serving in several other positions in state and local government, including budget director for the city. After retiring she worked as a consultant to government and education and worked in municipal bond underwriting.

Ms. Yegge has served on a number of national and local boards and commissions. Current affiliations include Family Housing Development Corporation, a nonprofit affordable housing developer, and the Albuquerque Museum Foundation. She has Bachelor's and Master's degrees from UNM and completed the State and Local program at Harvard Kennedy School of Government. Ms. Yegge is a recipient of the New Mexico Distinguished Public Service Award. She and her husband, Vince are members of the Popejoy Society and charter members of the President's Club.



Richard Howell, Ph.D. - Dean UNM College of Education

Dr. Richard Howell, Dean of the College of Education, is a native New Mexican and a long-time Lobo, having earned three degrees at UNM, including a BS in Psychology and both an MA and a Ph.D. in Special Education. Dick began his academic career in earnest at UNM in 1982 as an instructor in Educational Technology at the College of Education. He then moved onto Ohio State University and served 17 years at the institution in a number of positions.

Dick returned to UNM in 2000 and served as Special Assistant to the Vice Provost, The Extended University (2000-04), interim Assistant Vice President, Office of Academic Affairs (2004-05), and Associate Dean of Research in the College of Education (2005-08).



Mark Peceny, Ph.D. – Interim Dean UNM College of Arts and Sciences

Peceny graduated from the University of Michigan in 1984 with a BA in political science and earned his Ph.D. from Stanford University in 1993. He joined UNM as an assistant professor in 1992. He was promoted to full professor and named chair of the Political Science Department in 2005.

His research examines democracy, dictatorship and war, with special attention to the promotion of democracy during U.S. military interventions. His book, *Democracy at the Point of Bayonets*, was published by Penn State Press and his research has appeared in the *American Political Science Review*, the flagship journal of his discipline and in *International Organization*, the top journal in the sub-field of international relations.

At UNM, Peceny has won university– and college-wide teaching awards.



**Andrew A. Cullen - Associate Vice-President
UNM Office of Planning, Budget & Analysis**

Mr. Cullen was appointed Associate Vice President for Planning, Budget & Analysis January 1, 2008, after having served the University in various capacities for the previous 19 years. Prior to his current position, Mr. Cullen worked primarily in facilities construction and management, and most recently lead the effort in developing and implementing the finance plan for the University's Capital Renewal Improvement Program that is evident throughout the UNM campus.

In his current position, Mr. Cullen oversees all aspects of the University's Main Campus budget and finance operations and the consolidation and reporting of all fiscal matters related to the Main Campus, Health Sciences Center and Branch Campuses. Main Campus operations include: State reporting and compliance, budget training and monitoring, capital project budget and schedule approval and all aspects related to the investment of operational and capital funds.

Mr. Cullen received a B.B.A. in Finance and Accounting in 1986 and a M.A. in Landscape Architecture in 2005 from the University of New Mexico.



**Nancy Ridenour, Ph.D., APRN, BC, FAAN - Dean
UNM College of Nursing**

Dr. Ridenour was a Robert Wood Johnson Health Policy Fellow with the Committee on Ways and Means in the US House of Representatives. Prior to the health policy fellowship, she served as Dean and Professor of the College of Nursing at Illinois State University and Associate Dean at Texas Tech Health Sciences Center.

Dr. Ridenour has held leadership positions in the American Nurses Association, the American Association for the Advancement of Science, the American Public Health Association, the Sigma Theta Tau International Honor Society of Nursing, the Society of Primary Care Policy Fellows, the National Organization of Nurse Practitioner Faculties, and the Centers for Disease Control and Prevention.

She is a certified family nurse practitioner, maintaining an active clinical practice. She received Fulbright-Hays grants for study tours of China, and Egypt and Jordan. She has consulted extensively on primary care and public health issues in South America, Asia, India, the Middle East, and, most recently, Cuba. The author of numerous journal articles and contributions to books, she has focused her career on health policy and improving primary health care for underserved populations. Her awards include two National Endowment for the Humanities fellowships, a primary care policy fellowship from the U.S. Public Health Service, a Robert Wood Johnson Executive Nurse Fellowship, a Robert Wood Johnson Health Policy Fellowship, and induction into the American Academy of Nursing.



**Ava Lovell - Associate Vice President for HSC Financial Services
UNM Health Sciences Center**

Ava is a CPA with 24 years of financial management experience including working as an internal and external auditor and for several Fortune 500 companies. Ava came to UNM in October of 1994 and gained experience in the offices of Research Accounting, Property Accounting, Accounts Payable, Financial Reporting and Financial Systems. Just prior to her current position she served as Associate University Controller for Reporting and Financial Systems and as Project Director for Banner Finance. Ava is currently the Associate Vice President for Financial Services at the UNM Health Sciences Center.

She received her Bachelor of Science degree in Accountancy from Northern Arizona University (Go Lumberjacks!) and is a Certified Public Accountant in the State of New Mexico. Ava has also taught Basic Fund Accounting for Colleges and Universities through NACUBO, the National Association of College and University Business Officers.



Timothy J. Ross, Ph.D. - President UNM Faculty Senate

Professor Ross is a registered professional engineer with over 35 years experience in the fields of computational mechanics, hazard survivability, structural dynamics, structural safety, stochastic processes, risk assessment, and fuzzy systems. He was awarded a prestigious J. William Fulbright Fellowship for study during his sabbatical leave at the Department of Civil Engineering, University of Calgary, Alberta, for the 2001-2002 academic year.

He has BS, MS and PhD degrees in Civil Engineering from Washington State, Rice and Stanford Universities, respectively. He has been an engineering educator at the University of New Mexico (UNM) since 1987. Prior to 1987, Prof. Ross conducted research for the US Defense Department in Albuquerque, New Mexico, and in Washington, DC. Prof. Ross is the founding Editor-in-Chief of the International Journal, Intelligent and Fuzzy Systems. His textbook, *Fuzzy logic with Engineering Applications*, was the first classroom text for undergraduates in this field. He has over 150 papers published in various journals and conference proceedings, and has edited or authored 6 books. He was elected a Fellow in ASCE in 1992 and was bestowed with the UNM Regents' Lectureship title in 1993.



Henry Nemcik - President and CEO UNM Foundation

Henry Nemcik began as president and chief executive officer of the UNM Foundation on August 16, 2010, using his 30-years experience in higher education development to provide vision and leadership to the organization and to *Changing Worlds: The Campaign for UNM*.

Mr. Nemcik successfully led two comprehensive campaigns before coming to the UNM Foundation. Prior to his arrival at UNM, he served as the vice president for development and alumni relations, as well as the president of the foundation at the University of Tennessee System from 2005 to 2010. The preceding 16 years Mr. Nemcik was the associate vice president for development and the campaign director at Texas A&M.

He holds two bachelor's degrees and a master's in public administration.



Philanthropy Study Committee:

Membership and Charge

Timeline & Agendas

Invitation to Serve	Invitation Letter send by Regent Fortner October 2011		
C h a r g e	Evaluate and report on how to maximize private funding support for UNM over the long term.		
P a r t i c i p a n t s	<p>Co-Chair - Jack Fortner, President - UNM Board of Regents Co-Chair - Gary Gordon Chair, UNM Foundation Board of Trustees</p> <p>UNM Board of Regent Representatives Lt. General Bradley Hosmer, USAF (Ret.) - Regent Jacob Wellman - Student Regent</p> <p>UNMF Board of Trustees Representatives Gerald Landgraf - Chair, Finance Committee Anne Yegge - Past Chair</p> <p>UNM Deans Richard Howell - Dean, College of Education Mark Peceny - Dean, College of Arts and Sciences</p> <p>UNM Staff Andrew Cullen - Associate Vice President, Planning, Budget and Analysis</p> <p>HSC Representatives Nancy Ridenour - Dean, College of Nursing Ava Lovell - Vice President of Finance, HSC</p> <p>UNM Faculty Senate Representative Tim Ross - President</p> <p>UNM Foundation Henry Nemcik - President and CEO</p>		
P r o c e s s			
	<p>BENCHMARKING The Committee will benchmark other institutions, both peer and aspirational, and evaluate the size and scope of the peers' development operations and funding mechanisms</p>	<p>EVALUATING Drawing from the evaluation, the Committee will evaluate UNM's philanthropic effort, encompassing staffing, funding, and design of philanthropic efforts going forward.</p>	<p>REPORTING A report with recommendations will be presented to the UNM Board of Regents and the UNM Foundation Board of Trustees by no later than June 30, 2012 (target date: mid-April 2012). Amended: Mid-March</p>

REPORTIING AMENDED 3 February, 2012

	Philanthropy Study Committee MEETING AGENDAS				
Initial Meeting Friday, December 9, 2011 9:00-12:00 Location: TVC Conference Room	<i>Welcome</i> Introductions Jack Fortner- Review of charge Henry Nemcik- Brief history of Foundations & Philanthropy at UNM	<i>Presentation:</i> “Philanthropy in the US at Public Institutions” David Bass, Director, Foundation Programs, Association of Governing Boards (AGB)	<i>Presentation:</i> “Philanthropy at University of Florida” Paul Robell, Assistant to the President, Philanthropy and Donor Relations, University of Florida Foundation	<i>Discussion:</i> Factors for success Questions to be answered through our process	<i>Discussion:</i> Consensus on process, aspirational/ peer institutions and committee timeline
January 6, 2012 9:00-12:00 Location: TVC Conference Room	<i>Welcome</i> Henry Nemcik- Presentation of finalized timeline	<i>Presentation:</i> “University of Colorado Foundation History and Organizational Structure” Richard Lawrence, Executive Vice President and COO University of Colorado Foundation	<i>Discussion:</i> “University Fundraising Components” Cara Quackenbush, Senior Analyst and Program Manager - Eduventures, Inc.	<i>Discussion:</i> Introduction to foundation study data	<i>Factors for success:</i> The future of foundation staffing
February 2012 1:00 - 5:00 Location: TVC Conference Room	<i>Welcome</i>	<i>Processing Discussion:</i> Themes, insights, conclusions, & points for reporting. Note: Report drafts to be exchanged via e-mail			
Mid-March 2012	Final Report presented to UNM Regents & UNMF Board of Trustees				

REPORTING AMENDED 3 February, 2012



Philanthropy Study Committee:

Initial Meeting

Friday, December 9, 2011

Meeting Location: 1155 University Blvd SE, 2nd Floor, McCorkle Room

Agenda Items

- | | |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>9:00am
to
12:00pm</p> | <ul style="list-style-type: none"> ➤ Review of Charge -
Regent Jack Fortner, Committee Co-Chair ➤ Brief History of the UNM Foundation -
Henry Nemcik, President and CEO ➤ National Perspectives on Types of Foundation and Foundation Funding Models -
David Bass, Director of Foundation Programs and Research - Association of Governing Boards ➤ From the Beginning to Maturity of a Foundation -
Paul Robell, Assistant to the President - Philanthropy and Donor Relations (previously Vice President of Development and Alumni Affairs, 1/1995 - 6/2010) - University of Florida ➤ Discussion and Planning
Factors for Success
Consensus on process, aspirational/peer institutions and committee timeline ➤ Closing |
| <p>12:00pm
to
1:00pm</p> | <ul style="list-style-type: none"> ➤ Lunch Provided -(attendance optional) |

BENCHMARKING

The Committee will benchmark other institutions, both peer and aspirational, and evaluate the size and scope of the peers' development operations and funding mechanisms

EVALUATING

Drawing from the evaluation, the Committee will evaluate UNM's philanthropic effort, encompassing staffing, funding, and design of philanthropic efforts going forward.

REPORTING

A report with recommendations will be presented to the UNM Board of Regents and the UNM Foundation Board of Trustees by June 30, 2012.



Philanthropy Study Committee

HISTORY OF THE UNM FOUNDATION AND AFFILIATED FUNDRAISING ORGANIZATIONS



Philanthropy Study Committee

Basic Facts About the UNM Foundation

- Has been a separate legal entity to raise private funds and hold specific assets for the University since 1979
- As a corporation, has always had own Board, filed own tax returns (Form 990) and reports to NM PRC
- In 1989 the BOR delegated to UNMF the responsibility to oversee/manage the investment of University endowed assets to the Foundation's Investment Committee
 - The Investment Committee also invests the Foundation's assets
 - The combined assets are \$340 million (53% UNM and 47% UNMF)
- Foundation conducted its staff operations through the Advancement Department of the University and College/School development officers until 2009



Philanthropy Study Committee

Other Fundraising Affiliates of the University

- Thirteen other 501(c)(3) organizations have been incorporated to carry on more focused fund- and friend-raising activities for the University
 - Of the thirteen, the Anderson Foundation and Lobo Club raise the highest dollar amount
- Two of these organizations have dissolved in the past four years and one is considering dissolving
 - Costs of complying and consequences of not complying with state and federal laws are factors



Philanthropy Study Committee

Other Affiliated Fundraising 501(c)3 Organizations

AFFILIATED ORGANIZATIONS Fundraising Organizations that are required to have an affiliation agreement with UNM	BOR APPROVES ARTICLES AND BYLAWS	BOR APPOINTS MEMBERS	OWN STAFF	OWN BANK ACCOUNTS	Funds Raised FY10-11
Biological Society of New Mexico (Support UNM teaching and research in biology)	N	N	N	N	0
Khatali Alumni Club	Dissolved				
Carrie Tingley Hospital Foundation ("Foundation") Not a component unit	Y	N	Y	Y	\$184,673
Friends of Music	Y	N	N	N	0
Friends of the Library	Y	N	N	N	0
Maxwell Museum Association (Procure and preserve historical artifacts)	Y	N	N	Y	\$42,366
The Friends of Art of the University of New Mexico Art Museum, Inc. (Support the University Art Museums)	Dissolved				
The Friends of Music, Inc. (Provide scholarships for UNM music students)	Y	N	N	N	0



Philanthropy Study Committee

Other Affiliated Fundraising 501(c)3 Organizations (cont.)

AFFILIATED ORGANIZATIONS Fundraising Organizations that are required to have an affiliation agreement with UNM	BOR APPROVES ARTICLES AND BYLAWS	BOR APPOINTS MEMBERS	OWN STAFF	OWN BANK ACCOUNTS	Funds Raised FY10-11
The Harwood Museum Alliance, Inc. (Membership organization for the Harwood Museum)	Y	Y	N	Y	\$25,150
Service League of University Hospital (Serve patients of UNMH)	Y	N	N	Y	\$101,201
The Robert O. Anderson School and Graduate School of Management Foundation (Nonprofit activities in support of UNM)	Y	N	N	Y	\$486,218
The University of New Mexico Alumni Association (UNM alumni relations)	Y	N	N	Y	\$1,500
The University of New Mexico Foundation (Develop private support on behalf of UNM)	N	(one Regent appointed to Board)	Y	Y	\$83,133,681
U.N.M. Lobo Club (Fundraising Arm for Athletics)	N	N	UNM & UNMF	Y	\$11,517,471

Affiliated entities are either nonprofit corporations that have been granted a 501(c)(3) tax exemption by IRS or entities that do not have a corporate status but exist to raise funds UNM. Under New Mexico law and Board of Regents policies, these organizations must have an affiliation agreement with UNM and submit copies of Bylaws and the affiliation agreement to the Board of Regents for approval



Philanthropy Study Committee

Foundation Provides Direct Services to Many 501(c)(3)s

Fiscal Services:

- Accepts/manages all endowments for the benefit of the University
- Provides gift acknowledgement services for most gifts
- Receives reports of gifts received and aggregates them into the report on giving
- Manages some 501(c)(3) funds/accounts



Philanthropy Study Committee

Foundation Provides Direct Services to Many 501(c)(3)s

Other Services:

- Maintains donor alumni database
- Sends all electronic communication to alumni and donors for the University
- Stewardship of donors through special events
- Planned Giving services, consultation and tools for current and prospective donors



Philanthropy Study Committee

University Requested Foundation Change Management Structure

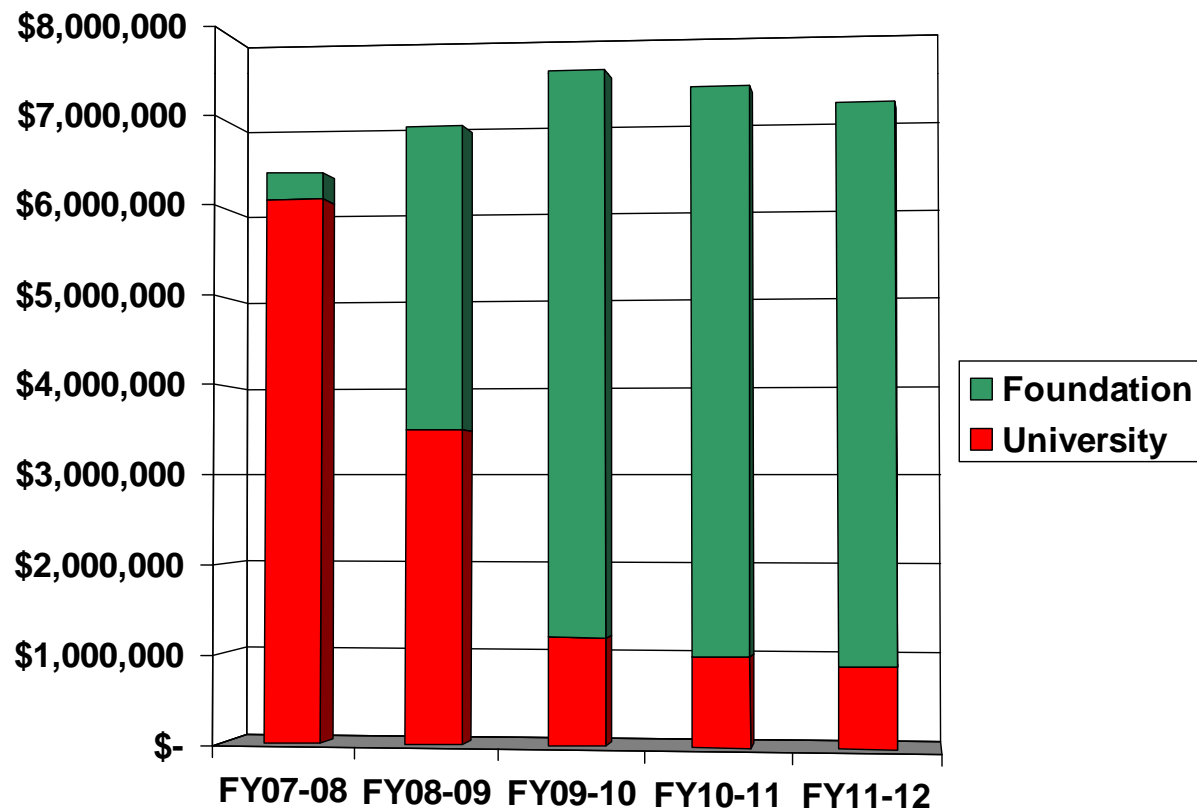
2009-10

- First Foundation President hired to transition the Foundation to a stand alone organization
- President & most of the UNM Advancement Department became employees of UNMF
- Advancement Department no longer exists; the remaining UNM employees now report to UNM Foundation
- Board of Trustees assumed expanded fiduciary responsibilities for fiscal, human resources, and treasury functions
- Development professionals centered under fundraising focused management system
 - Metrics-driven performance system
 - Compensation/evaluation/performance measures specific to fundraising
 - Administrative/other services focused on essential support for development



Philanthropy Study Committee

Shift of Development Personnel Costs to UNM Foundation

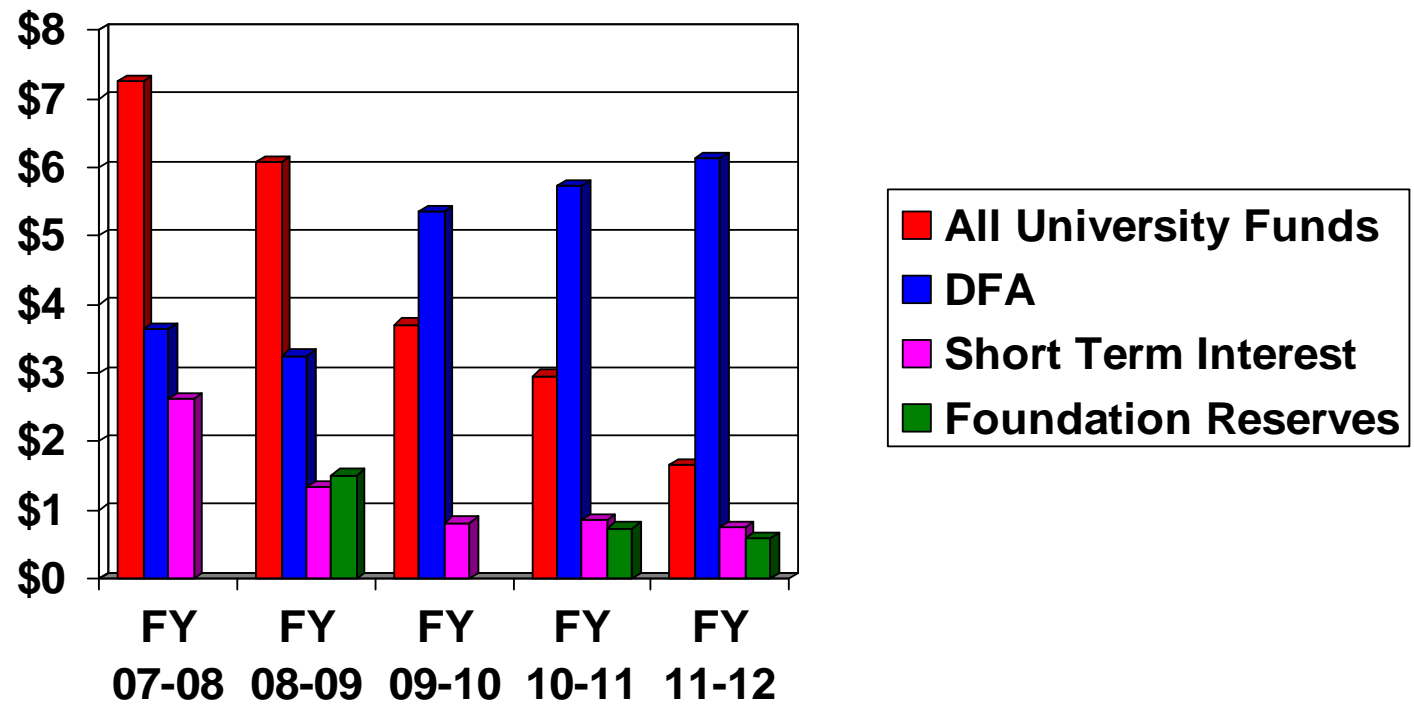




Philanthropy Study Committee

Changes in Foundation Revenue Streams

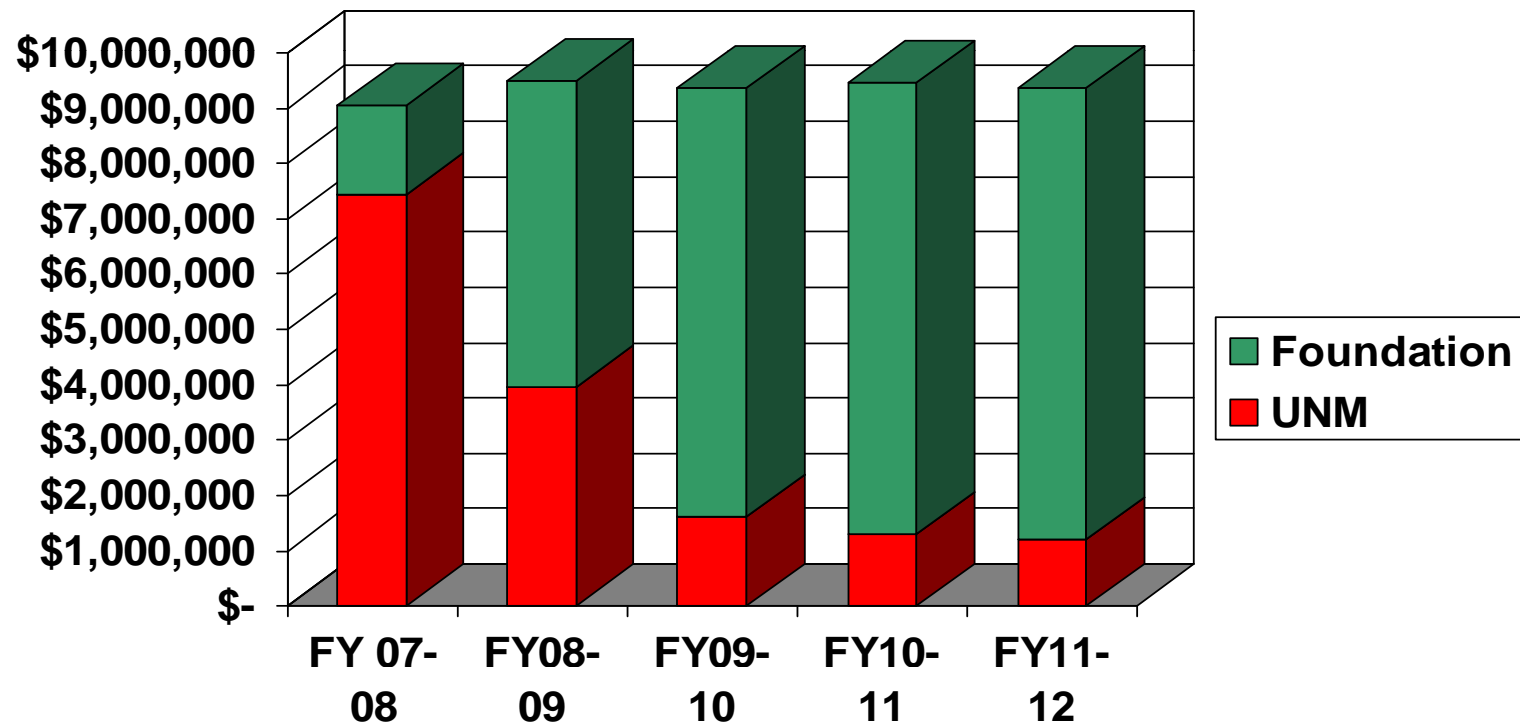
Millions





Philanthropy Study Committee

Transition of Operating Budget Costs to UNM Foundation





Philanthropy Study Committee

Foundation Organization Chart





Philanthropy Study Committee

Numbers of Staff

Today we have 84 staff members

- 66 UNMF / 17 UNM / 1 Temporary

Last year we had 86 staff members

- 69 UNMF / 17 UNM

Two years ago we had 92 staff members

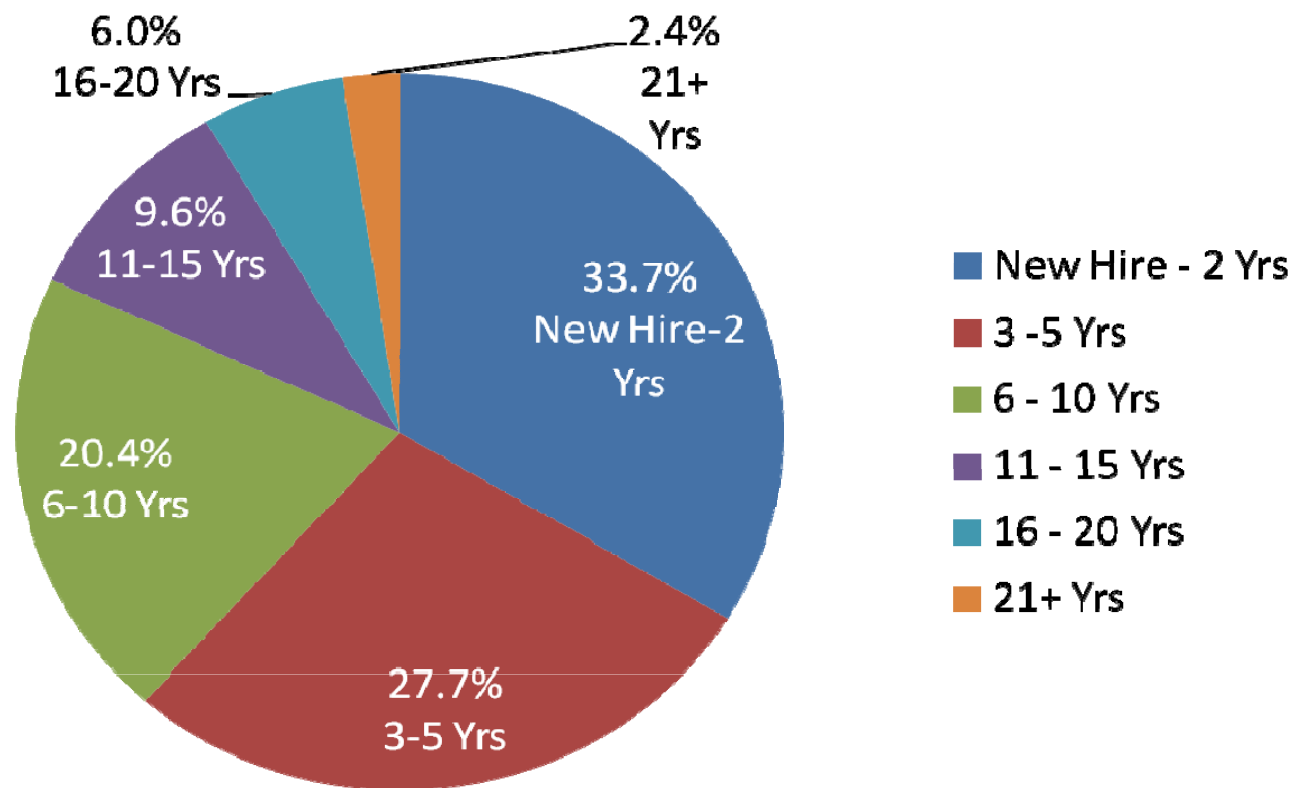
- 69 UNMF / 23 UNM

Currently, we have 10 UNM student employees working with us.



Philanthropy Study Committee

Staff Years of Service





Philanthropy Study Committee

Demographics

- Average age of staff: 46 years
- 72% of staff are female
- 28% of staff are male



Philanthropy Study Committee

Education Level of Staff

19.2% of staff have HS/Associates Degree

44.5% of staff have Bachelor's Degree

32.5% of staff have Masters' Degree

3 staff have JD's, one staff member has PhD



Philanthropy Study Committee

Summary of Central UNMF Department Activities

- Annual Giving

- Raises approximately \$2.5 million dollars a year
- Budget constraints forced elimination of donor acquisition activities
- Creates the habit of giving on a regular basis by mail, phone and/or electronically
- Individual solicitation for Presidential Scholarship Program/1889 Society

- Communications

- Annual Report
- UNMF Website
- Donor Recognition Publications
- Internal Communications
- Major Gift Proposals



Philanthropy Study Committee

Summary of Central UNMF Department Activities (cont.)

- Corporate and Foundation Relations

- To secure gifts from corporations and foundations
- Identify potential funding sources for University initiatives
- Writing proposals
- Coordinate funding strategies

- Donor Relations

- Creating lasting connections with donors
- Send out annual endowments reports
- Create and conduct President's Endowed Scholarships, Legacy Society and other initiatives to recognize donors



Philanthropy Study Committee

Summary of Central UNMF Department Activities (cont.)

- Gift and Data Integrity and Processing
 - Process and receipt gifts to the University
 - Handle matching gifts
 - Ensure compliance with University and Federal regulations
 - Ensure accuracy of donor intent
- Other Central Departments
 - Finance and Accounting
 - Human Resources
 - IT Department
 - Planned Giving
 - Prospect Research



Philanthropy Study Committee

Summary of Central UNMF Department Activities (cont.)

- 25 Development Officers embedded in assigned colleges, units or the Health Sciences Center



David G. Bass

David joined AGB in 2007 as Director of Foundation Programs and Research. In this capacity he works directly with foundation boards and chief executives, providing research and training on governance practice and related issues. David oversees AGB's annual Foundation Leadership Forum which brings together 350 board members and CEOs of institutionally related foundations for a 3-day program focused on governance practice, endowment management, and fundraising leadership, an annual meeting for the legal counsel of university foundations, and regional meetings for foundation boards. David has conducted research and authored reports on foundation funding models, changes in foundation governance practice in the wake of Sarbanes-Oxley, a comprehensive study of foundation board composition and governance practices, and endowment spending and governance practices under the Uniform Prudent Management of Institutional Funds Act. Prior to joining AGB, David was Director of the National Center for Institutionally Related Foundations and Director of Government Relations at the Council for Advancement and Support of Education. David holds an M.B.A. and certificate in Nonprofit Management from Johns Hopkins University, an M.A. from the University of Virginia, and a B.A. from the College of William and Mary.

Philanthropy in Support of U.S. Public Higher Education

Philanthropy Study Committee
University of New Mexico

December 9, 2011

David Bass, Director of Foundation Programs and Research, AGB

DavidB@agb.org (202) 776-0850



Topics

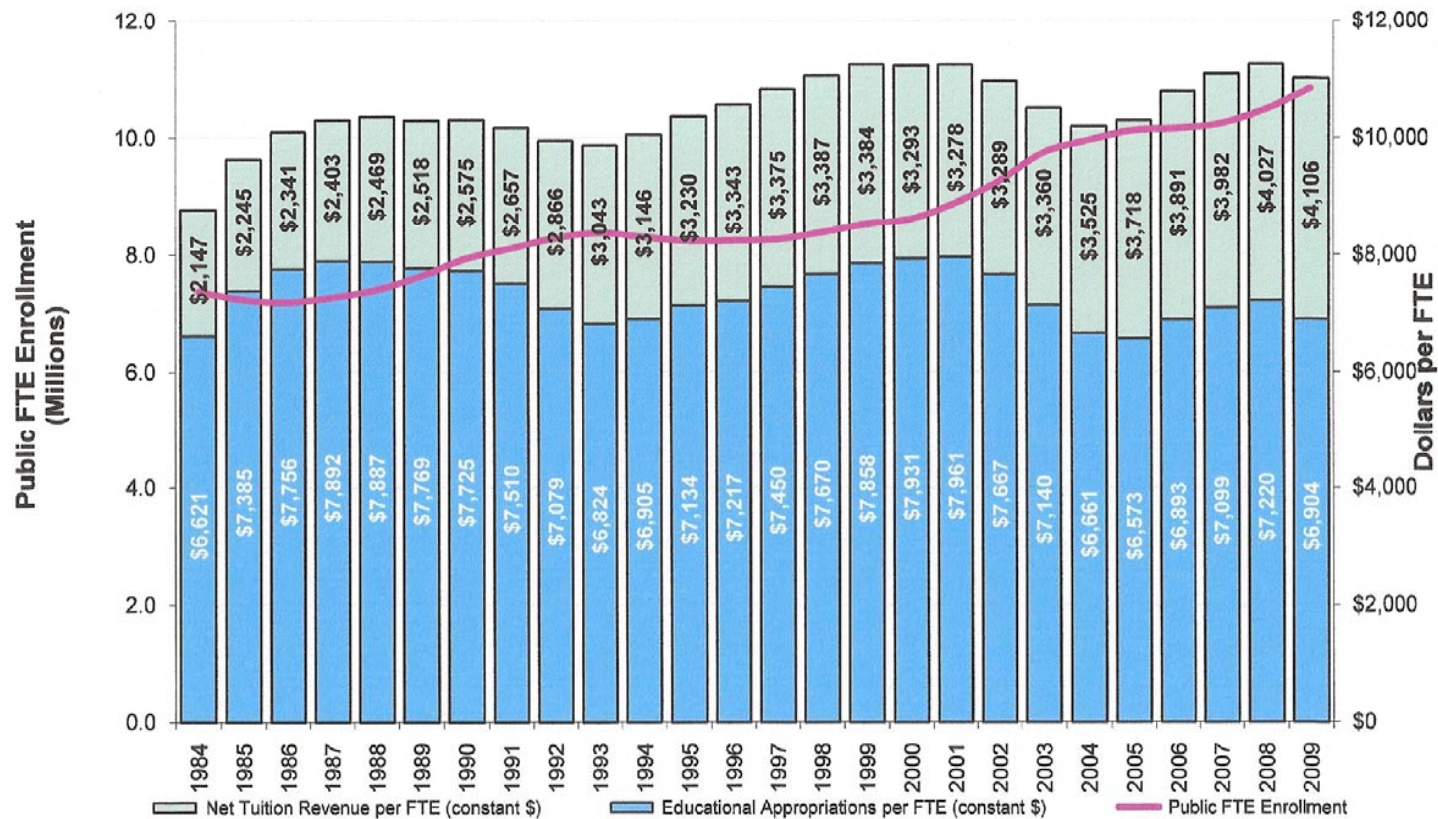
- Evolution of public higher education advancement
- Current contexts
- Revenue trends
- Growth of private support
- Role of foundations
- Structure and staffing
- Budget and funding sources
- Board's role in fundraising

- In 1980, states provided 46 percent of the operating support for public colleges and universities. By 2005, that amount had fallen to 27 percent.
- During the same period, tuition as a source of revenue increased from 13 percent to 18 percent
- Among public research institutions, private support accounts for an average of 8.5% of total educational and general expenditures (VSE 2010)



Public Higher Ed Revenue I

**Public FTE Enrollment, Educational Appropriations and Total Educational Revenue per FTE,
 United States -- Fiscal 1984-2009**

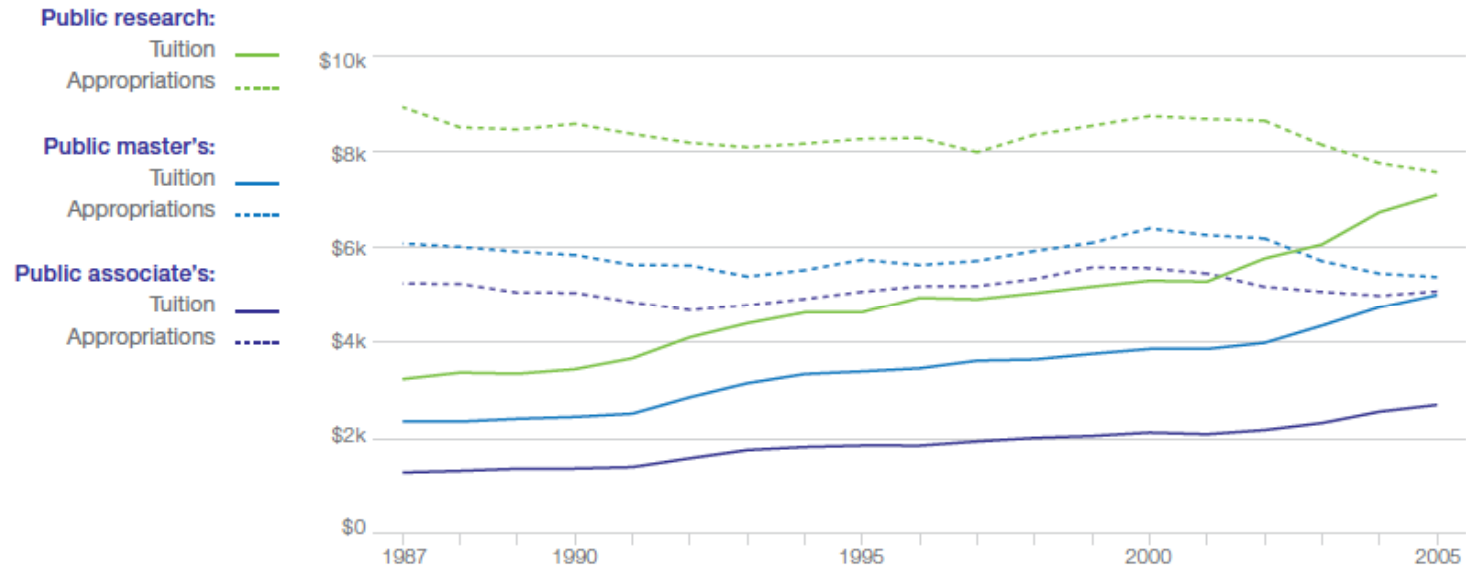


Note: Constant 2009 dollars adjusted by SHEEO Higher Education Cost Adjustment. 2009 Educational Appropriations include ARRA funds. (HECA) Source: SSDB

Figure 10

Tuition increases are the primary source of new revenue at public institutions

Median tuition and state and local appropriations revenue per FTE student, 1987-2005 (in 2005 dollars)



Source: Delta Cost Project IPEDS database, 19-year matched set.



Percentage of Public Inst. Revenue by Source

Source	1980-81	1999-2000
State govt.	45.6	35.8
Sales and services	19.6	21.6
Tuition and fees	12.9	18.5
Federal Govt.	12.8	10.8
Private gifts, grants	2.5	4.8
Endowment income	0.5	0.7

Aaron Conley and Eugene R. Tempel

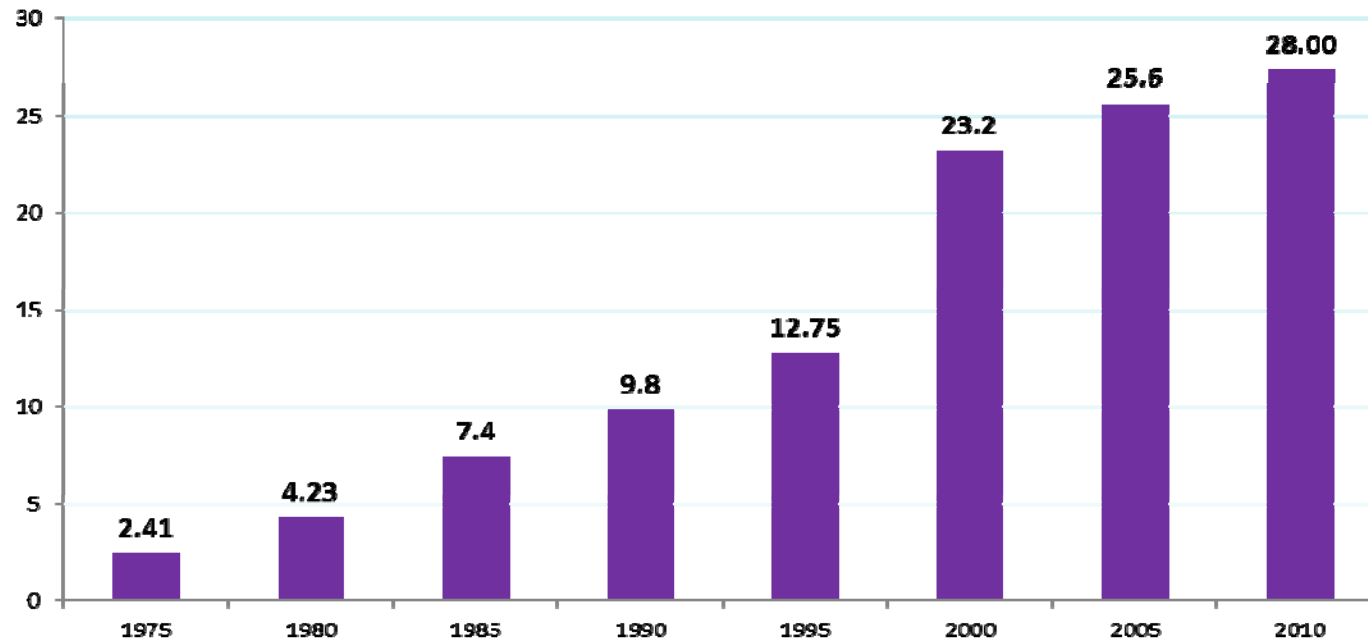
- Educational Appropriations per FTE Fiscal 2005-2010: -20% (second only to Rhode Island)
- Net Tuition Revenue per FTE Fiscal 2005-2010: + 34.5%
- But net tuition as a percent of total educational revenue is still second lowest in the country
- FY 2012: Enacted Higher Ed. Cuts: -42.9%

NGA Fiscal Survey of the States 2011 and SHEEO 2010

AGB **Private Support for Public Higher Education**

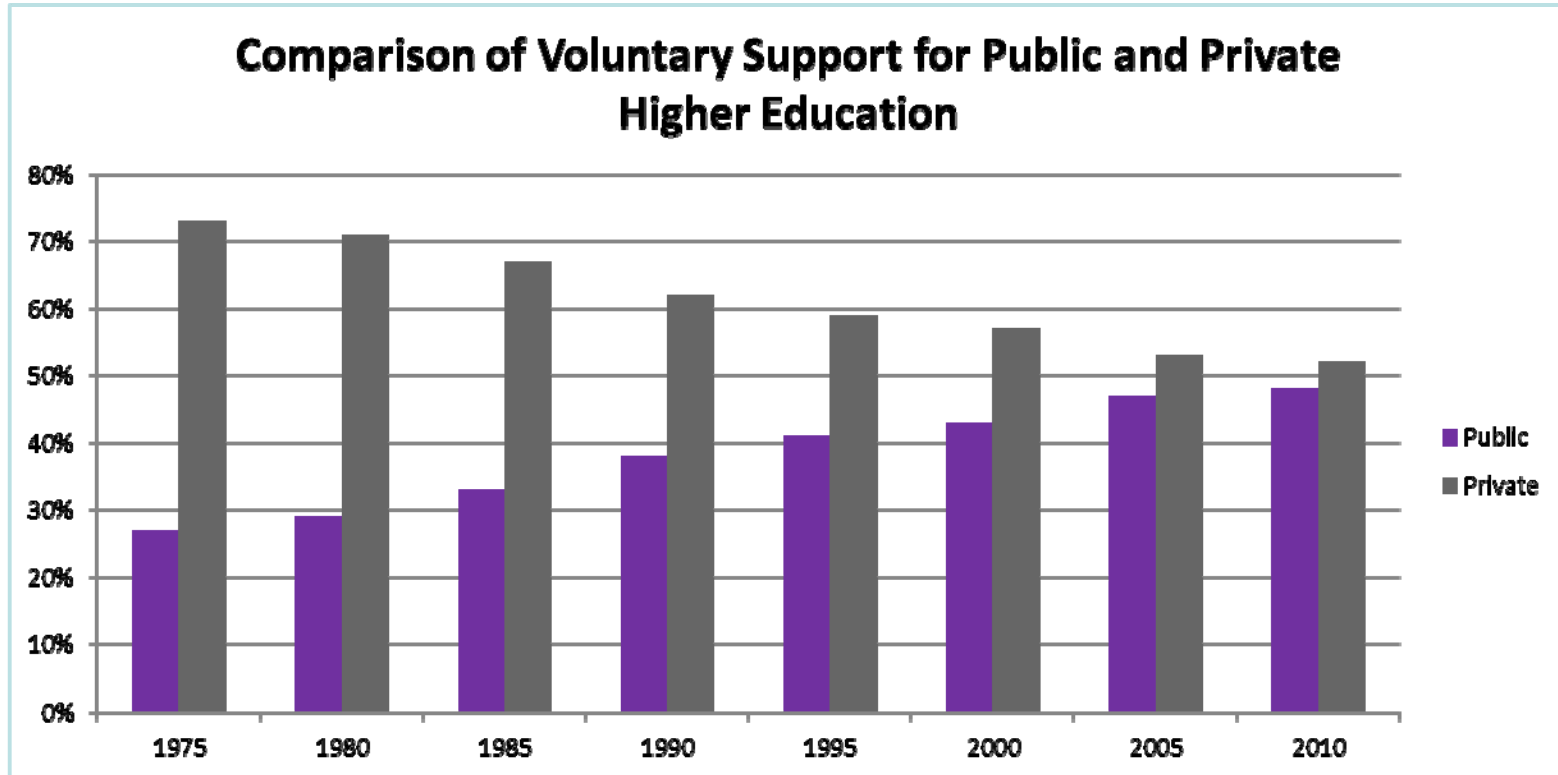
- Morrill Act of 1862: Provision of annual appropriations to land-grant institutions diminished the need for them to seek private support
- Prior to the 1980s advancement efforts at public institutions inconsistent and poorly coordinated
- Since the 1980s state appropriations have failed to keep pace with escalating costs
- Institutions have increasingly relied on tuition, sales and services, and fund raising

Giving to Higher Education, 1975-2010 (in billions)





Voluntary Support: Public vs. Private



Prior to the 1970s most public institutions had neither the ability nor the need to seek significant private support

In the past 4 decades public higher education fundraising has grown exponentially

1990: 39% of \$8.2 billion

2000: 43% of \$19.4 billion

2010: 48% of \$23.5 billion



The Margin of Excellence Model

“Tax funds generally can support the basic needs of public higher education. But the ingredients for academic excellence include private support. Tax revenue can be used to build and maintain most classrooms, libraries, and laboratories. They can provide average salaries for faculty members. But then there are all the enriching features of a sound educational program that mean the difference between good and great universities: new and challenging courses of study, cultural programs, museum and library collections, continuing research, unusual equipment, student aid, competitive faculty salaries, special buildings. *These represent the “margin for excellence,” which depends chiefly on private support.*”

“Margin for Excellence: The Role of Voluntary Support in Public Higher Education” in 1966
NASULGC

Following the lead of top performing state institutions, public colleges and universities will place far greater emphasis on raising private support.

- Continued decline in state appropriations
- Tuition caps and concerns about student debt
- Increasingly competitive nature of higher education
- Increasing reliance on foundations



Foundation Functions

- Gift repository
- Asset management
- Stewardship
- Fundraising
- Real estate and entrepreneurial ventures
- Advisory and consultative role
- Advocacy

- Tactical capacity, flexibility, nimbleness
- Separation of development budget from operational and instructional funds
- Signals institutional commitment
- Stewardship and trust
- Transparency and accountability
- Long-term perspective



Role in Fundraising

<u>Role in Fundraising</u>	<u>Four-year</u>	<u>\$100-500 million</u>
Wholly responsible	33.6%	39.5%
Foundation directs	9.9%	9.3%
Institution directs	43.5%	30.2%
Little or no role	8.4%	11.6%

	4-year Institutions	\$100-500 Million
Dependent	23.8	16.3
Interdependent	48.5	51.2
Independent	27.7	32.6



Staff

4-Year Wholly Responsible for Fundraising

Mean	20.9	34.7
Minimum	0	0
Maximum	171	171
1 st Quartile	0	2
2 nd Quartile	3.5	8.25
3 rd Quartile	25	44.8

Source: AGB 2011



Operating Budget

Budget	\$100-500 Million	4-Year	Owns Fundraising
Less than \$1 million	9.3%	32.1%	9.3%
\$1-\$1.49 million	9.3%	10.7%	9.3%
\$1.5-\$1.99 million	2.3%	9.2%	2.3%
\$2-\$4.99 million	37.2%	22.1%	37.2%
\$5-\$9.99 million	18.6%	11.5%	18.6%
\$10-19.99 million	23.3%	10.7%	23.3%
\$20 million or greater	-----	3.8%	-----

Source: AGB 2011



Funding Sources—Research/Doctoral

Source	% Utilizing	Mean % of Budget
Institutional support	61.5	17.6
Unrestricted gifts	60.0	10.4
Gift funds restricted for fndn.	12.3	0.7
Float on unrestricted	49.2	5.5
Float on non-endowed restricted	67.7	13.1
Endowment fee	93.8	40.2
Gift fees	43.1	4.8
Real estate	21.5	2.0

CASE 2011

- 88% of foundation boards participate in cultivation/solicitation of gifts
- 80% of foundation boards are involved in campaign leadership
- 34% of campaign committees recruited from foundation boards vs. 7% from institution boards
- Foundation board members twice as likely to make campaign contributions as governing board members
- Foundation board members contributed 21% of funds raised during the quiet phase of campaigns vs. 4% contributed by governing board members

AGB: Schrum 2000, AGB 2011



Board Giving

Foundation Boards' contribute 14% of total support

64% report 90-100% participation

17% report 80-89% participation

6% report 70-79% participation

6% report 60-69% participation

2% report 50-59% participation

62% expect a minimum contribution and half of these specify the minimum expectation

AGB 2011

- Thoughtful MOU process maps and memorializes key elements
- Collaboratively developed business practices and policies
- Orientation for new institution and foundation board members
- Overlapping board membership
- Alignment of institution and foundation planning
- Institution board development committee
- Regular reciprocal reporting
- Accountability to constituents
- Rule of no surprises



Long-term Perspective

“... by and large, what we’re working on today is going to have the greatest benefit to the university 15, 20, 25 years from now.”

Gary Bloom, founding chair, Cal Poly Foundation

“Working Toward a Working Foundation Board”

- Foundation Leadership Forum, January 22-25, 2012 La Jolla, CA
- Trusteeship Magazine
- AGB Knowledge Center
- Research reports, books, and other publications
- Sample documents and policies
- Foundation consulting service and consultant on call

If you have a question please just give us a call.

David Bass, Director of Foundation Programs and Research

(202) 776-0850 DavidB@AGB.org

PAUL A. ROBELL
ASSISTANT TO THE PRESIDENT-PHILANTHROPY AND DONOR
RELATIONS

Mr. Robell served as Vice President of Development and Alumni Affairs at the University of Florida from January, 1995 until June, 2010. He previously was Associate Vice President for Development since 1992. Mr. Robell joined the staff of the university in 1987, when he came to UF from a post as Director of Development for Furman University to serve as Campaign Director in Florida's five-year, \$392.6 million *Embrace Excellence* Campaign. Prior to the Furman position, Mr. Robell had worked as a fund-raising director at Rensselaer Polytechnic Institute and Duke University. He has also worked in various capacities for Emory University, Drew University and Dickinson College, from which he holds a BA degree (1966). His master's degree (1967) is from Columbia University.

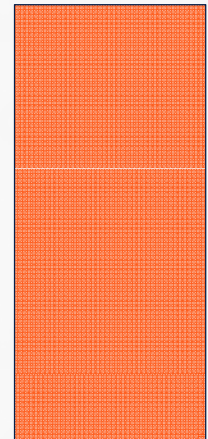
Mr. Robell has presented papers and lectures at regional conferences of the Council for the Advancement and Support of Education (CASE) and participated in numerous professional seminars and conferences. He has served as a volunteer on a number of civic committees and community advisory boards. He and his wife, Susan, have two children.

University of Florida Foundation



PAUL ROBELL

ASSISTANT TO THE PRESIDENT,
PHILANTHROPY & DONOR RELATIONS



DISCUSSION POINTS

- Campaign History
- Funding Development Officers
- Pre-campaign Ramp-up
- Florida Today/Next

CAMPAIGN HISTORY

“EMBRACE EXCELLENCE”

- Timeline: 1986-1990
- Development Officers: 25-30
- Goal: \$200-\$250 million
- Result: \$392.6 million

CAMPAIGN HISTORY

“IT’S PERFORMANCE THAT COUNTS”

- 1997-2000
- Development Officers: 40
- Goal: \$500 million - \$750 million
- Result: \$850.4 million

CAMPAIGN HISTORY

“FLORIDA TOMORROW”

- 2005-2012
- Development Officers: 74
- Goal: \$1.2-1.5 billion
- Result: \$1.45 billion to date- 10 months remaining

HOW WE ARE ORGANIZING

- Central/Decentralized Hybrid Model
- Colleges/Units: Primary Gift Fundraising with Central Services

FUNDING

1984 vs. 2007

- 1984 Model
 - 1st : CDO and UFF- 50/50
 - 2nd: CDO and UFF- 75/25
 - 3rd or Greater: 100% Unit

PRE-CAMPAIGN RAMP-UP (2007)

- UFF Surplus: \$2 million
- 8 new CDOs
 - 1: Engineering
 - 3: Business
 - 1: Agriculture
 - 1: Education
 - 1: Liberal Arts
 - 1: IFAS
- 2007 Model
 - 1st : UFF – 100%
 - 2nd: 50/50
 - 3rd: 25/75
 - 4th+: 100% Unit

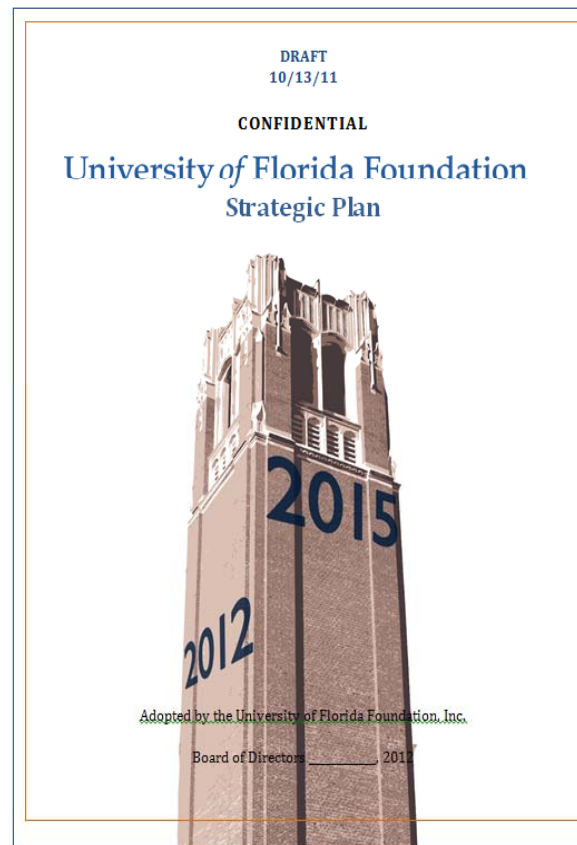
FLORIDA TODAY

- VSE Fundraising Total: \$201 million
- 75% to 6 colleges/units
- 7 Principal Gifts of \$5 million+

BIG IDEAS

- Florida Next: 2012-2015
 - Strategic Plan
- Faculty Now Initiative- *Put your name on knowledge*
 - \$40 Million
- Because of You Tour

STRATEGIC PLAN



FACULTY NOW INITIATIVE



*Put Your Name
on Knowledge*

*Endowing Faculty Positions
at the University of Florida*

UF

FACULTY NOW INITIATIVE

The University of Florida **FACULTY NOW** INITIATIVE provides a source of funds to immediately help faculty teach, conduct research and serve the state, nation and the world.

- The university will invest funds equal to **4%** of your commitment total, starting immediately, repeated annually through June 2013.

{ THE BENEFITS }

- Immediate distribution of the UF investment; no waiting period for the endowment to generate investment income.
- UF investment is flexible and can be used for start-up support for faculty, equipping laboratories, supporting graduate assistants and more.
- Donors under the plan receive "recognition credit" for the university funds.

EXAMPLE: A \$1 MILLION commitment to support a professorship generates **\$40,000** annually through June 2013.

➤ For more information please see back

Because of You **Tampa**



FLORIDA NEXT

- \$225 million – FY 2014-15
- 9 New Development Officers
- 10+ Principal Gifts of \$5 million+

STRATEGIC INVESTMENTS

Review College Leadership

- Vision
- Clear Priorities (role for private gifts)
- Time spent on fundraising

College Development Program

- Senior Fundraiser
- Time spent on Fundraising
- Donor Pool Potential

DISCUSSION POINTS

- Campaign History
- Funding Development Officers
- Pre-campaign Ramp-up
- Florida Today/Next



Philanthropy Study Committee: Meeting Minutes Friday, December 9, 2011

Attendees:

	Co-Chair - Jack Fortner, President - UNM Board of Regents
	Co-Chair - Gary Gordon Chair, UNM Foundation Board of Trustees
UNM Board of Regent Representatives:	Lt. General Bradley Hosmer, USAF (Ret.) - Regent Jacob Wellman - Student Regent
UNMF Board of Trustees Representatives:	Gerald Landgraf - Chair, Finance Committee Anne Yegge - Past Board Chair
UNM Deans:	Richard Howell - Dean, College of Education Mark Peceny - Dean, College of Arts and Sciences
UNM Staff:	Andrew Cullen - Associate Vice President, Planning, Budget and Analysis
HSC Representatives:	Nancy Ridenour - Dean, College of Nursing Ava Lovell - Vice President of Finance, HSC
UNM Faculty Senate Representative:	Tim Ross - President
UNM Foundation:	Henry Nemcik - President and CEO
UNM Foundation Staff	Curtis Helsel, Rod Harder, Sandy Liggett, Larry Ryan, Bill Uher, Wendy Antonio, Suzanne Awen, Raquel Rodrigues

Proceedings and Presentations

Review of Charge - Jack Fortner, Committee Co-Chair

The charge to this committee is to make recommendations for maximizing fundraising support at UNM. The importance of fundraising has been emphasized with the candidates in the UNM Presidential search and as other funding sources are negatively impacted by current economic conditions, fundraising support will become an increasingly important revenue source in maintaining the core mission at UNM.

Review of Charge - Gary Gordon, Committee Co-Chair

It would be appreciated that the main focus of this committee be on funding.

Opening Comments - Henry Nemcik, President and CEO, UNM Foundation

There are many foundations, each built on certain principles and evolving within their own unique culture to become what they are today. Our first presenter, David Bass from the Association of Governing Boards, will provide information and trends on 180 foundations, both national and international, with which his organization works. Paul Robell will follow with a presentation on the evolution of the University of Florida Foundation. Sandy Liggett will begin with a brief discussion of the history of the UNM Foundation.

History of the UNM Foundation

The UNM Foundation has been a separate legal entity created to raise private funds and hold specific assets since 1979. In 1989 the Board of Regents delegated the responsibility of overseeing and managing the investment of the University's assets to the UNMF Investment Committee. These assets in combination with the Foundation assets total in excess of \$340 million today. The Foundation operations were handled within the University through the Advancement Department and the unit development officers until 2009 at which time the Foundation began the process of becoming a stand-alone organization.

In addition to the UNM Foundation, there are 13 other affiliated 501(c)3 organizations within the University that carry on more focused fundraising work with the Anderson Foundation and the Lobo Club raising the highest dollar amount. The UNM Foundation provides direct services to many of these organizations. Fiscal services include acceptance and management of endowments, gift acknowledgements, preparation of the aggregate report on giving and management of some funds and/or accounts. Other services include maintenance of the donor alumni database, electronic communication to donors and alumni, stewardship of donors through special events and planned giving services.

In transitioning to the stand-alone organization in 2009-2010 at the request of the Regents, the majority of the employees in the University Advancement Department became employees of the UNM Foundation. The Board of the

Foundation expanded their fiduciary duties to include fiscal, human resources and treasury functions. The Foundation developed a focused management system that is based on metrics driven performance specific to fundraising with administrative/support efforts focused on essential support for the development process. **The majority of personnel costs have been shifted to the Foundation budget as of FY11-12.** Foundation revenues include University funds, the DFA (Development Funding Allocation), Short term interest and Foundation reserves. In FY07-08, University funding provided the largest amount of revenue to the Foundation budget. However, given the impact of economic conditions on University funds over the intervening years, the DFA has become the largest source of revenue as of FY11-12. The majority of operating costs have been transferred to the Foundation as of FY11-12. The current capital campaign began in FY06/07.

The UNM Foundation President reports to the UNM Board of Trustees. The President has direct reports of seven leadership positions. There are presently 84 staff, 17 of which are UNM employees. This number is down 8 staff members in the last 2 years. The central Foundation department activities include Annual Giving, Communications, Corporate and Foundation Relations, Donor Relations, Gift and Data Integrity Processing, Finance and Accounting, Human Resources, IT, Planned Giving and Prospect Research. There are 25 development officers embedded in University colleges, units and the Health Sciences Center. The staff is well educated, highly professional with an average age of 46 and a good retention history. Prospect research is done by only two staff members. The closure rate on donor proposals has been good.

National Perspectives on Types of Foundation and Foundation Funding Models – David Bass, Director of Foundation Programs and Research – Association of Governing Boards

The percentage of state provided support to public colleges and universities has dropped from 46% in 1980 to 27% in 2005 and is expected to continue to decline, while tuition has increased from 13% to 18% with private support at an average of 8.5%. Private support has been growing and becoming more important as economic conditions change. Private fund raising of major gifts is a long term process with up to 15 years in cultivating a major gift solicitation. Planned giving is an important focus in gift flows.

The idea that private fundraising provided a “margin for excellence” is now outmoded as private fundraising is providing an increasingly important role “beyond the margin of excellence”.

Transparency and a long term perspective can provide good accounting of the costs of fundraising as well as managing a good long term return on investment. **The retention of development officers is critical to maintain a successful flow of gifts.**

Foundation assets need to be around \$750 million to \$1 billion in order to produce the income for a foundation to be fully independent. There are pros and cons for each different revenue stream available to foundations (Institutional Support, Unrestricted Gifts, Gifts Restricted to Foundation, Short Term Interest, Endowment Fee, Gift Fees and Real Estate). The revenue model for UNM should be the one that would best serve the funding and growth patterns of the University.

Centralized oversight and coordination enhances performance of development officers, performance criteria improves, and a critical focus of senior management becomes identifying and building top performers.

Foundation Board members contribute a proportionately large percentage of total support.

Committee Member Discussion points:

We need to determine where we are, where we want to be and how best to get there.

Bottom line - the Foundation exists to support the University. A seamless, transparent partnership between the University and the Foundation is very important to success.

What is the benchmark on the ratio of development officers to staff?

From the Beginning to Maturity of a Foundation – Paul Robell, Assistant to the President – Philanthropy and Donor Relations (previously Vice President of Development and Alumni Affairs, 1/1995 – 6/2010) – University of Florida

An important exercise for this committee is looking at the effects of decline in state support, tuition increases, grant increases and entrepreneurial activities. The royalties from the development of Gatorade at the University of Florida are a good example of successful funds inflow from entrepreneurial activities.

The first campaign at the University of Florida, “Embrace Excellence”, raised \$392.6 million with 25-30 development officers in the time period 1986-1990. The state match was helpful in exceeding the original campaign goal of \$200-\$250 million.

The second campaign, "It's Performance That Counts", raised a total of \$850 million with 40 development officers and an original goal of \$500-\$750 million from 1997-2000.

The current campaign, "Florida Tomorrow" began in 2005 and will run until 2012. The campaign goal of \$1.2 billion-\$1.5 billion. To date \$1.45 billion has been raised with a total of 74 development officers. There has been no state match in this campaign.

The next planned campaign, "Florida Next" will run from GY2014-2015 with 9 new development officers and a goal of \$225 million to include 10+ Principal Gifts of \$5 million+. The long term goal of this campaign is to raise the current level of fundraising annually to the \$225 million or more.

(The question was raised by a committee member as to how those kinds of numbers could be achieved at UNM given New Mexico's smaller financial base. The response from the presenter was to go regional and develop a donor base outside of New Mexico.)

The University of Florida is a central/decentralized hybrid. Planned Giving, CFR, Gift Processing, Legal Services, Principal Gifts, Prospect Research and Real Estate are centralized. The development officers are embedded in the colleges, schools and units. **The Foundation relationship with the Deans has been the key to successful fundraising. The Deans participate in fundraising and pay for a portion of the development officer's salary.** This is a good buy-in strategy for the Deans as they have "skin in the game" as does the Foundation. Evaluations are written on every development officer and discussed in a joint meeting with the appropriate Dean. The Foundation coordinates on goals, performance and strategies for handling shared prospects. Goals are established with the long term nature of gift cultivation and solicitation taken into account for new development officers. **It is important that a development officer has a good ask rate.**

(A committee member asked several related questions about the return on investment expected for development officers, the relationship between funds raised and the costs of raising funds, and budgeting for those costs. A discussion addressing the implicit and explicit assumptions in the questions resulted in the following response from the presenter.)

Our goal is for experienced development officers to raise at least an average of \$2 million per year. It takes approximately two to four years for a development officer to raise that level of funds. Investment in development officers includes not only their salaries, but also staff support, administration, travel and other related costs. The funds raised by development officers are not used to pay their salaries and other expenses. There is no direct relationship to funds raised and budgeted funds required to pay fundraising costs. Each institution must determine its own best way to pay for development costs given their unique situation over the long term.

(A committee member commented that his understanding is that a development officer should raise at least six to ten times their salary annually. The presenter concurred. Another comment was made that the maturity of the organization and the relationships already established are an important factor impacting return on investment. **Further, a committee member stated that the question should not be how many development officers do we need, rather how are we going to pay for them, which the presenter emphatically affirmed.)**

The University of Florida distribution rate is 3.8%; the Foundation receives 1.3%; the total budget is \$40 million with \$12 million in cost sharing. The Gift Fee is 2.5%, but does not provide a significant portion of the budget.

Strategic investments in the fundraising process fall in two main categories - reviewing college leadership in terms of vision, clear priorities (the role of private gifts) and time spent on fundraising and expanding the college development program with senior fundraisers, time spent on fundraising and working the donor pool potential.

(An University of Florida informational piece, "Because of You" was shown to the Committee.)

Closing Comments, Discussion and Planning

Henry Nemcik's closing comments were:

The goal of this meeting was to get an overview on other great fundraising institutions. The format used in the meeting will be used in future meetings if the Committee is in agreement.

The funding for the UNM Foundation will be discussed in the next meeting as well as a discussion on return on investment by Eduventures and another university presentation.

The Committee was asked for input and/or discussion.

Committee Discussion and Input:

The question was asked as to the role of the Board of Regents in the investment and distribution process. The response from Paul Robell was that investments at the University of Florida were handled by the University of Florida Investment Company.

A general discussion of open records issues in relation to foundations followed. Though the University of Florida Foundation has been able to protect donor anonymity so far, there have been various challenges in other states testing open records with varied success.

The meeting was adjourned. The next meeting will be on Friday, January 6, 2012, 9:00am-12:00pm in the McCorkle Room, 2nd Floor Student Services Building.

P:\Philanthropy Study Committee\12-9-11 PSC Meeting\12-9-11 PSC Meeting Materials\12-9-11 Meeting Minutes.doc

BENCHMARKING

The Committee will benchmark other institutions, both peer and aspirational, and evaluate the size and scope of the peers' development operations and funding mechanisms

EVALUATING

Drawing from the evaluation, the Committee will evaluate UNM's philanthropic effort, encompassing staffing, funding, and design of philanthropic efforts going forward.

REPORTING

A report with recommendations will be presented to the UNM Board of Regents and the UNM Foundation Board of Trustees by June 30, 2012.



Philanthropy Study Committee:

Second Meeting

Friday, January 6, 2012

Meeting Location: 1155 University Blvd SE, 2nd Floor, McCorkle Room

Agenda Items

- | | |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>9:00am
to
12:00pm</p> | <ul style="list-style-type: none"> ➤ Welcome and Opening Comments -
Regent Jack Fortner, Committee Co-Chair ➤ Approval of December 9, 2011 Meeting Minutes ➤ Development Officer Return on Investment Study Analysis
Cara A. Quackenbush, Program Manager and Senior Analyst
Eduventures - Research and Consulting for Higher Education ➤ University of Colorado Foundation History and Organizational Structure
Richard W. Lawrence - Executive Vice President and COO
University of Colorado Foundation ➤ University of New Mexico Funding Model
Henry Nemcik, President and CEO ➤ Discussion and Planning
Factors for Success
Consensus on process, aspirational/peer institutions and committee timeline ➤ Closing |
| <p>12:00pm
to
1:00pm</p> | <ul style="list-style-type: none"> ➤ Lunch Provided -(attendance optional) |

BENCHMARKING

The Committee will benchmark other institutions, both peer and aspirational, and evaluate the size and scope of the peers' development operations and funding mechanisms

EVALUATING

Drawing from the evaluation, the Committee will evaluate UNM's philanthropic effort, encompassing staffing, funding, and design of philanthropic efforts going forward.

REPORTING

A report with recommendations will be presented to the UNM Board of Regents and the UNM Foundation Board of Trustees by no later than June 30, 2012 (target date: mid-April 2012).



Cara A. Quackenbush

Program Manager and Senior Analyst

Cara plays a leadership role in designing and executing the Development Learning Collaborative's annual research agenda. She applies her quantitative and qualitative analysis skills to develop actionable insights and support for Eduventures' clients, assisting them with key strategic and operational decisions to support their fundraising success. Cara is an advancement professional with a decade of fundraising, accounting, management, and marketing experience at institutions of higher education. Cara's experience spans annual giving, leadership giving, volunteer management, alumni engagement, parent fundraising, and planned giving. She has also conducted research on management practices and strategies in higher education, including higher education accounting practices, presidential leadership techniques, and legal policies affecting planned giving. Prior to joining Eduventures, Cara was the Associate Director of Gift Planning at Boston College, where she helped launch the university's \$1.5 billion capital campaign as well as its first-ever legacy gift campaign. Cara also worked in both the annual fund and the office of planned giving at her alma mater, Santa Clara University, where she earned her B.A. in journalism. Cara holds an M.B.A. and an M.S. in accounting from the Carroll School of Management at Boston College, where Cara won the MBA Business Plan Competition.

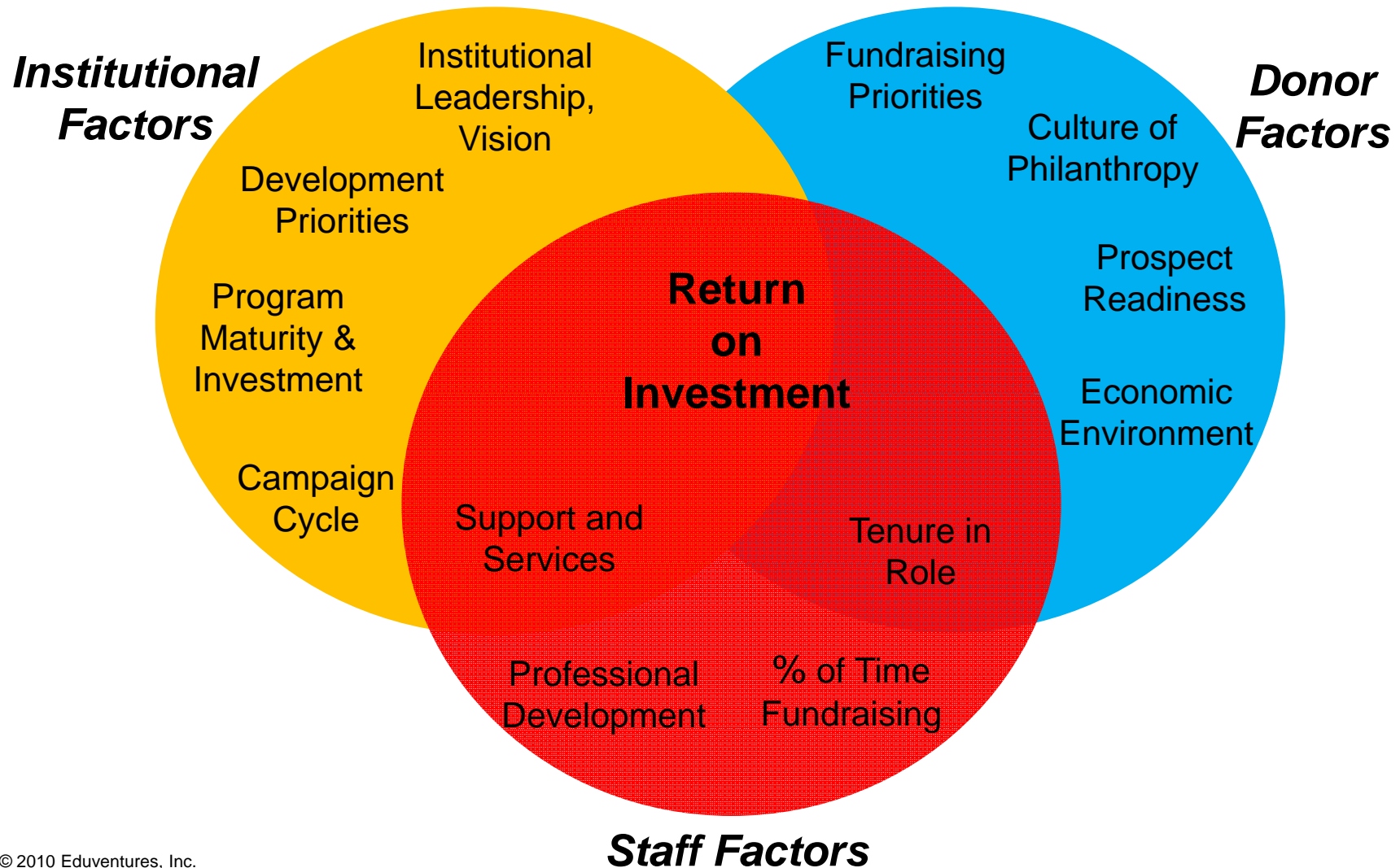
Maximizing Return on Fundraising Investment

University of New Mexico Foundation

Development Learning Collaborative

Factors Impacting Return on Investment

Understanding and influencing the factors that determine optimal ROI helps assess where the program may need greater attention or investment



1. Measuring Return on Investment: An Overview

2. UNM Peer Comparison

3. Prospect Base and Sources of Funds

4. Preliminary Takeaways

Measuring Return on Investment: An Overview



Productivity metrics can help assess the realized return on investment and prepare institutions to advance to the next level

Metrics for Measuring Return on Investment

- Dollars raised per frontline officer
- Dollars raised per budget dollar
- Dept. investment per area investment
- Ratio of frontline per services FTE
- Ratio of donors to alumni base
- Ratio of rated prospects to alumni base
- Average gift size

Advancement leaders can use internal data to examine these metrics longitudinally and benchmark with peer and aspirational institutions to chart a path for growth.

Industry benchmarks provide guideposts for investment and projected returns

Key Benchmarks for Development Return on Investment					
	Less Than \$30M	\$30M to \$54.9M	\$55M to \$99.9M	\$100M to \$199.9M	\$200M to \$650M
Total Dollars Raised	\$24.2M	\$43.5M	\$70.0M	\$138.0M	\$300.2M
Total Advancement Budget	\$3.8M	\$6.8M	\$10.6M	\$11.5M	\$40.2M
% Increase to Next Level	98%	→ 29%	→ 62%	→ 164%	→ ?
Total Advancement FTE	38	72	90	106	302
% Increase to Next Level	83%	→ 47%	→ 47%	→ 115%	→ ?
Total Frontline FTE	14	24	28	38	104
% Increase to Next Level	71%	→ 17%	→ 36%	→ 173%	→ ?

Eduventures DEV-LC, *Managing Returns on Staff and Budget Investments, Chapter 3, Investments in Fundraising Areas*, 2008
Source for dollars raised: Council for Aid to Education's Voluntary Support of Education, FY2007 survey.

Measuring Return on Investment: An Overview



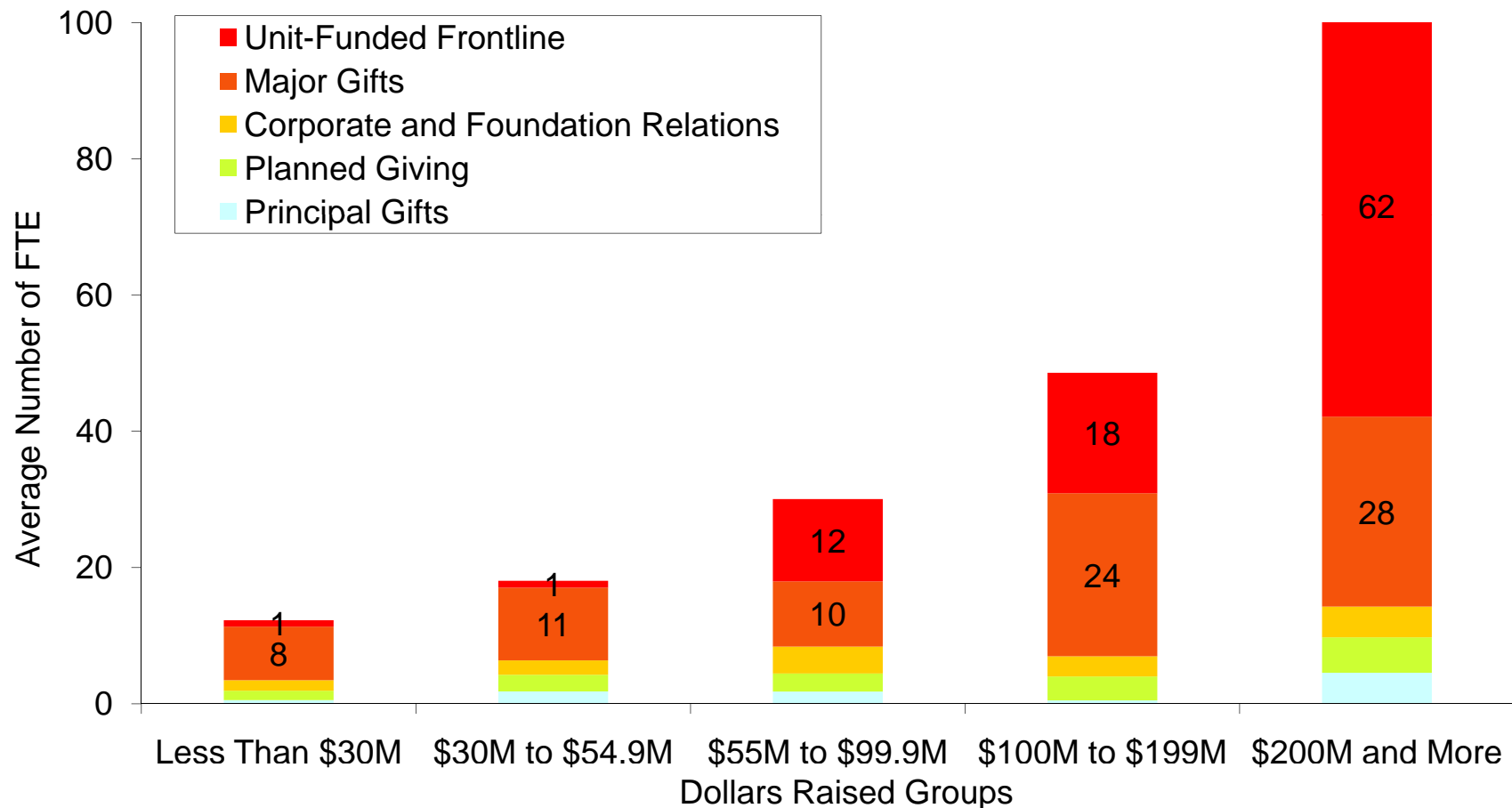
The dynamic nature of ROI over time can be assessed through multiple measures of fundraising program performance

Productivity Metrics for Development Return on Investment					
	Less Than \$30M	\$30M to \$54.9M	\$55M to \$99.9M	\$100M to \$199.9M	\$200M to \$650M
Dollars Raised per Advancement FTE	\$562K	\$ 654K	\$ 770K	\$ 1.26M	\$ 1.05M
% Increase to Next Level	16%	→ 18%	→ 64%	→ (17%)	→ ?
Dollars Raised per Frontline FTE	\$1.55M	\$ 1.87M	\$ 2.11M	\$ 3.32M	\$ 3.45M
% Increase to Next Level	21%	→ 13%	→ 57%	→ 4%	→ ?
Dollars Raised per Budget Dollar	\$5.74	\$5.76	\$6.61	\$11.27	\$8.83
% Increase to Next Level	0%	→ 15%	→ 70%	→ (22%)	→ ?

Eduventures DEV-LC, *Managing Returns on Staff and Budget Investments, Chapter 1, Analysis of Overall Investments*, 2008
 Source for dollars raised: Council for Aid to Education's Voluntary Support of Education, FY2007 survey.

Major gifts and unit frontline officer ranks grow dramatically to support the volume of prospect cultivation needed at higher fundraising levels

Frontline Officer Investments Across Dollars Raised Groups

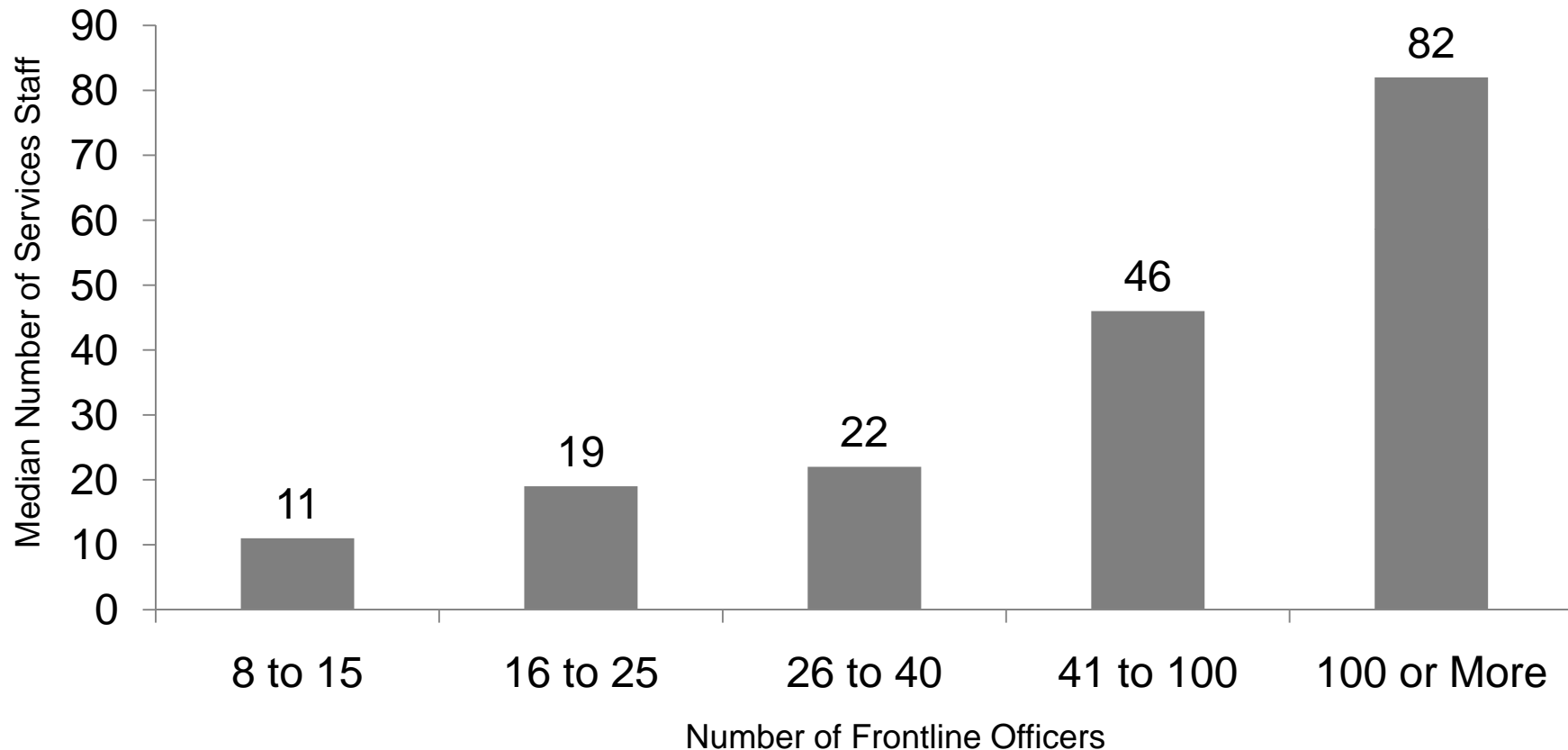


Measuring Return on Investment: An Overview



A baseline investment in services areas can support growth of frontline staff, following benchmark ratios of frontline officers per services FTE

Service Area FTEs Relative to Number of Frontline Officers



More productive fundraising offices – raising more than \$900K per advancement FTE – have higher investments in services per frontline FTE than institutions raising less.

1. Measuring Return on Investment: An Overview

2. UNM Peer Comparison

3. Prospect Base and Sources of Funds

4. Preliminary Takeaways

UNM Peer Comparison



- Eduventures' hallmark study *Managing Returns on Advancement Investments* provides information on the fundraising investments and performance of institutions of higher education.
- Eight public institutions, including several peer and aspirant institutions of the University of New Mexico, submitted FY10 budget data.
- A more extensive data collection is currently underway for FY11, and the University of New Mexico has submitted data to be included in that study. Here we have compared UNM's FY11 information to our FY10 benchmarks.

FY10 Benchmarks Are Based On Data From:

- Rutgers University Foundation
- Texas A&M Foundation
- The University of Connecticut Foundation Inc.
 - The University of Iowa Foundation
- The University of Tennessee - System
 - University of Cincinnati Foundation
- University of Maryland, College Park
 - University of Oregon

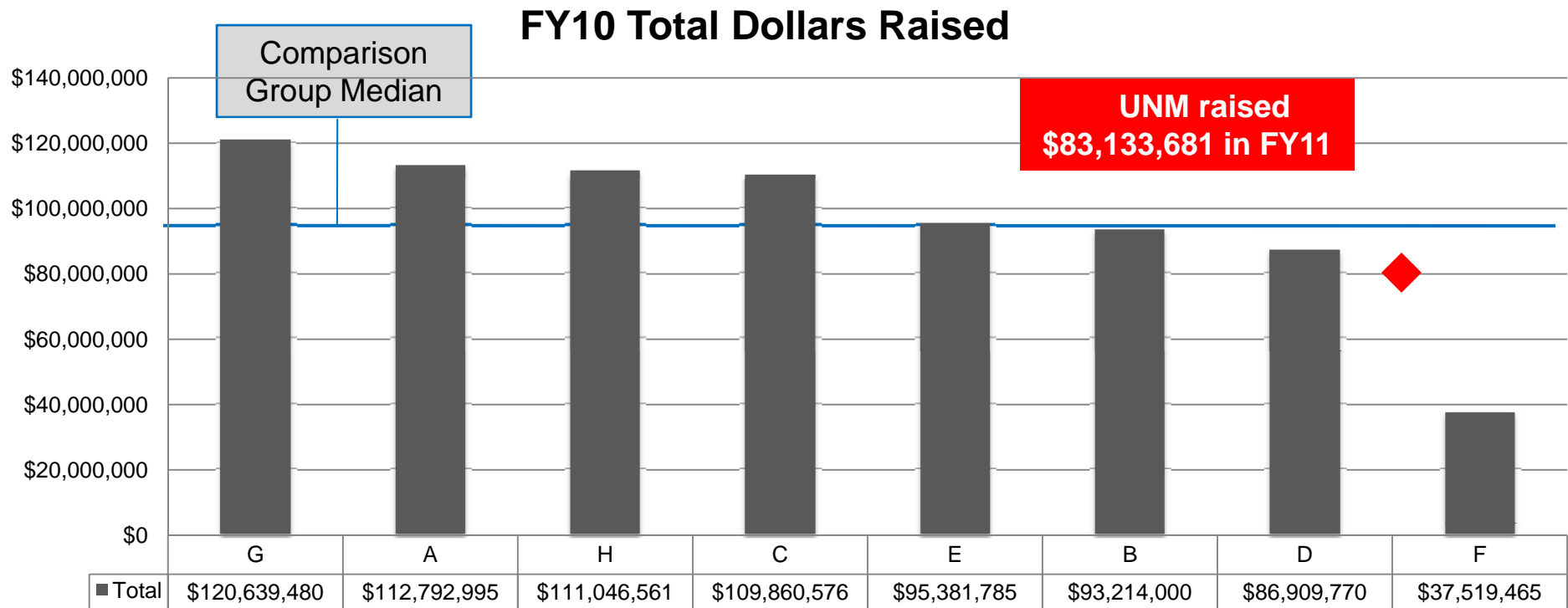
Summary of Key Findings from 2010

- **Return on Investment:** Increased investments over time in the form of larger budgets and more staff produce higher fundraising totals.
- **Productivity Metrics:** While raising more money with fewer resources can be an indication of the size and quality of donor base or increased staff productivity it can also be an indication of under-investment in areas that will not create ROI until some point in the future.
- **Frontline FTE Ratio:** On average, frontline FTE make up nearly 40 percent of total advancement FTE in this comparison group, which is slightly higher than the ratios observed in a study of FY07 data which observed that frontline FTE made up about 33 percent of total advancement FTE.
- **Future Strategy:** Despite budget constraints facing public universities, institutions are continuing to invest in advancement staff and move forward with campaign plans.

UNM Peer Comparison



In FY10 the median of dollars raised by this comparison group was \$103M—ranging from \$11M to \$121M. The average was \$96M.

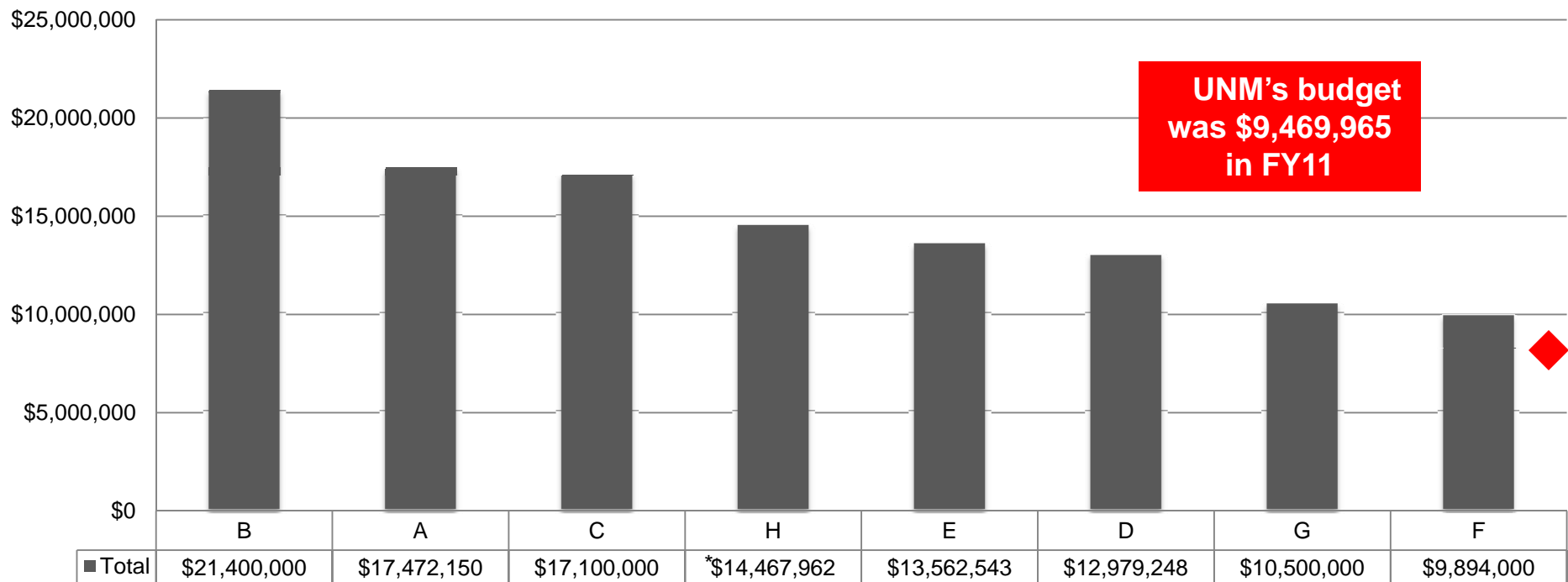


*Institution H did not report budget, FTE , or dollars raised for the annual fund which is run by a separate unit.

UNM Peer Comparison

In FY10 the median budget for this comparison group was \$14M, significantly higher than that of UNM

FY10 Total Advancement Budget



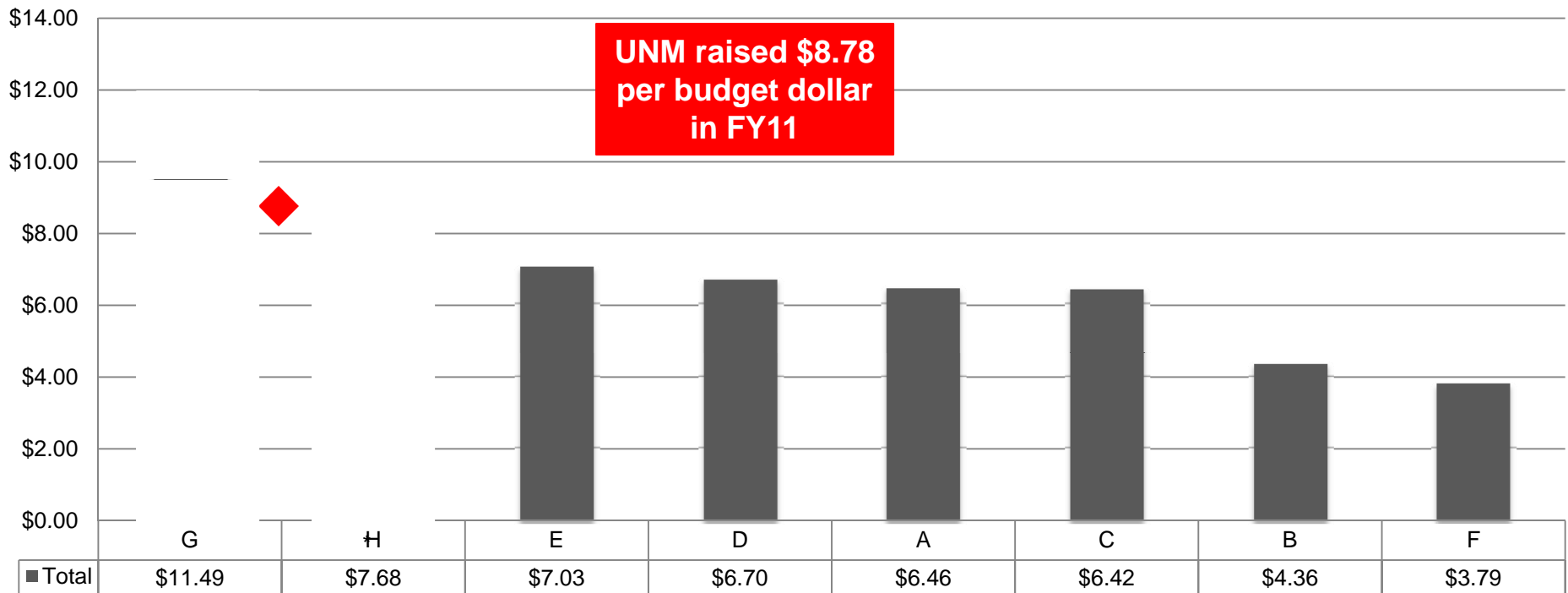
*Institution H did not report budget, FTE , or dollars raised for the annual fund which is run by a separate unit.

UNM Peer Comparison



In FY10 the median dollars raised per budget dollar was \$6.46, 26% less than that of UNM

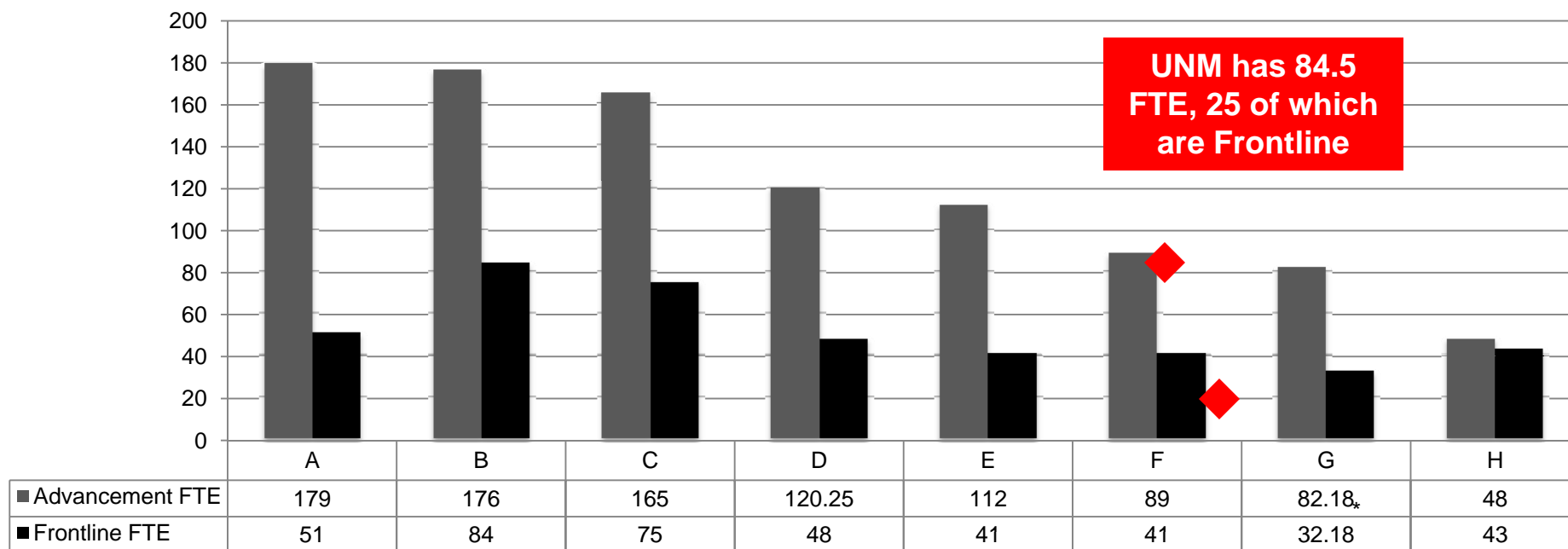
FY10 Dollars Raised Per Budget Dollar



*Institution H did not report budget, FTE , or dollars raised for the annual fund which is run by a separate unit.

UNM's frontline FTE as a percentage of total FTE (29.5%) is slightly lower than that found in past Eduventures' research (33%) and that of its peers (40%)

FY10 Advancement and Frontline FTE



*Institution H did not report budget, FTE , or dollars raised for the annual fund which is run by a separate unit.

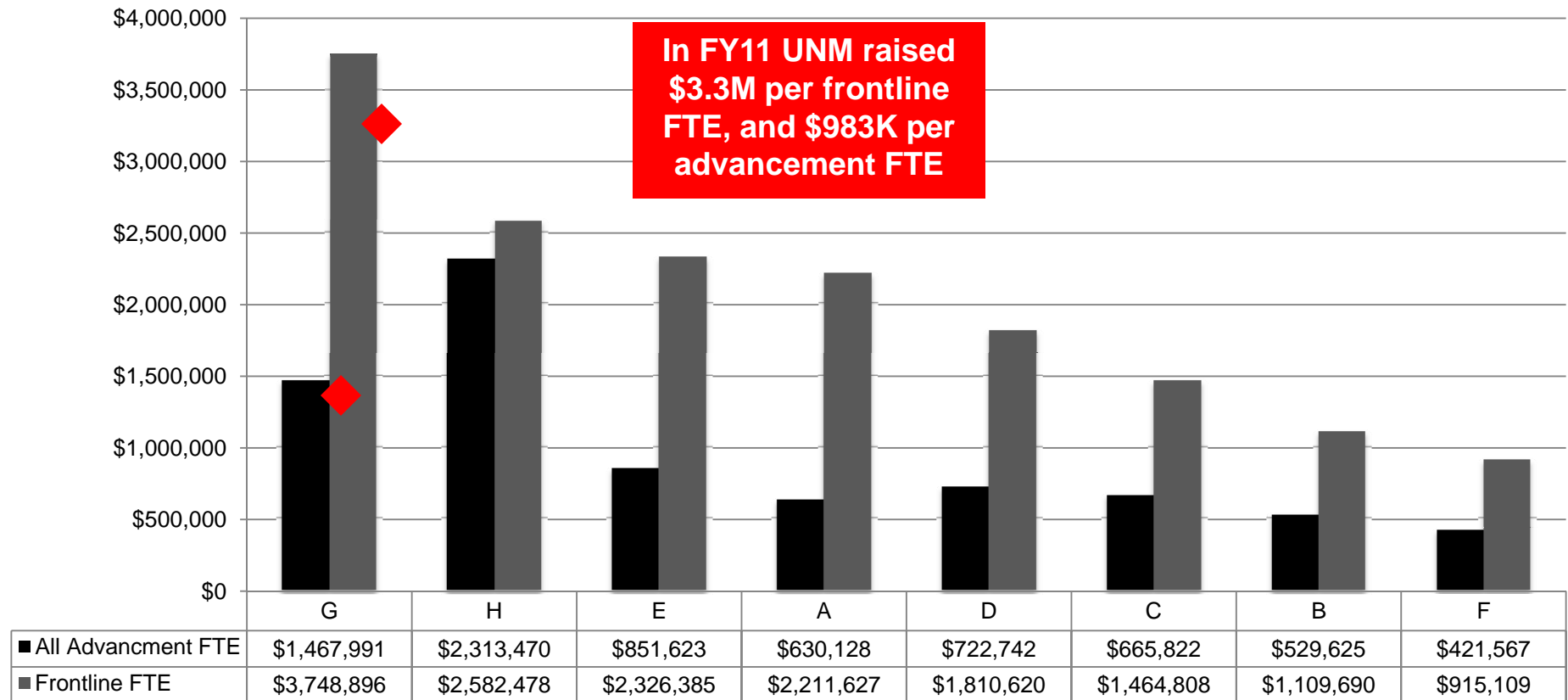
In FY07, institutions participating in a similar survey reported that frontline staff made up about one third of total advancement staff. Eight of nine institutions reported frontline staff making up more than 35 percent and four of those eight reported more than 40 percent, suggesting slightly more emphasis has been placed on investing in frontline fundraisers.

UNM Peer Comparison



In FY10 the median dollars raised per total advancement FTE was \$665K. The median dollar raised per frontline FTE was \$1.8M.

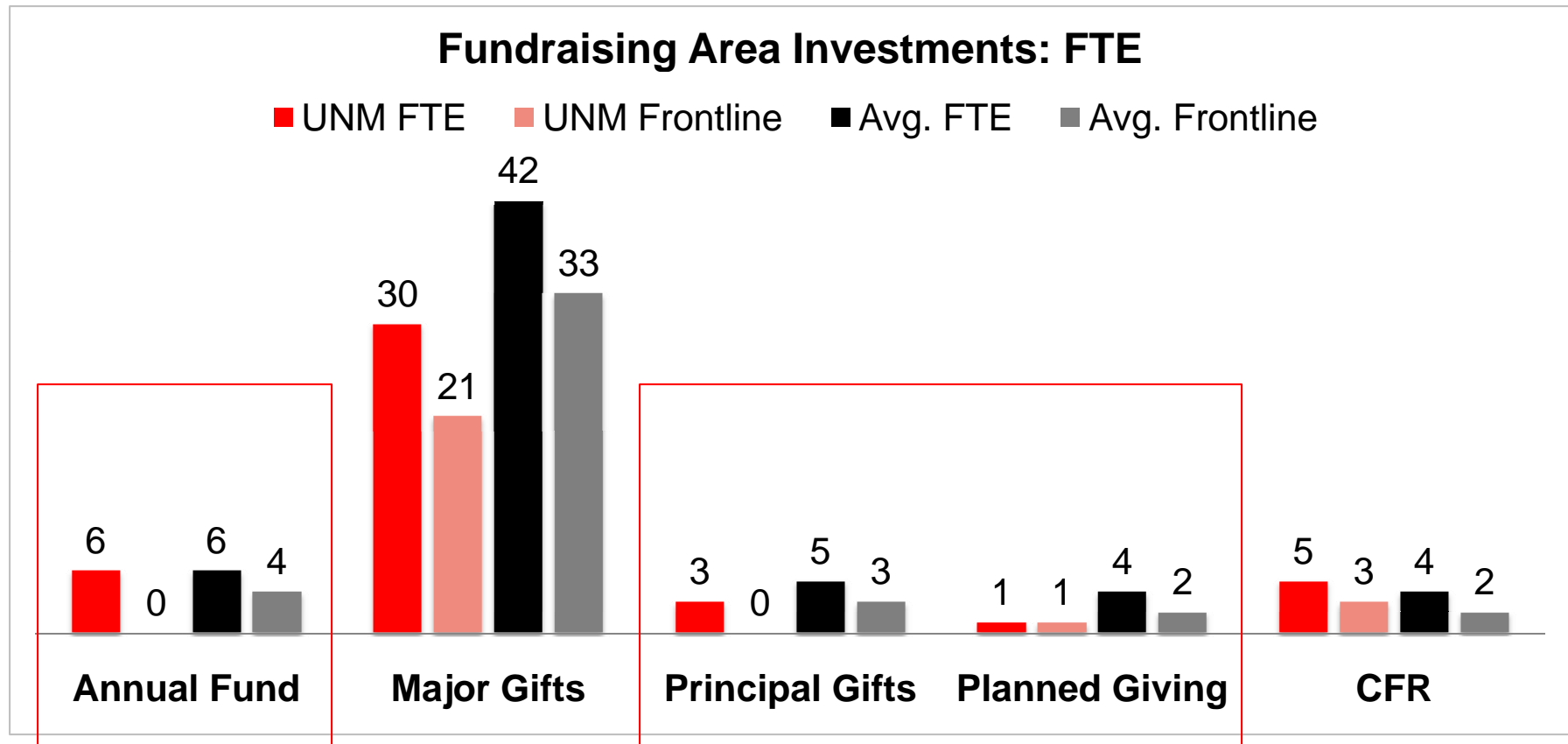
FY10 Dollars Raised per FTE



*Institution H did not report budget, FTE , or dollars raised for the annual fund which is run by a separate unit.
 Institution G did not report unit-funded budget dollars.

UNM Peer Comparison: Fundraising Area

UMN's investment in frontline Annual Fund FTE, frontline Principal Gift FTE, and in Planned Giving is significantly lower than that of peers

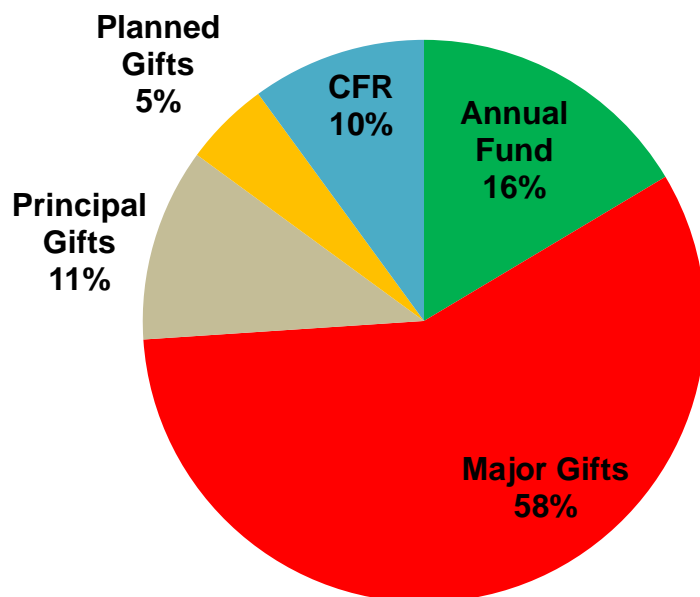


UNM Peer Comparison: Fundraising Area

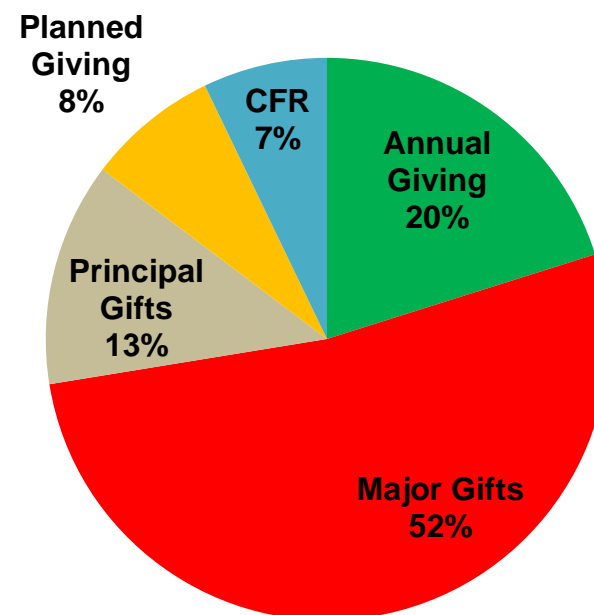
Compared with its peers, UNM is more invested in Major Gifts and Corporate and Foundation Giving, and less invested in Annual Giving and Planned Giving

Fundraising Area Investments: Budget (Centrally-Funded Only)

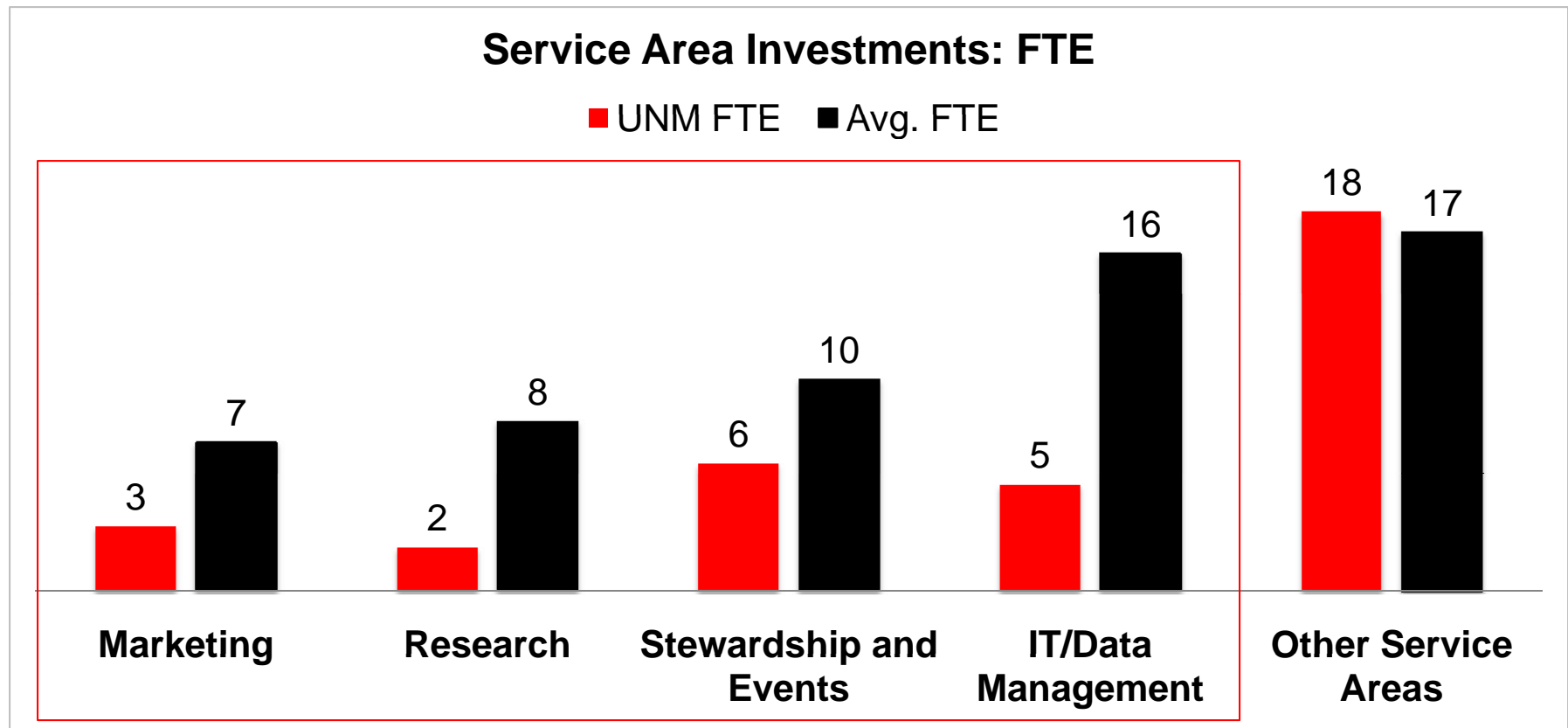
UNM Fundraising Area Budget
= \$4,236,567



Avg. Fundraising Area Budget
= \$5,524,908



Overall UNM has significantly fewer service area staff relative to peers



UNM Peer Comparison: Service Area

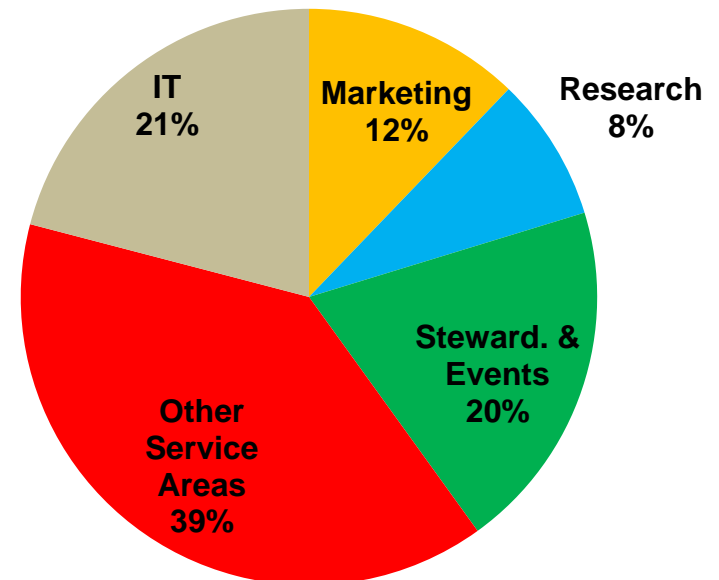
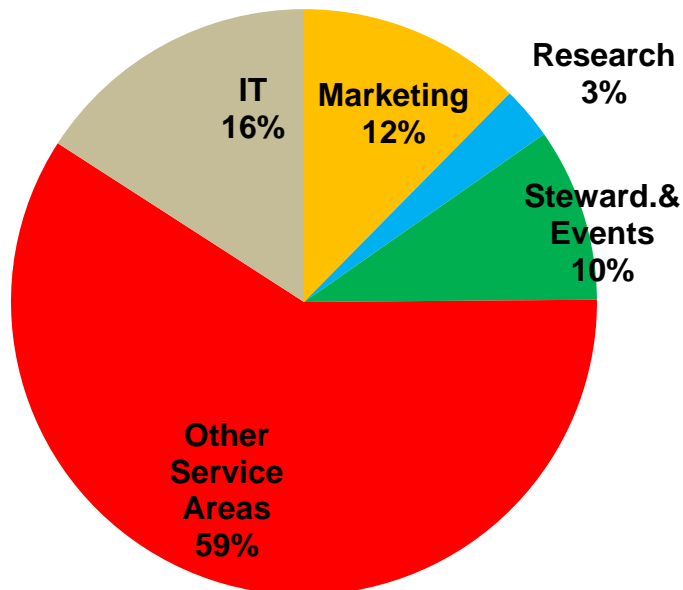
Compared with its peers, UNM is significantly less invested in Research and Stewardship & Events

Service Area Investments: Budget

(Centrally-Funded Only)

UNM Service Area Budget
= \$4,979,100

Avg. Service Area Budget
= \$6,349,828



1. Measuring Return on Investment: An Overview
2. UNM Peer Comparison
3. Prospect Base and Sources of Funds
4. Preliminary Takeaways

Prospect Base & Source of Funds



When investing in additional resources, it is critical to examine the number of rated prospects in relation to the size of the alumni base

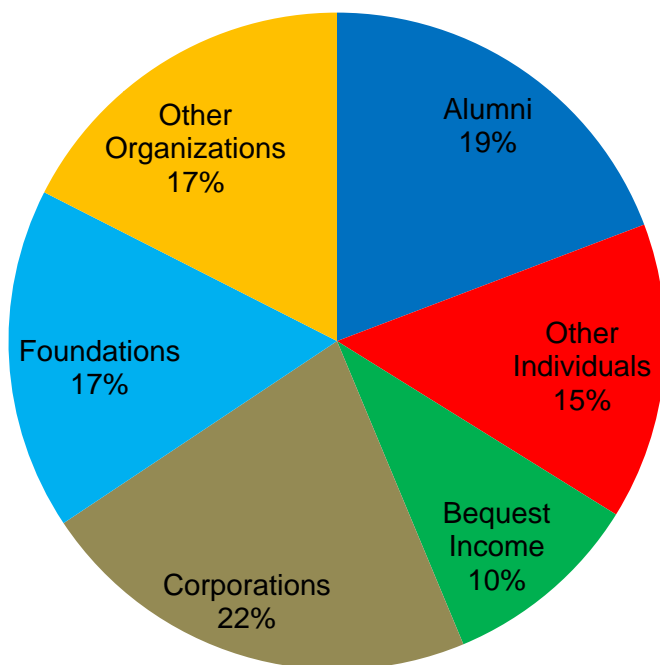
UNM Prospect Base Relative to Peers				
	UNM	Comp. Group Avg.	UNM Comp. Ratio	N
Total Number of Alumni of Record	111,763	270,592	.41	8
Total Number of Donors	16,971	37,436	.45	8
Average Gift Size	\$4,898	\$2,562	1.91	8
Total Number of Prospects Rated \$25K+	1,357	14,112	.10	7
Total Number of Prospects Rated \$500K+	64	1,064	.06	6

While the ratio of donors to alumni is strong, UNM has far fewer rated prospects than its peers, highlighting the need for investment in prospect research.

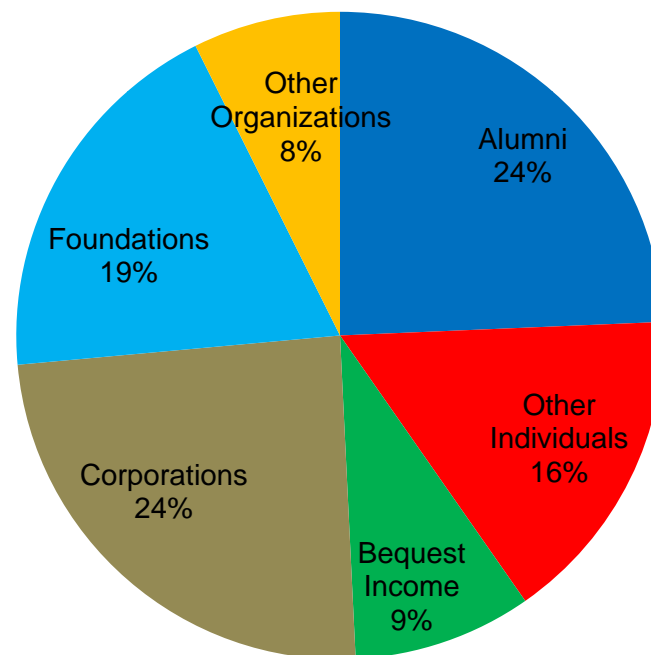
The comparison group raised 26% more from alumni than University of New Mexico did in FY11

Source of Funds

University of New Mexico



Comparison Group (n=7)



1. Measuring Return on Investment: An Overview
2. UNM Peer Comparison
3. Prospect Base and Sources of Funds
4. Preliminary Takeaways

Observations of fundraising area investments:

Greater investment relative to peers:

- ✓ **Major Gifts:** While its ratio of frontline to support FTE is similar to that of peers, UNM allocates 6% more of its fundraising area budget to Major Gifts.
- ✓ **Corporate and Foundation Giving:** On average, UNM has 1 more FTE and allocates 3% more of its fundraising area budget to CFR than its peers and yet does not receive a greater percentage of its funds from this area.

Less investment relative to peers:

- ✓ **Annual Giving:** While UNM's investment in Annual Fund FTE equals that of its peers, no FTE are currently allocated to frontline duties, compared with 4 FTE on average at peer institutions. Furthermore, UNM is not currently operating a phonathon program.
- ✓ **Planned Giving:** UNM has only 1 Planned Giving FTE compared with an average of 4 at peer institutions. The Foundation may also want to examine its overall allocation of funds in this area as the difference in budget dollars is not nearly as large (5% of fundraising area budget, compared with 8%) as the difference in FTEs.
- ✓ **Principal Gifts:** UNM does not currently have frontline FTE dedicated to Principal Gifts, while its peers have 3 FTE on average. As the foundation grows its operations this is an area they should consider investing in.

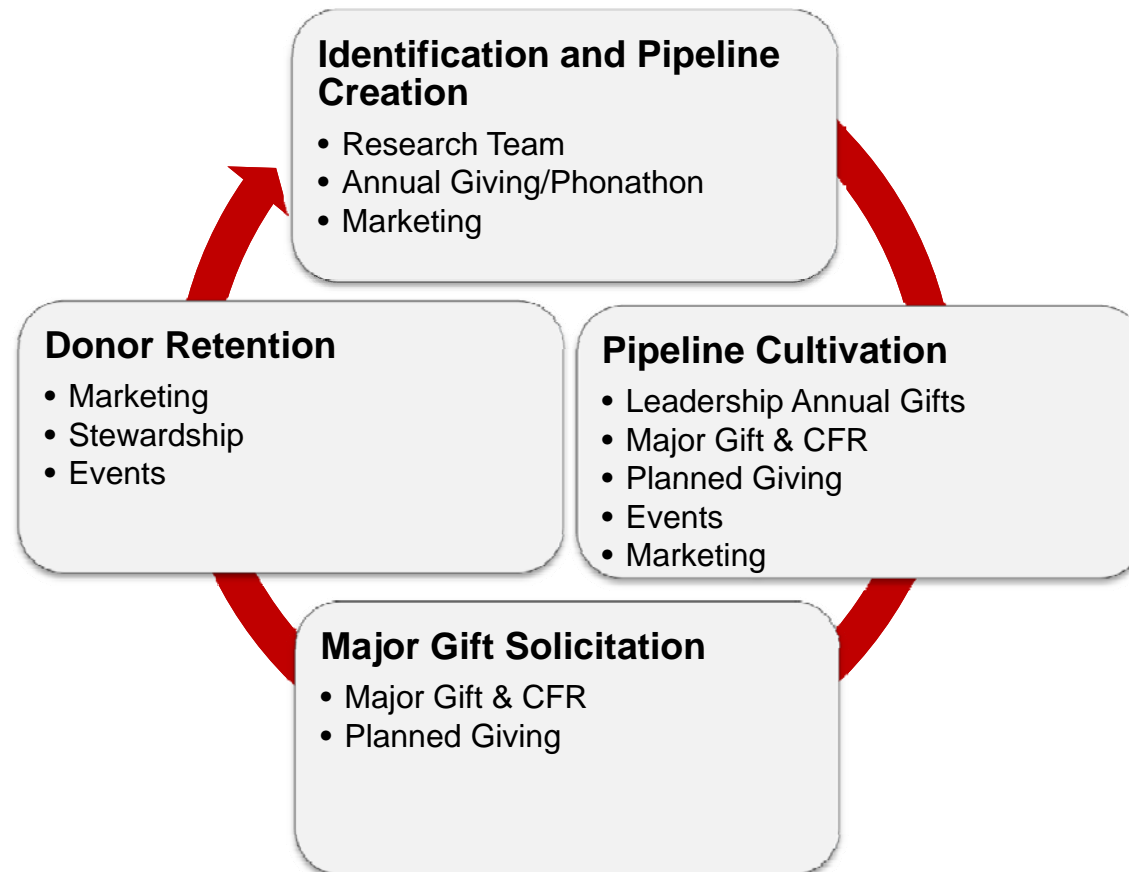
Preliminary Takeaways: Service Area

Observations of service area investments:

Less investment relative to peers:

- ✓ **Research:** UNM has a small research team relative to its peers—only 2 FTE compared to an average of 8 in the comparison group. Investment in research staff is essential to support the fundraising area by identifying Major Gift Prospects.
- ✓ **Stewardship & Events:** UNM has half the number of FTE and budget allocated to these two areas, strongly indicating that increased investment could be warranted.
- ✓ **Marketing:** While the allocation of budget to Marketing and Communications at UNM is commiserate with that of peers, the Foundation may want to take a look at its allocation of funds as its marketing FTE is significantly lower (3 FTE compared with an average of 7 FTE).

Key Takeaway: UNM's high productivity metrics may be an indication of under-investment in certain activities that could impact the success of its fundraising program in future years



Achieving balance between current and future fundraising return on investment is important for long-term program health and sustainability.

Increasing Investments



Despite deep cuts facing many public universities, 44% of the institutions in this comparison group plan to add additional FTE during FY11 or FY12

Increased Investment		
Institution	Planned FTE Additions in FY11	Planned FTE Additions in FY12
Institution A	No Data	Yes
Institution F	Added 3	Add up to 3 more
Institution G	Adding 14 -16 starting in FY11 and carrying into FY12	
Institution H	Added 3	No Data

Two institutions also reported that structural changes that would provide more independence from the state were up for approval in the coming fiscal years.

RICHARD W. LAWRENCE
EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER
UNIVERSITY OF COLORADO FOUNDATION



Richard W. Lawrence

In August of 2009, Richard Lawrence was named Executive Vice President and Chief Operating Officer at the University of Colorado Foundation. He had served as Senior Vice President of Administration, Chief Finance Officer and Treasurer since 2006.

Rick has more than 25 years of banking experience, much of it in leadership positions spanning finance, operations and retail bank assignments at Bank One Corporation and Vectra Bank, Colorado. From 2000 to 2006 Rick was Executive Vice President of Vectra Bank Colorado where he served as Chief Financial Officer and later led the bank's core retail operation in the greater Denver Metro area including Executive Banking, Business Banking, 19 branches and more than 150 employees. Rick also managed the bank's statewide operations, IT, compliance and regulatory relations groups.

A resident of Lafayette, Colorado, he earned a bachelor's degree in Business at the University of Colorado and is a graduate of the American Bankers Association School for Financial and Funds Management and the ABA's Stonier Graduate School of Banking.

Rick has served as a board member of the Colorado Bankers Association, the DIA Partnership, the Boulder Chamber of Commerce, Peak to Peak Charter School, and the Denver Public Library Friends Foundation, and as a commissioner for the Boulder Urban Renewal Authority and the Boulder Downtown Management Commission.

UNIVERSITY OF COLORADO FOUNDATION
HISTORY, ORGANIZATIONAL STRUCTURE, AND OTHER BACKGROUND
FOR
UNIVERSITY OF NEW MEXICO FOUNDATION
PHILANTHROPY STUDY COMMITTEE

JANUARY 6, 2012

University of Colorado

UNIVERSITY OVERVIEW

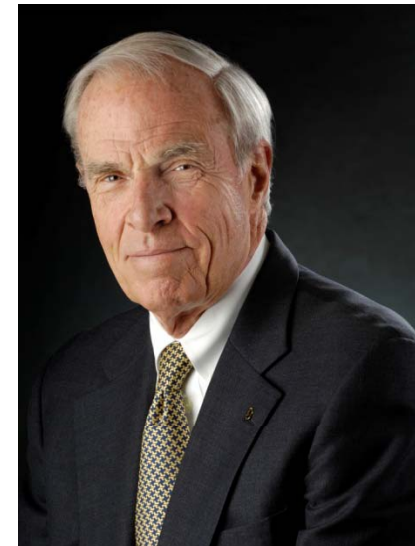
University of Colorado

The CU System is governed by the University's Board of Regents



Board of Regents

- Elected body of nine
- Regents appoint CU President



Bruce Benson, 22nd CU President

- President oversees campus chancellors

University of Colorado

Campus Leaders



Philip DiStefano
CU Boulder



Pam Shockley-Zalabak
CU Colorado Springs

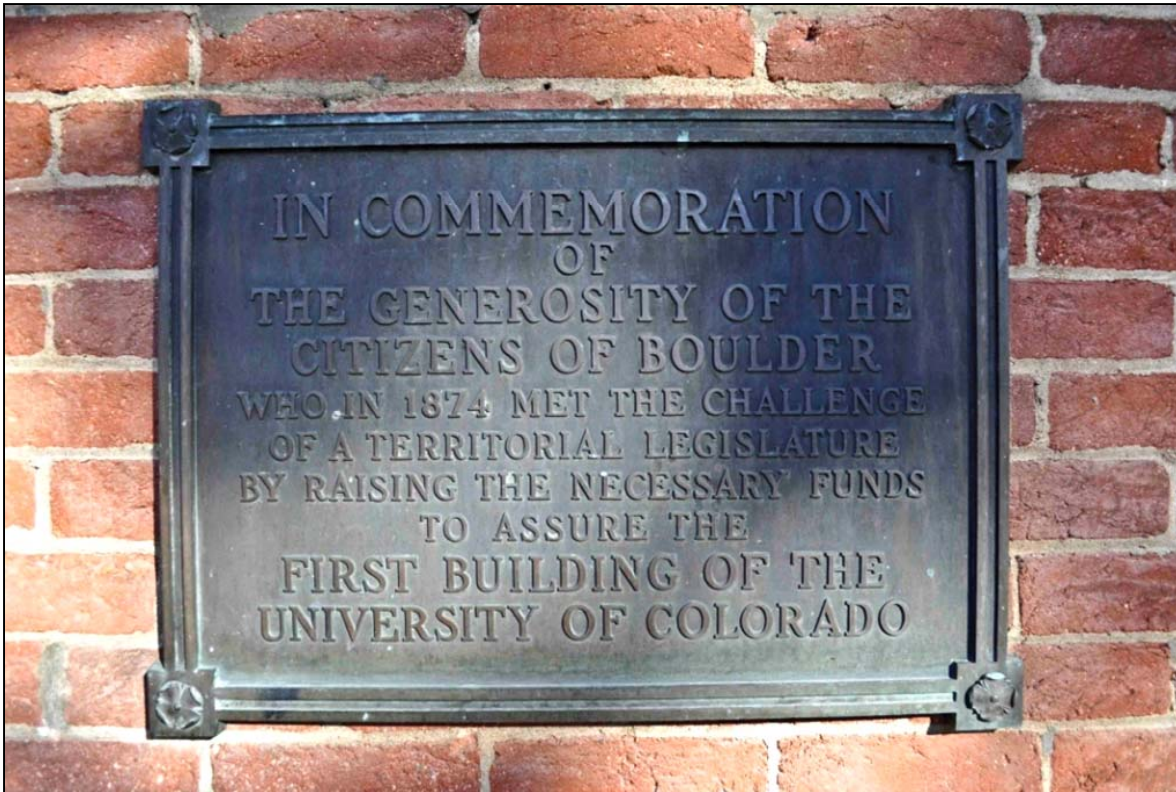


Jerry Wartgow
CU Denver



Lilly Marks
Anschutz Medical
Campus

The History of CU – Built on Philanthropy

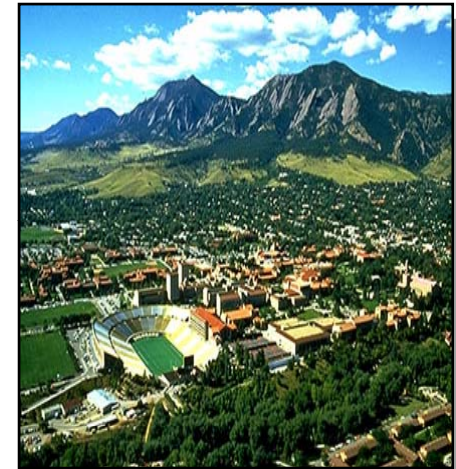


- In 1874, a combination of \$15,000 legislative appropriation, \$15,000 philanthropy and donated land helped establish the University of Colorado
- **CU opened its doors in Boulder on September 5, 1877**
- Old Main was the original building

University of Colorado

CU is a university with four campuses.

- Today there are almost **58,000** students in the CU system



University of Colorado Fall 2011 Census Date Enrollment

<u>Campus</u>	<u>Undergraduate</u>	<u>Graduate/First Professional</u>	<u>Total</u>
Boulder	25,088	5,329	30,417
Colorado Springs	7,696	1,625	9,321
Denver	9,727	4,718	14,445
<u>Anschutz Medical Campus</u>	<u>409</u>	<u>3,147</u>	<u>3,556</u>
CU Total	42,920	14,819	57,739

University of Colorado

CU's Funding, Fiscal Year 2011-12

- Annual operating budget of **\$2.8 billion**
- State support provides only **5.7 percent** of total funding
- Foundation transferred **\$98.4 million** in private support to the university in FY'11

University of Colorado

How CU contributes to the state of Colorado:

■ *Contributes to a healthy economy*

- ✓ For every \$1 of unrestricted state general fund support, CU returns **\$40** to the state's economy
- ✓ CU contributes **\$6 billion** to Colorado's economy annually

■ *Contributes jobs*

- ✓ State's fourth-largest employer (employs about **26,000**)

■ *Contributes to a knowledge-based economy*

- ✓ CU is responsible for **46 percent** of all degrees from Colorado's four-year public institutions

University of Colorado

- ***Contributes companies***
 - In the last five years, 51 companies have been formed based on CU technology – making CU among the top 10 universities nationally in the number of companies created by technology transfer
- ***Contributes research dollars***
 - CU researchers attracted a record \$790 million in sponsored research funding in fiscal year 2010-11, mostly from the federal government
- ***Contributes to health care***
 - In FY'10, the University of Colorado Anschutz Medical Campus produced 133 medical doctors, 70 dentists, 163 pharmacists, and 327 nurses
- ***Contributes to quality of life***
 - Approximately 500,000 attend CU's cultural and athletic events
 - One of three colleges in the nation to receive Presidential Award for General Community Service for student involvement in the community

University of Colorado

- ***Contributes to renewable energy development***
 - A national economic and intellectual leader, collaborating with major state and federal agencies and other universities around the state. (National Renewable Energy Collaboratory, RASEI)
- ***Contributes to health and biotechnology***
 - Interdisciplinary collaboration among researchers on all CU campuses to solve human health challenges
- ***Contributes to aerospace industry***
 - One of the oldest and most prestigious space programs in the nation
 - 18 alumni astronauts and one M.D. alumnus astronaut in training
 - 200 researchers involved in space research and undergraduate students help design, build and launch space instruments

University of Colorado Foundation

FOUNDATION OVERVIEW

What is the CU Foundation?

The CU Foundation is an independent, privately-governed, non-profit corporation established in **1967** to raise and manage funds for the benefit of the University of Colorado.

CU Foundation

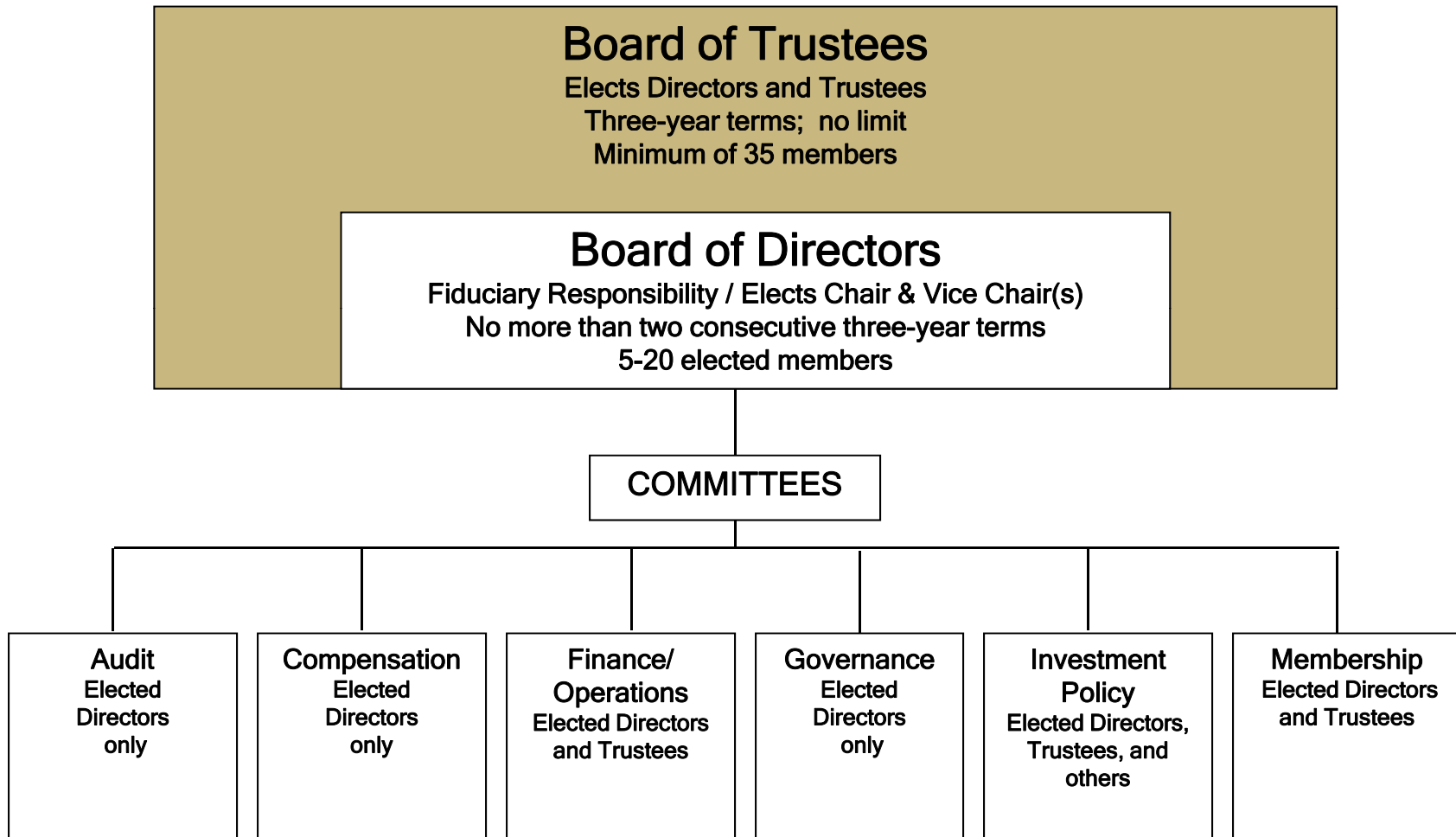
Benefits of an Independent Foundation

- ✓ Insulate University's private funding from exposure to quid quo pro reduction in state support
- ✓ Assure stewardship of private gifts
- ✓ Protect private dollars and donor intent
- ✓ Ensure confidentiality of donor records
- ✓ Provide flexibility and responsiveness
- ✓ Manage assets strategically
- ✓ Engage volunteers

Our Mission

*To raise, manage and invest private support
for the benefit of CU*

Foundation Governance



Revised Sep 2011

Board Composition 2011-12

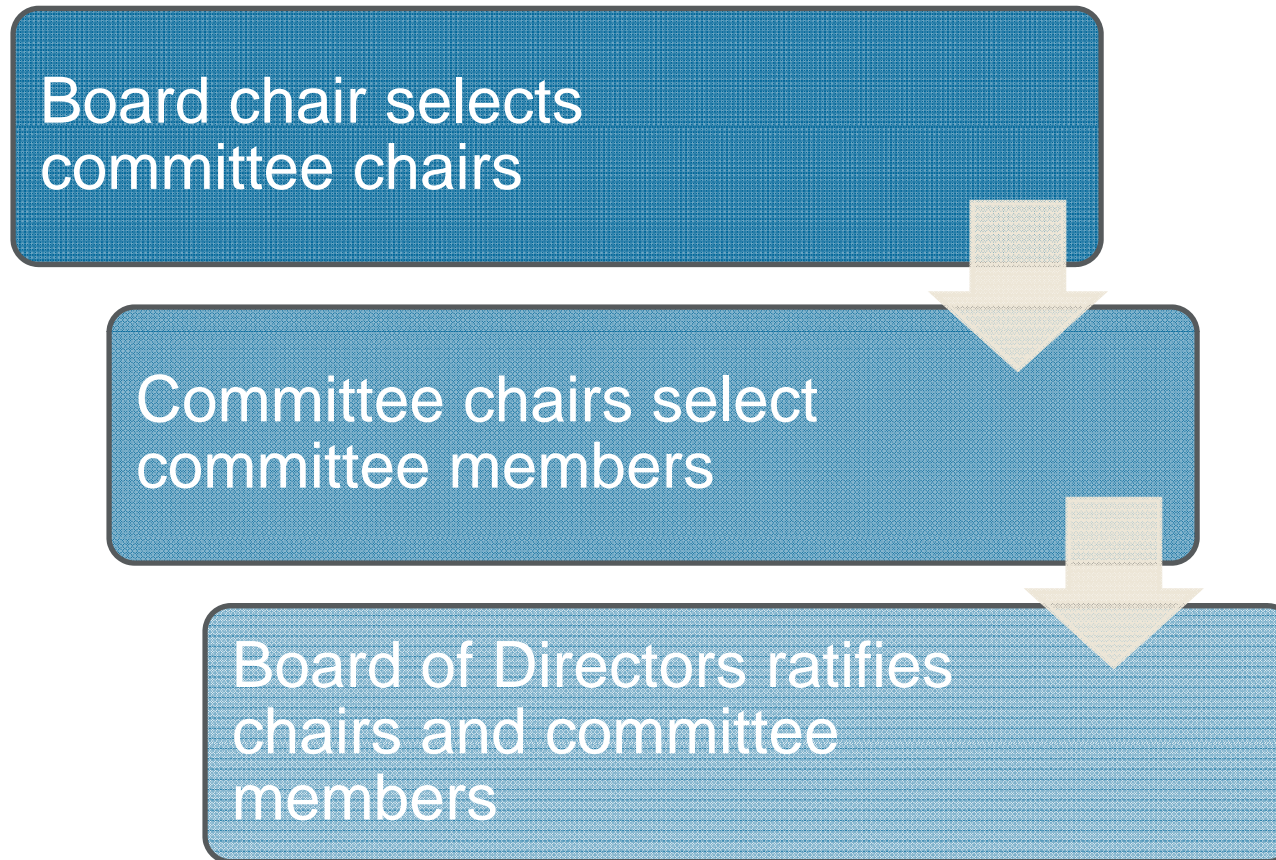
- BOARD OF TRUSTEES – 89 Trustees
(66 elected, 10 honorary, 13 ex officio)
- BOARD OF DIRECTORS – 21 Directors
(16 elected, 4 non-voting ex-officio
and 1 voting ex-officio)

Expectations of Effective Trustees

Be Informed Advocates for the University

QUALITIES AND COMPETENCIES	•Affiliations, community leadership, inspire trust and giving, advocate for philanthropy and CU
TIME COMMITMENTS	•3 trustee meetings per year; committee participation optional
ANNUAL CONTRIBUTION TO CU	•\$5,000/year or \$15,000 during 3-year board term; \$2,500/year if lifetime giving \$100k or more; deferred gifts also applicable;
FUNDRAISING	•Identify prospects, introduce others to the University, open doors by making introductions for development officers
COMMUNICATION	•Inform others, answer questions, correct misconceptions, give honest feedback to staff
DONOR RELATIONS	•Participate in stewardship efforts - TLC (Thank, Listen, Connect) Program to acknowledge gifts of first-time donors or donors with \$10k giving per year; sign up to make ~2-3 thank you calls per month)
PERSONAL EXPERTISE	•Provide expertise to support the Foundation's policies, plans and goals

Committee Assignment Process



Audit Committee

Engage independent auditors; evaluate performance

Review and accept audited financial statements

Review and approve audit fees

Oversee internal audit activities

Confirm and assure objectivity of internal audit

Review annual management letter

Review regulatory/compliance policies and programs

Review adequacy and effectiveness of accounting and internal control policies and procedures

Review CEO expense reimbursements at least annually

Compensation Committee

Review CEO total compensation package

Review and approve total compensation for Foundation employees covered by IRS intermediate sanctions

Review CEO management succession

Evaluate CEO performance annually

Evaluate performance management plan

Review and give feedback on HR initiatives

Development Committee

Create within the board an awareness of importance of private giving

Review and advise on strategies and development programs

Participate in identification, qualification, cultivation, solicitation and stewardship of prospects

Become fundraising leaders through continuous training on development functions and skills

Understand CUF development progress, metrics and protocols

Increase trustee giving and ensure 100% annual participation

Finance/Operations Committee

Review/approve operating budgets

Review/approve capital expenditure plans, strategies

Review/approve capital financing and debt arrangements

Review/approve cash management

Review/approve banking activities and relationships

Governance Committee

Comprised of officers and committee chairs

Monitor compliance with governing policies

Monitor and review conflicts of interest

Address independence and effectiveness of Board of Directors

Review Foundation governance principles

Review corporate governance matters

Review board performance

Investment Policy Committee

Review, modify and approve the Investment Policy Statement, including:

- acceptable asset classes
- asset allocation--ranges and targets
- investment restrictions

Membership Committee—"Recruiting Arm"

Establish criteria for serving as trustees and directors

Solicit recommendations for trustee nominees

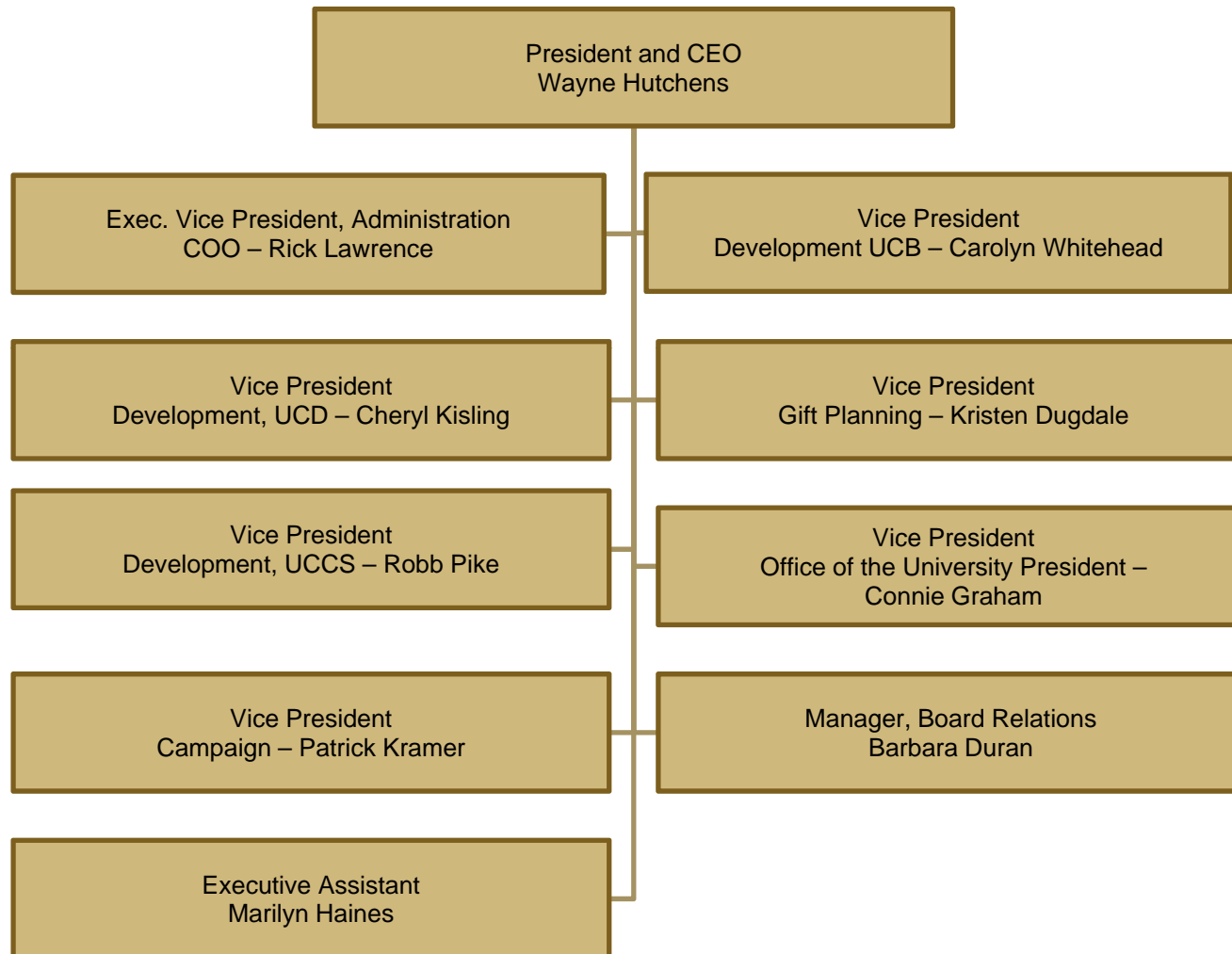
Recruit new trustees

Formulate slate for election

Evaluate trustee and director involvement and contribution to the board

Facilitate orientation of new trustees and directors

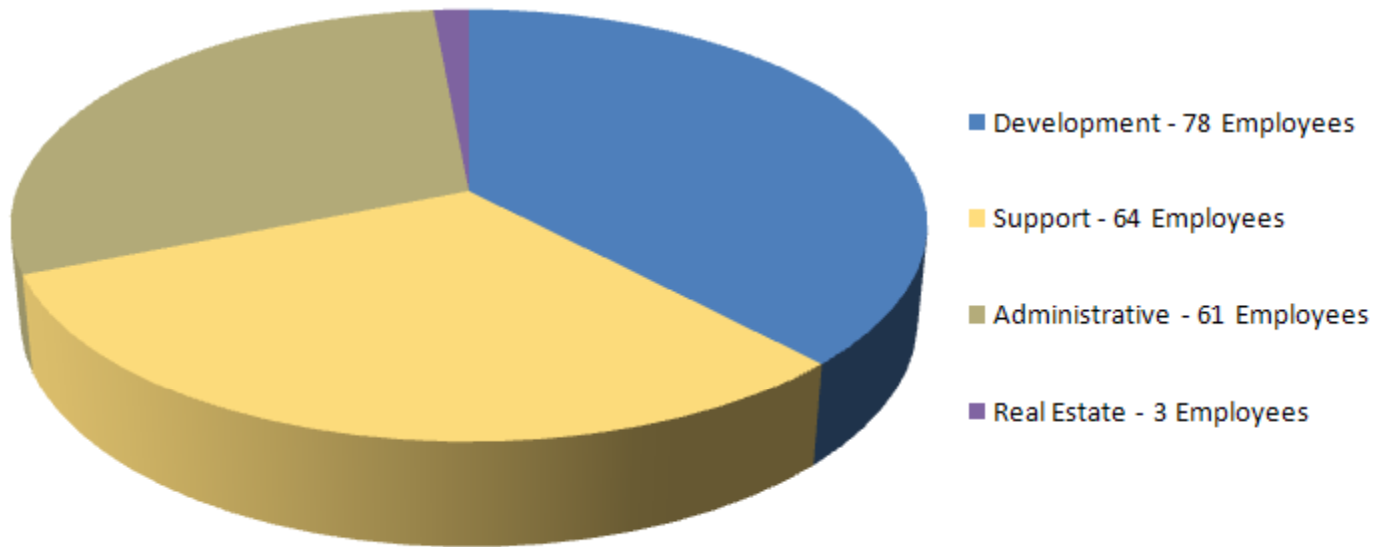
CU Foundation



CU Foundation

Functional Areas (by # of employees)

206 Staff Members



- Gift Generation: all fundraisers, including gift planning, annual giving , and development officer support*
- Administration & Support: administrative and executive support*
- Development Services: campaign/development services; gift administration*
- Real Estate: CUREF*

CU Foundation

FUNDRAISING

INVESTMENT MANAGEMENT

CU REAL ESTATE FOUNDATION

FINANCE & OPERATIONS



FUNDRAISING

FUNDRAISING

MAJOR
GIFTS

- Campuses

ANNUAL
FUND

- System/Campuses

PLANNED
GIFTS

- System

CAMPAIGN

- System/Campuses

PRESIDENT
LIAISON

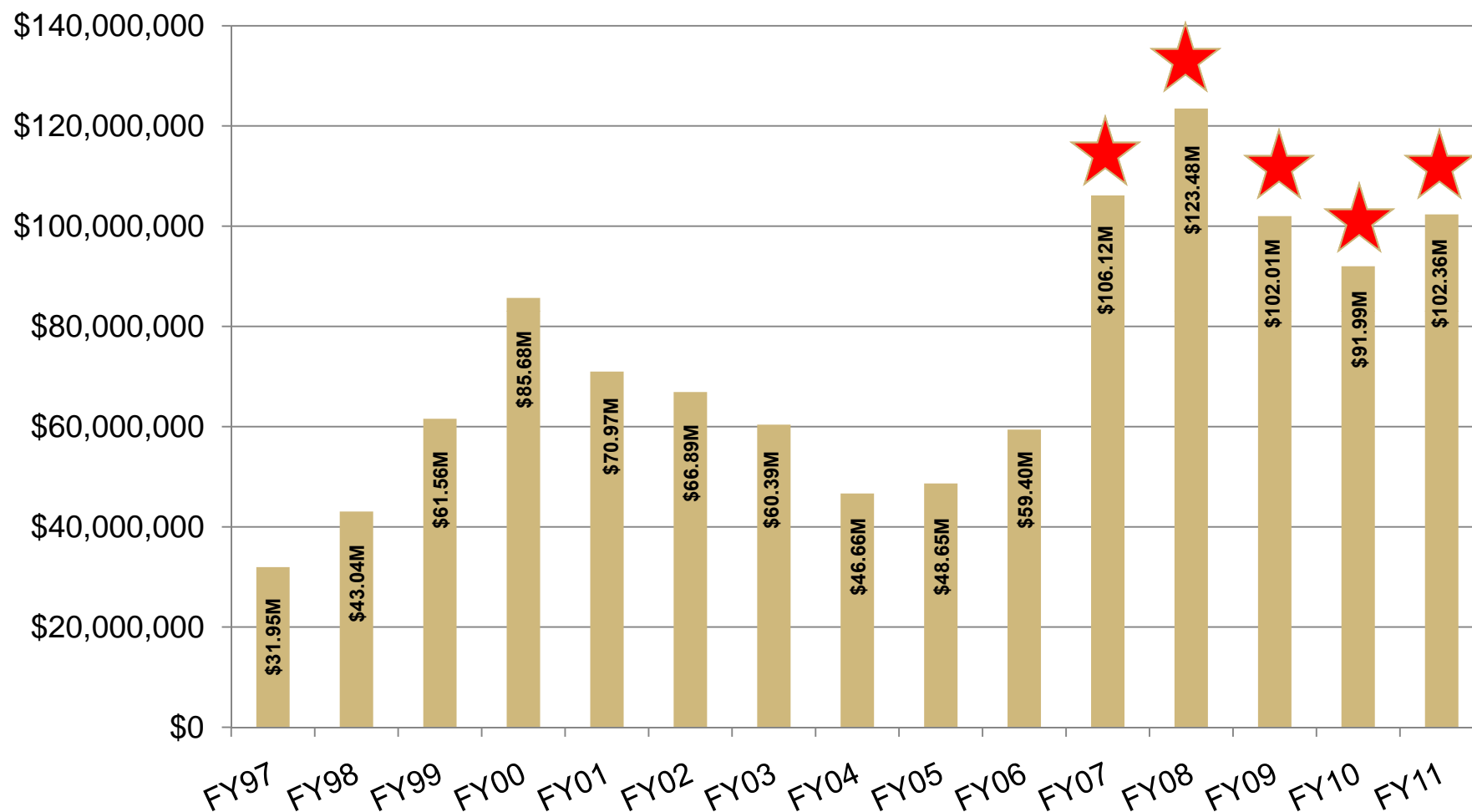
- System

Fundraising - Giving Trend

\$'s (in millions)

	FY'06	FY'07	FY'08	FY'09	FY'10	FY'11
Foundation	\$60	\$106	\$123	\$102	\$92	\$102.4
University	\$24	\$28	\$43	\$38	\$48.8	\$110.8
TOTAL	\$84	\$134	\$166	\$140	\$140.8	\$213.2

Fundraising History FY97 – FY11



Fundraising

	FY2011 Actual	FY2012 Goals	% Δ
Anschutz	\$40.2M	\$45.8M	13.9%
Boulder	\$46.9M	\$56.2M	19.8%
Colorado Springs	\$ 6.9M	\$ 6.0M	-13.0%
Denver	\$ 5.7M	\$ 7.0M	23.0%
System	\$ 2.7M	N/A	--
	\$102.4M	\$115.0M	12.3%

TOP 10 PROGRAMS – 6/30/11

• Medicine (AMC)	\$35.3M
• Engineering & Applied Science (UCB)	\$ 9.4M
• Arts & Sciences (UCB)	\$ 7.9M
• Athletics (UCB)	\$ 7.5M
• Leeds School of Business (UCB)	\$ 6.7M
• Law (UCB)	\$ 3.4M
• Campus Programs (UCB)	\$ 2.8M
• Music (UCB)	\$ 2.6M
• Biotechnology (UCB)	\$ 2.4M
• Nursing (UCCS)	\$ 2.3M

Planned Giving – Estate Portfolios

11-2-11

	FY2009*	FY2010*	FY2011*	FY2012
Gifts in Probate	\$ 11.6M	\$10.1M	\$ 3.5M	\$17.3M
Total Gifts	\$102.0M	\$92.0M	\$102.4M	N/A
% of Total Gifts	11%	11%	3.4%	N/A

* Total estate distributions received during fiscal year

INVESTMENT MANAGEMENT

Investment Management Structure

- Investment Policy Committee provides fiduciary oversight and determines investment policies.
- Investment function outsourced to Perella Weinberg Partners in 7-09 as a way to increase resources, contain costs and continue strong long-term performance. Guiding principles for decision by Board of Directors were:
 - Increase resources and risk management
 - Contain costs
 - Meet all fiduciary responsibilities in making the decision and monitoring performance.
 - Maintain continuity of investment staff that had created the long-term performance record.
- LTIP \$890 million portfolio at 11-30-2011.

Long Term Investment Pool Performance as of November 30, 2011

	<u>FYTD</u>	<u>1 Year</u>	<u>Latest 3 Years</u>	<u>Latest 5 Years</u>
LTIP	-6.05%	2.13%	10.21%	3.08%
Policy Index	-7.77%	2.51%	12.13%	0.00%
Benchmarks:				
Russell 3000	-5.78%	7.00%	15.29%	0.06%
MSCI EAFE	-15.50%	-4.12%	10.11%	-3.95%
Barclays Capital Agg. Bond	3.84%	5.52%	7.69%	6.14%

Notes: Investment Policy Benchmark is 40% Russell 3000, 40% MSCI EAFE Net and 20% Lehman Brothers Aggregate Bond.

From the Fund's inception to 6-30-08, the Investment Policy Index was 50% Russell 3000, 30% Lehman Brothers Aggregate Bond and 20% MSCI EAFE Net.

On 9-22-2008, Lehman Brothers indices became part of Barclays Capital. Source of data: BNY Mellon.

CU REAL ESTATE FOUNDATION

CUREF STRUCTURE & LEADERSHIP

- Separate 501(c)(3) supporting organization
- Board of Directors consists of 11–15 voting directors and up to five *ex-officio* directors
- University appoints one fewer than a majority of directors and can recommend *ex-officio* directors
- CU Foundation chair or vice chair serves as *ex-officio* director
- Voting directors represent variety of professions from real estate industry
- Financial and administrative services provided by CU Foundation for a fee

CUREF MISSION – to benefit the University of Colorado

- Engaging real estate industry volunteers to assist University leadership in making strategic real estate decisions
- Supporting a growing program in real estate education
- Managing and growing a real estate portfolio
- Cultivating and evaluating gifts of real estate

FINANCE & OPERATIONS

Consolidated Balance Sheets as of 10/31/11

(\$ 000's)

	Unaudited 10/31/11	Unaudited 10/31/10	Audited 6/30/11
Assets			
Cash & cash equivalents	8,669	19,628	14,348
Accounts receivable	108	210	84
Contributions receivable, net	51,599	44,730	52,667
Investments	1,028,089	1,005,222	1,094,054
Assets held under split-interest agreements	57,950	58,348	61,928
Beneficial interest in charitable trusts held by others	4,048	3,890	4,016
Property & equipment, net	2,329	2,934	2,537
Other assets	270	218	84
Total assets	1,153,062	1,135,180	1,229,718
Liabilities			
Accounts payable and accrued liabilities	1,275	1,195	2,310
Accounts payable and accrued liabilities - University	38	26	7,954
Funds held in trust for others	2,227	1,855	2,227
Liabilities under split-interest agreements	18,487	25,769	22,572
Custodial funds	232,743	222,376	247,061
Deferred revenue	238	284	396
Capital lease liability	2,517	3,142	2,733
Total liabilities	257,525	254,647	285,253
Net Assets			
Unrestricted	65,471	67,879	72,876
Temporarily restricted	501,112	507,088	549,065
Permanently restricted	328,954	305,566	322,524
Total net assets	895,537	880,533	944,465
Total liabilities and net assets	1,153,062	1,135,180	1,229,718

FY12 Operating Budget

(\$ 000's)

Revenue

University - Development	5,100
LTIP Fee	13,537
STIP Interest & Dividends	3,810
Interest Paid on Capital Gift Funds	(200)
Distributions from Unrestricted Endowments	856
Other	520
Total Revenue	23,623

Expenses

Development

UC Boulder	7,662
UC Denver & Anschutz Medical Campus	4,407
UC Colorado Springs	692
Other Development *	3,248
sub-total Development	16,009
Vacancy Allowance (6%)	(732)
Total Development	15,277

*Support ***

Vacancy Allowance (6%)	(292)
Total Support	7,785

Depreciation

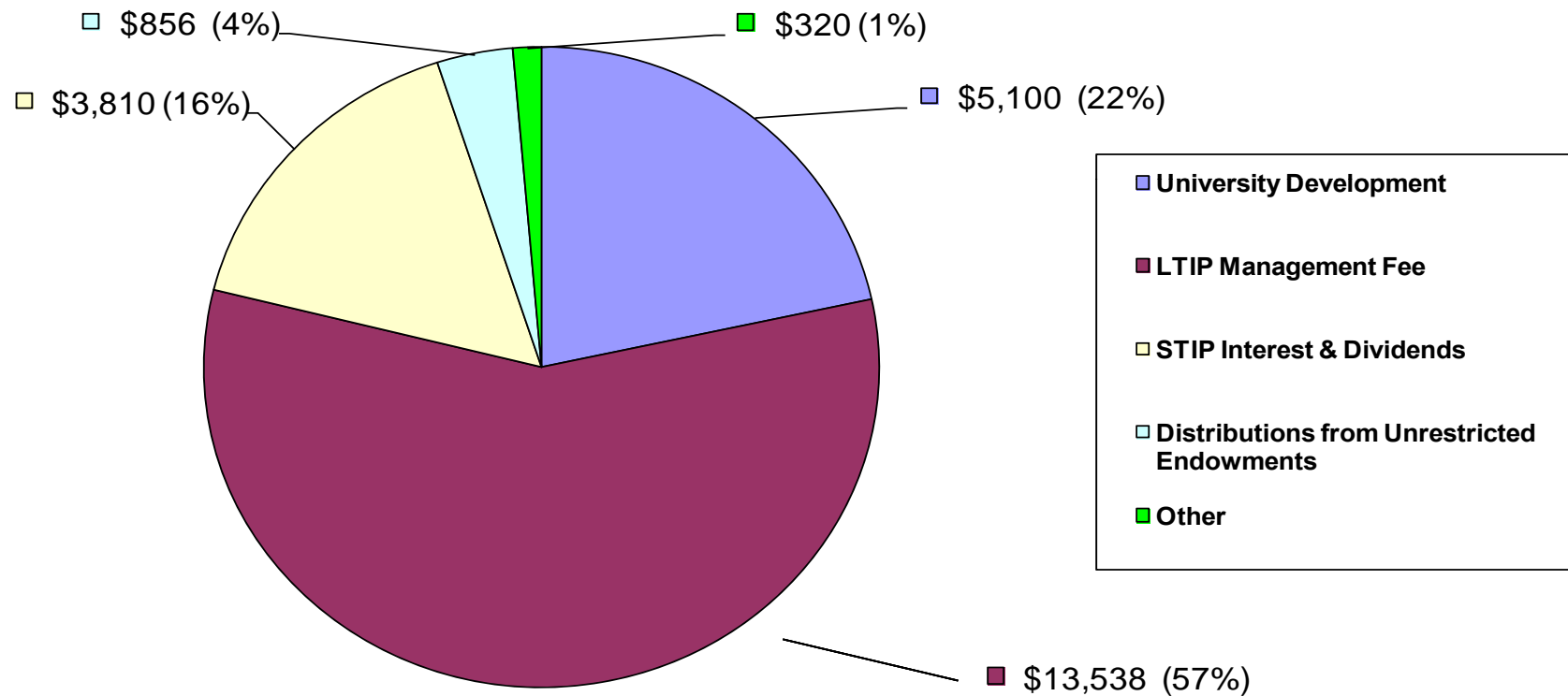
Total Expenses	23,686
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Revenue Over/(Under) Expense

(63)

Fiscal Year 2012 Revenue Budget

Total Revenue Budget - \$23,623 (in Thousands)



Revenue Exposure

Direct Support from University

Increasing future constraints on the University may result in the need for diminished diverse support for the Foundation.

LTIP Revenue

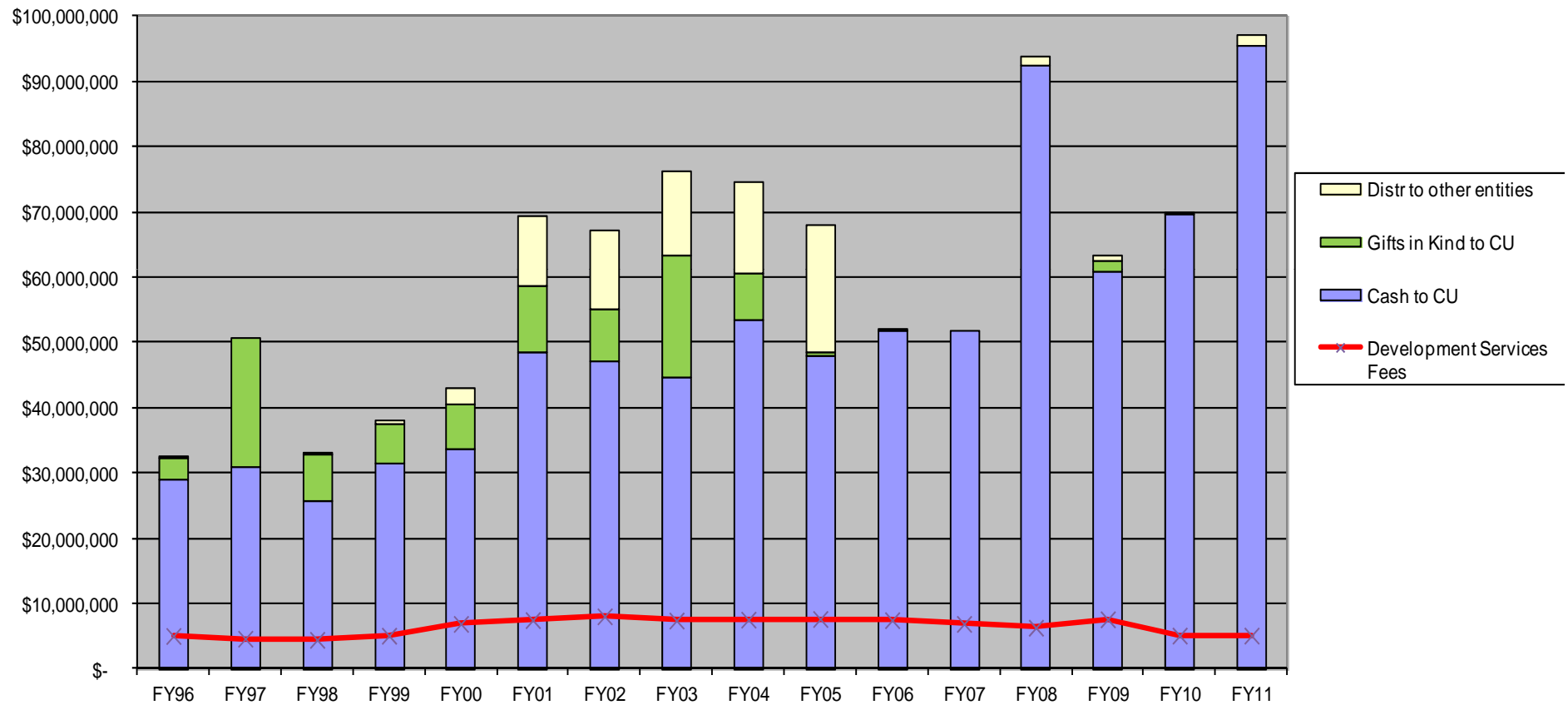
Fees from the LTIP provide more than half of the operation revenues of the Foundation. If market conditions weaken again, there would be deterioration in this income. A 10% drop in the LTIP (spread evenly throughout the year) would reduce revenues by approximately \$650,000.

STIP Revenue

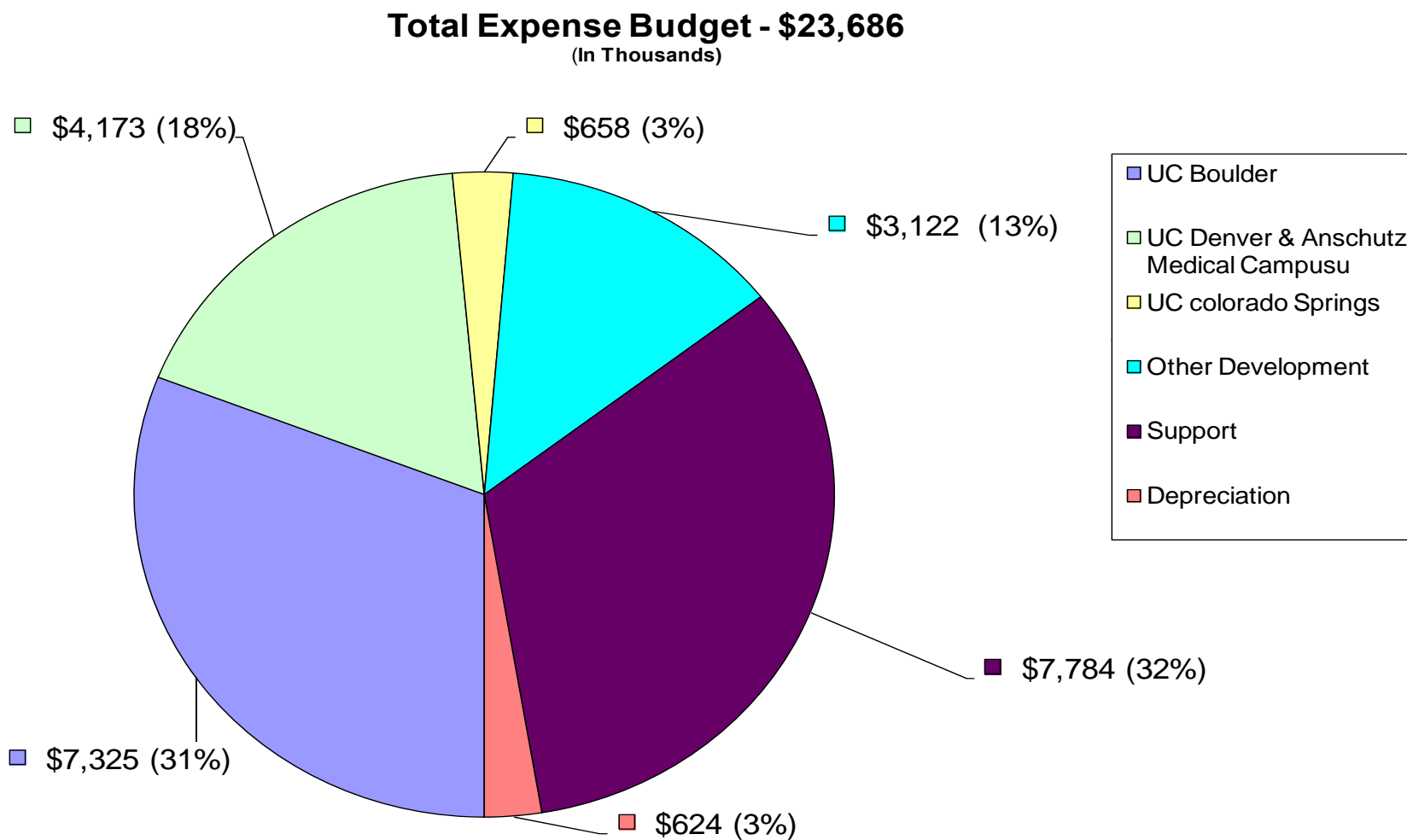
STIP balances are projected to be stable throughout the year. However, the callable fund balance could shrink if the University elects to increase gift distributions in response to budget shortfall from the State of Colorado. FY12 budget projects distributions of \$80M, close to the amount projected for distribution in FY11. Distributions in FY09 and FY10 were \$63M and \$71M respectively.

Funds Transferred to the University

Gifts & Income Distributed and Applied

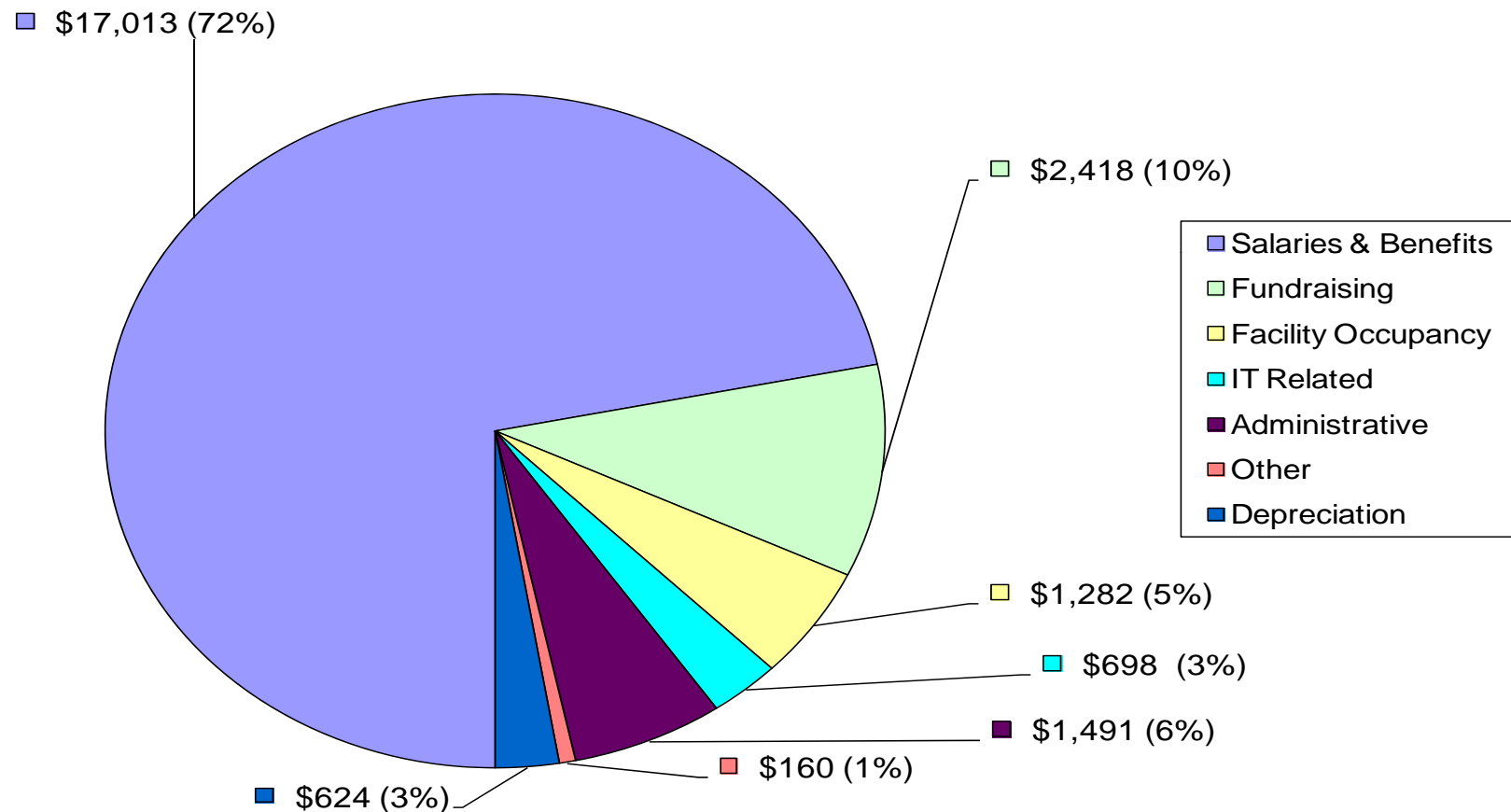


Fiscal Year 2012 Expense Budget (by campus)



Fiscal Year 2012 Expense Budget (by category)

Total Expense Budget - \$23,686
(In Thousands)



Cost to Raise a Dollar

	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Gifts	\$48.5M	\$59.4M	\$106.1M	\$123.5M	\$102M	\$92M	\$102.4M
Expenses	\$18.4M	\$17.5M	\$19.0M	\$22.1M	\$23.2M	\$20.8M	\$22.1M
Cost/\$	\$0.379	\$0.294	\$0.179	\$0.179	\$0.227	\$0.226	\$0.216

Policy Priority Grid

Legal (3)	Finance & Accounting (13)	Investments (2)	Gift Administration (5)	Human Resources (7)	Information Technology (9)	Marketing & Communications (3)
<ul style="list-style-type: none"> Annual Operating Resolutions Foundation Bylaws 	<ul style="list-style-type: none"> Endowment Spending Policy STIP Asset Allocation Policy 	<ul style="list-style-type: none"> Investment Policy Statement 	<ul style="list-style-type: none"> Gift Acceptance Policy 	<ul style="list-style-type: none"> Conflict of Interest Policy Code of Ethics Policy Statement Whistleblower and Non-Retaliation Policy 		<ul style="list-style-type: none"> Crisis Communications Plan
<i>Level 1: Key Policy which requires BOD approval; total of 10</i>						
<ul style="list-style-type: none"> Public Records Policy & Procedures 	<ul style="list-style-type: none"> Expenditure Policy Fixed Assets and Computer Equipment Policy Gift Commitment Policy Checks Payable to CU Policy 	<ul style="list-style-type: none"> Life Income Arrangements Investment Policy 	<ul style="list-style-type: none"> Current Funds Policy Donor Choice Funds Policy Endowed Funds Policy 	<ul style="list-style-type: none"> Employee Handbook Policy Employee Relocation Policy 401K Plan Investment Policy 	<ul style="list-style-type: none"> Record Retention Policy Business Continuity and Data Backup Policy IT Resources Policy 	<ul style="list-style-type: none"> Marketing and Communications Policy Public Information Disclosure Policy
<i>Level 2: Policy which requires Committee(s) review and approval; total of 17</i>						
	<ul style="list-style-type: none"> Contract Guidelines Donated Cultivation Expenses Guidelines Gift Related Administration Expenses Guidelines Insurance & Risk Management Guidelines Journal Entry Guidelines Security Liquidation Guidelines Accounts Payable Procedures Receiving and Processing Cash and Checks Guidelines Guidelines for Policy Approvals 		<ul style="list-style-type: none"> Undesignated Bequests Guidelines 	<ul style="list-style-type: none"> Code of Conduct Guidelines 	<ul style="list-style-type: none"> IT Information Management Guidelines Business Continuity and Data Backup Procedures Software Development Configuration and Change Management Procedures IT Audit Logging and Monitoring Procedures IT Resource Procedures Cell Phone Stipend Procedures 	

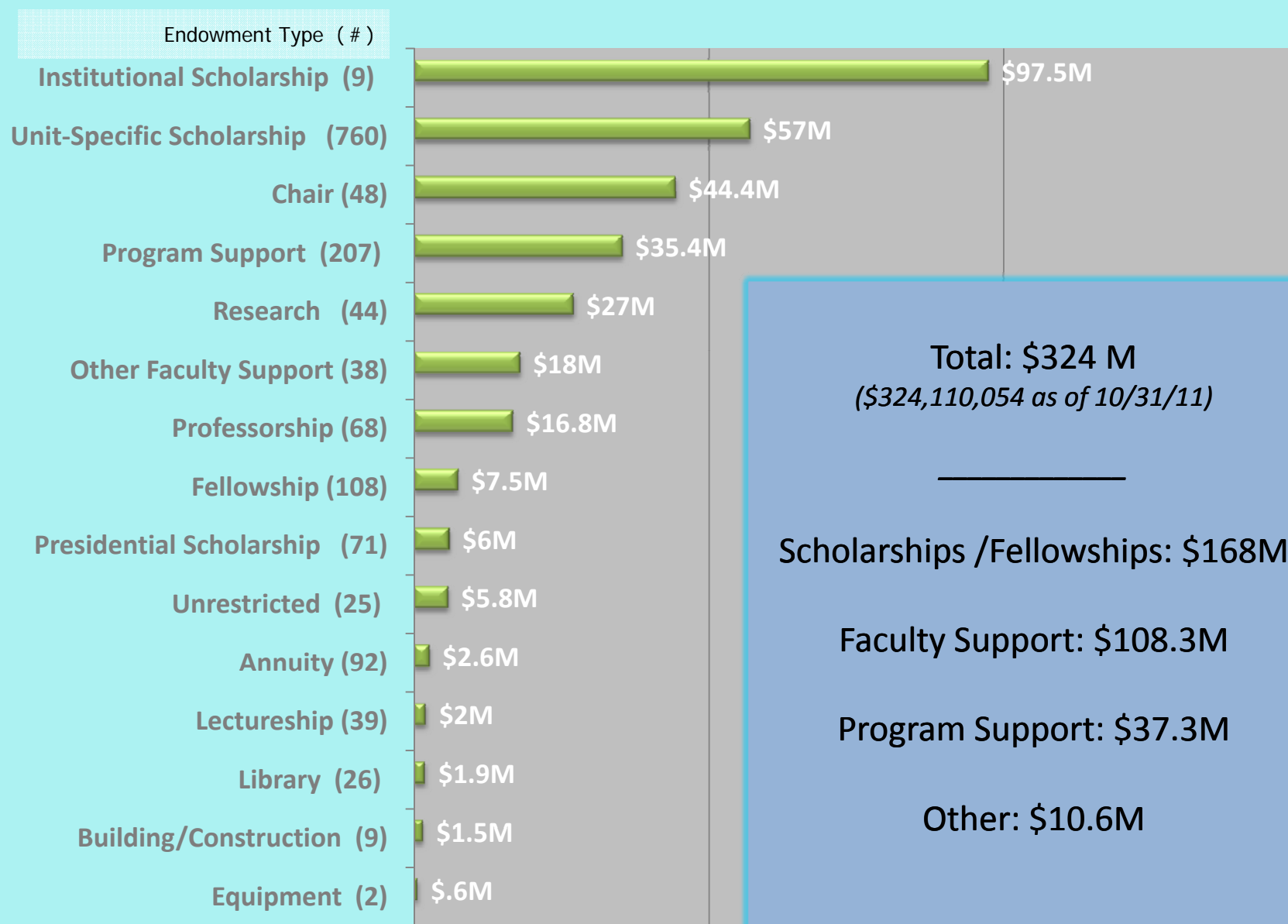
University of Colorado Boulder





University of Colorado Foundation

UNM Endowment Composition



University Foundation Fiscal Officers FY11 Data Survey as of 6/30/11 with additional information gathered by UNM Foundation		Arizona State University Foundation	Arizona, University of	Colorado Foundation, University of	Florida State University Foundation	Georgia State University	Illinois, University of	Indiana University Foundation	Iowa Foundation, University of	Iowa State University Foundation	Kansas State University Foundation
Endowment (\$ in millions)											
Institution's Endowment Balance (M)		515	535	781	525	113	1,600	1,600	1,059	620	337
Budget (\$000s)											
Current Operating Budget		29,000	16,500	23,623	15,976	8,035	23,900	25,985	21,142	14,780	12,088
Budget Funding Sources											
	University	12,200	6,000	5,100	5,000	4,415	7,990	4,923	5,630	2,872	2,669
	University as % of total budget	42.1%	36.4%	21.6%	31.3%	54.9%	33.4%	18.9%	26.6%	19.4%	22.1%
	Endowment admin fees	7,722	6,700	13,537	8,622	1,100	14,725	14,773	10,663	6,288	4,631
	Gift fees	1,505	2,800	—	—	—	—	—	2,114	2,110	—
	Fees/Investment earnings on ST funds, UNR Reserves	3,549	1,000	4,466	2,270	1,000	560	5,707	2,490	2,720	2,547
	All other	4,024	—	520	84	1,520	625	1,000	245	790	2,240
Audit & Tax											
FY11 Audit Firm		Grant Thornton	—	EKS&H	Ernst & Young	Cherry Bekaert & Holland	McGladrey	Deloitte	RSM McGladrey	Deloitte & Touche	BKD
FY11 Audit Fee		\$74,200	—	\$69,000	\$104,000	\$58,000	\$49,500	\$102,400	\$48,000	\$84,550	\$58,500 (incl. 403b)
FY11 Tax Provider		Grant Thornton	—	EKS&H	Ernst & Young	Cherry Bekaert & Holland	Deloitte	Deloitte	RSM McGladrey	Deloitte & Touche	BKD
FY11 Tax Fee		\$21,200	—	\$10,000	\$11,900	\$4,700	\$47,200	\$8,000	\$6,045	\$17,000	\$7,000
Other											
Mimimum \$ Requirement on Permanent Endowments		\$25,000	—	\$25,000	\$25,000	\$25,000	\$25,000	\$10,000	\$50,000	\$25,000	\$25,000
	Who covers credit card gift fees?	Recipient account	—	Operating budget	Absorbed by Foundation	Central budget	Deducted from gift	Recipient account	Foundation pays	Paid centrally	Recipient account
Accounting System Provider		SunGard	—	SunGard	Blackbaud	Blackbaud	Blackbaud	Blackbaud	SunGard	Blackbaud	Blackbaud
	Satisfaction Level	Moderate	—	Like	Like a lot	Like	Like	Like	Very satisfied	Like	Okay
	Provider change planned	No	—	No	No	No	Within next 2-3 years	No	No	No; will review	No; will review
Implemented e-receipting?		No	—	Yes	No	No	No	No	No	No	Yes
	Year implemented & gift level		—	FY05; donor opt-in							FY09; all gifts with email on file
Alum Assoc. Included in Budget?		No	—	No	No	No	No	No	No	No	No
How many states are you registered in?		3	—	24(7 exempt)	24 (15 exempt, 11 not required)	All required	~15 (990Ts filed)	21 (19 exempt, 11 not required)	26	23 (28 exempt, or not required)	26 (14 exempt,11 not required)
Purchased Cyber Insurance?		Yes, recently	—	No	No	—	—	—	—	No	—
Effective Annual Payout Rate		3.4%	—	4.3%	3.5%	—	—	—	—	3.4%	—

University Foundation Fiscal Officers FY11 Data Survey as of 6/30/11 with additional information gathered by UNM Foundation		Michigan State University	Minnesota Foundation, University of	Nebraska Foundation, University of	New Mexico Foundation, University of	Oklahoma Foundation, University of	Oklahoma State University Foundation	Penn State University	Southern Illinois University Foundation	Texas A&M Foundation	Wisconsin Foundation, University of
Endowment (\$ in millions)											
Institution's Endowment Balance (M)		1,407	2,503	1,250	324	740	616	1,800	95	5224	1,769
Budget (\$000s)											
Current Operating Budget		18,031	23,000	23,000	9,365	3,945*	16,711	n/a	6,089	15,700	26,893
Budget Funding Sources											
	University	14,031	2,300	—	1,200	—	2,135	20,000	3,346	160	—
	University as % of total budget	77.8%	10.0%	0.0%	12.8%	—	12.8%		55.0%	1.0%	—
	Endowment admin fees	4,000	14,500	16,300	6,125	7,500	9,081	8,412	1,203	8,400	16,000
	Gift fees	—	—	—	—	—	150	—	450	2,150	—
	Fees/Investment earnings on ST funds, UNR Reserves	—	4,800	6,700	744	6,000	5,179	1,000	1,090	4,360	9,000
	All other	—	1,400	—	1,296	1,600	166	5,150	—	630	3,500
Audit & Tax											
FY11 Audit Firm		Plant & Moran	KPMG	KPMG	Moss Adams	Hogan Taylor LLP	Cole & Reed, PC	Deloitte	Larson Allen	BKD	Grant Thornton
FY11 Audit Fee		Part of MSU fee	\$89,860	\$60,000 (incl. 403b)	\$62,060	\$63,000	\$70,000	n/a	\$36,290	\$75,000	\$121,000
FY11 Tax Provider		Internal/MSU services	Deloitte & Touche	KPMG	Moss Adams	Hogan Taylor LLP	KPMG	n/a	Online Form 990	Durst, Wood (Local firm)	Grant Thornton
FY11 Tax Fee		Not separable	\$45,000	\$5,500	\$13,910	\$4,000	~\$18,500	n/a	\$135	\$6,990	\$112,000
Other											
Mimimum \$ Requirement on Permanent Endowments		\$30,000	\$25,000	\$25,000	\$25,000	\$10,000	\$25,000	\$25,000	\$25,000	\$25,000	\$10,000
	Who covers credit card gift fees?	Charged back to college/unit	Endow. Pool	Foundation covers	Foundation covers	Deducted from gift	Foundation Operating Budget (excl. Athletics)	Covered indirectly by annual giving charge	Central Admin	Deducted from gift	Foundation pays
Accounting System Provider		Kuali	In-house	Blackbaud	SunGuard	See note**	Blackbaud	In-house	SunGard	Blackbaud	JD Edwards
	Satisfaction Level	Growing affection	Love	Mixed feelings	Like	Like	Like	n/a	Like	Satisfactory	OK, some limitations
	Provider change planned	Just changed 1/1/11	No; will review	No	No; will review	No	No	n/a	No	Evaluating options	Possibility, still looking
Implemented e-receipting?		No	Yes	No	No	No	No; will soon	No	No	No	Yes
	Year implemented & gift level		FY11; <\$1k + all online gifts				Use Blackbaud Net Cummunity	Intend to start			FY11; all online gifts
Alum Assoc. Included in Budget?		Yes	No	No	No	No	No	No	No	No	No
How many states are you registered in?		Michigan	5	19	37	n/a	CGA admin only; pursuing for all	n/a	25	37	38
Purchased Cyber Insurance?		No	No	—	No	No					
Effective Annual Payout Rate		4.6%	4.3%	4.5%	4.6%	4.2%					

UFFO FY11 Data Survey: Administrative Fee & Spending Policy		
Institution	Administrative Fee	Spending Policy
Arizona State University Foundation (1)	2% of 12 quarter rolling average market value	Constant growth formula [prior year + inflation with cap and floor of 4.25% and 3.25% of 12 quarter moving average calculated mid-year]
Colorado Foundation, University of	Combination of: A) 1.9% on first \$1M of any endowment AND B) 1% on fund balance above \$1M OR C) 1% on entire amount of any endowment > \$60M	Greater of 4% of current market value or 4.5% of endowment's 36 month average market value, calculated monthly [Plan to review existing policy and other options within next year]
Florida State University Foundation	2.5%	4% of 3-year average quarterly market value
Georgia State University	1%	Spending rate calculated at pool level: A) Inflation-adjusted prior year [70% weight] B) 4.5% of beginning year MV [30% weight] Spending Rate = A+B/Beginning Year Market Value of pool Rate multiplied by each account's average market for past year
Illinois, University of	1.2%	4% of 6-year moving average market value
Indiana University Foundation (2)	1%	5% of a 12 quarter rolling average with inflationary banding [+2x the 5-year CPI, -1 x CPI]
Iowa Foundation, University of (3)	1%	Banded inflation; increase from prior year by CPI, bands 4% and 6% tested quarterly
Iowa State University Foundation	1.25% of current market value	4.25% of 12 quarter average
Kansas State University Foundation	1.45% with objective to lower to 1% by 2021	Inflation based; payout increased by CPI every year with floor and ceiling of 3% and 4.75% of 7/1 market value [Recently lowered ceiling from 5% to 4.75%]
Michigan State University	FY12 = 0.58%; approved up to 1%	5% of average MV of the CIF for prior 20 quarters; expressed as a dollar per unit annual distribution amount based on # of units in CIF at time of calculation
Minnesota Foundation, University of	1% of current MV of endowment pool annually [Assessed monthly]	4.5% of 5-year trailing average MV of each fund; asessed monthly [Plan to review existing policy and other options within next year]
Minnesota Medical Foundation	1.25%	4.75% per annum paid quarterly based on 20 quarter average
Nebraska Foundation, University of	1.85%	4.5% of 20-quarter average
New Mexico, Foundation, University of (5)	1.85%	4.65% of 20-quarter average
Oklahoma Foundation, University of	1%	5% of 12 quarter moving market average
Oklahoma State University Foundation	2.1%	5% of gift adjusted annually by inflationary factor equal to the % change of CPI of current year over previous year. Adjustment by Investment Committee allowed if total spending outside of 3% and 5% bands.
Penn State University	n/a	4.5% of a 5-year moving average
Southern Illinois University Foundation	1.5% of 12/31 market value annually	Calculated at pool level, sum of: A) Previous year +HEPI [80% weight] AND B) 3-yr avg MV x (LT inv. Rate - HEPI) [20% weight] C) Less 1.5% investment/administrative fee
Texas A&M Foundation	90 bps of 20 quarter moving averge	4.5% of 20 quarter moving average
Wisconsin Foundation, University of	1%	4.5% of 16 quarter average MV [Recently changed from 4.75% of 12 quarter average MV]

(1) Arizona State University Foundation Spending Policy prior to this fiscal year was 4% of the average market value of the endowment for the previous year

(2) Indiana University Foundation Spending Policy rate is 5% in FY12, stepping down to 4.5% over the next 6 years

(3) University of Iowa Foundation Spending Policy: Method described here was implemented in FY11; prior to FY11 it was calculated as 5% on 12 quarter moving average (per FY10 UFFO survey)

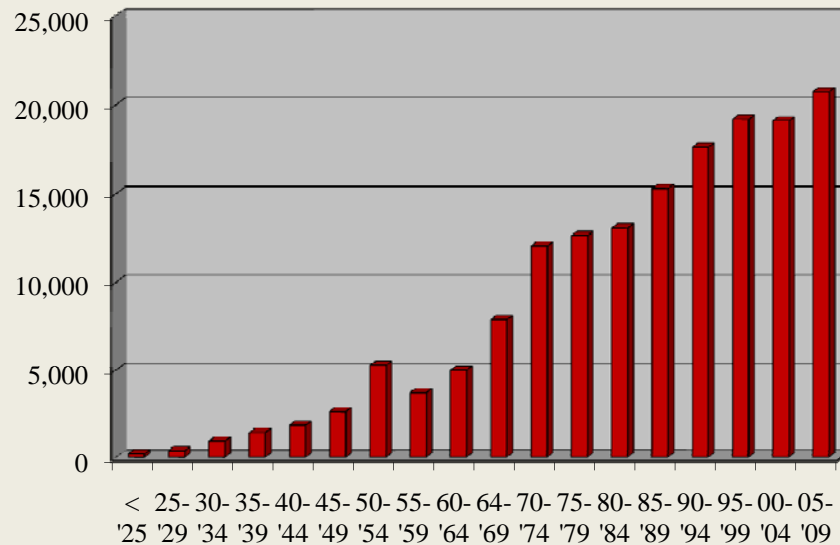
(4) Texas A&M Foundation Spending Policy: Board adopted a plan to reduce rate by 10 bps per year for 5 years to reach target of 4% by 2016; to be reviewed annually

(5) UNM Foundation has 25 development officers. UNM has 5 foundations other than UNMF.

Note: Yellow-highlighted institution names in this chart appear on an expanded, proposed list of UNM peer institutions provided by Philanthropy Study committee member Andrew Cullen. This list has been developed in order to make practical and meaningful comparisons to UNM inclusive of flagships with medical schools, southwest regional schools with which UNM may compete for students, and schools with a minority majority student population. In addition to the 9 highlighted institutions on the list for which this data is available, the expanded peer group includes University of Colorado Denver, University of Nevada Las Vegas, University of Utah, University of Houston, University of Missouri Columbia, New Mexico State University, Texas Tech University, University of North Texas, The University of Texas el Paso, The University of Texas Arlington, Florida International University, and University of California Riverside.

Growth of University Alumni

UNM Alumni by Half Decade



•**74% of UNM Alumni have graduated since 1975**

•***Changing Worlds: The Campaign for UNM***

- Major Gift Prospects: 4,125* (Classes '25 –'74/Ages 50+)
- Prospects per CDO: 150
- CDOs required: 28 (current staffing 25)

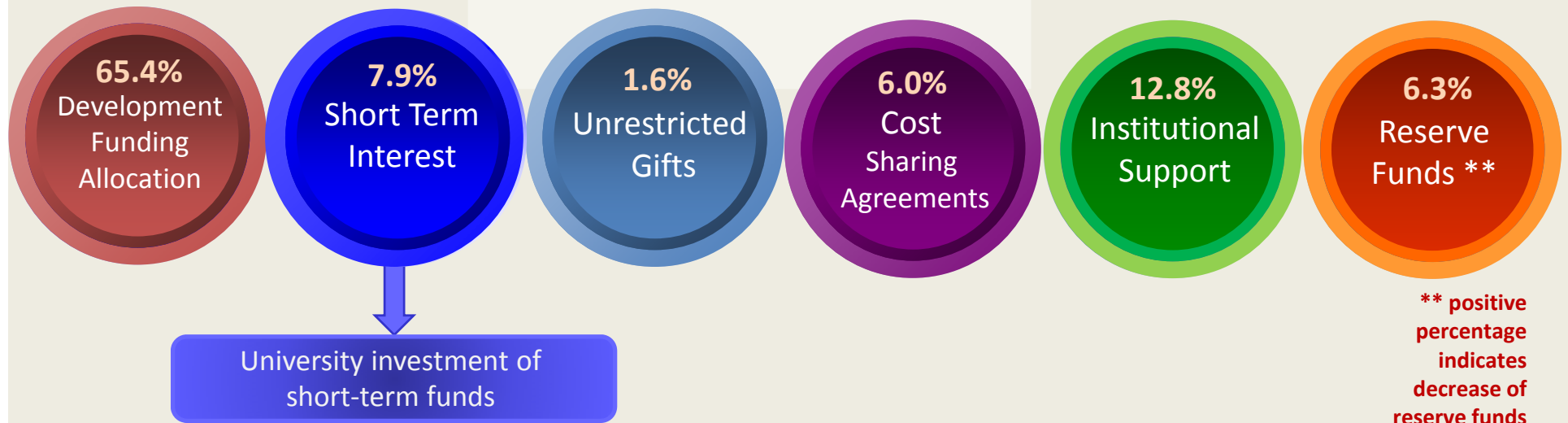
•***Next Campaign through 2021***

- Major Gift Prospects: 7,485* (Classes '50-'90/Ages 50+)
- Prospects per CDO: 150
- CDOs required: 50

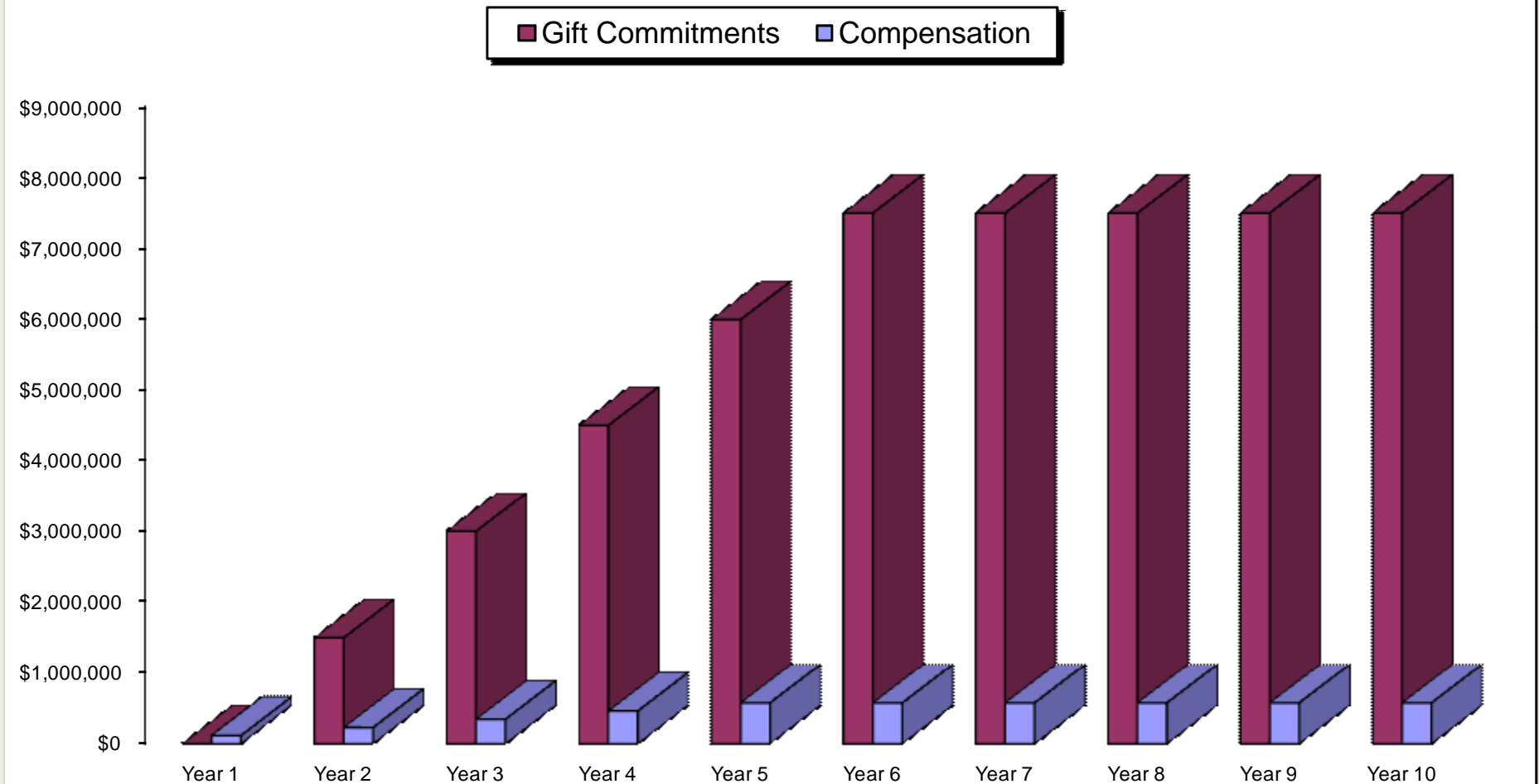
*Prospect Projections conservatively assume that 10% of target alumni population are major gift prospects

Foundation Sustainability

Current Funding Model



IMPACT OF ADDING DEVELOPMENT OFFICERS (One development officer added each year for 5 years)



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gift Commitments	\$0	\$1,500,000	\$3,000,000	\$4,500,000	\$6,000,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000
Compensation	\$115,000	\$230,000	\$345,000	\$460,000	\$575,000	\$575,000	\$575,000	\$575,000	\$575,000	\$575,000
(Salary: \$82,000, Benefits: \$19,000, Travel & Cultivation: \$14,000)										
Net Annual Benefit	(\$115,000)	\$1,270,000	\$2,655,000	\$4,040,000	\$5,425,000	\$6,925,000	\$6,925,000	\$6,925,000	\$6,925,000	\$6,925,000
Cumulative Benefit	(\$115,000)	\$1,155,000	\$3,810,000	\$7,850,000	\$13,275,000	\$20,200,000	\$27,125,000	\$34,050,000	\$40,975,000	\$47,900,000

The University of New Mexico Foundation Summary Budget Report

	FY2009-10 Actual Results	FY2010-11 Actual Results	FY2011-12 Approved Budget	FY2011-12 6 Month Estimate	FY2011-12 12 Month Projection
<u>REVENUES</u>					
INSTITUTIONAL SUPPORT FROM UNM	\$ 1,617,753	\$ 1,304,783	\$ 1,200,000	\$ 594,270	\$ 1,200,000
DEVELOPMENT FUNDING ALLOCATION	5,353,803	5,726,764	6,125,000	2,971,340	5,942,680
SHORT-TERM INVESTMENT INCOME	807,805	852,179	744,450	71,750	144,450
COST SHARING AGREEMENTS WITH UNM	885,853	658,897	558,900	279,500	559,000
UNRESTRICTED GIFTS, MISCELLANEOUS REVENUES & TRANSFERS	1,129,624	199,688	150,000	154,825	175,000
USE OF RESERVE TO BALANCE BUDGET	(436,845)	727,654	586,817	322,915	1,043,970
<u>TOTAL REVENUES</u>	\$ 9,357,993	\$ 9,469,965	\$ 9,365,167	\$ 4,394,600	\$ 9,065,100
<u>OPERATING EXPENSES</u>					
SALARIES/PAYROLL TAXES/FRINGE BENEFITS (FOUNDATION)	\$ 7,537,015	\$ 7,263,371	\$ 7,072,583	\$ 3,486,300	\$ 6,972,600
OPERATING EXPENDITURES	1,820,978	2,206,594	2,292,584	908,300	2,092,500
<u>TOTAL OPERATING EXPENSES</u>	\$ 9,357,993	\$ 9,469,965	\$ 9,365,167	\$ 4,394,600	\$ 9,065,100
<u>BEGINNING RESERVE BALANCE</u>	\$ 2,552,752	\$ 2,989,597	\$ 2,261,943	\$ 2,261,943	\$ 2,261,943
<u>ENDING RESERVE BALANCE</u>	\$ 2,989,597	\$ 2,261,943	\$ 1,675,126	\$ 1,939,028	\$ 1,217,973



**Philanthropy Study Committee:
Meeting Minutes
Friday, January 6, 2012**

Attendees:

Co-Chair - Gary Gordon Chair, UNM Foundation Board of Trustees	
UNM Board of Regent Representatives:	Lt. General Bradley Hosmer, USAF (Ret.) - Regent (by phone) Jacob Wellman - Student Regent
UNMF Board of Trustees Representatives:	Gerald Landgraf - Chair, Finance Committee Anne Yegge - Past Board Chair
UNM Deans:	Richard Howell - Dean, College of Education Mark Peceny - Dean, College of Arts and Sciences
UNM Staff:	Andrew Cullen - Associate Vice President, Planning, Budget and Analysis
HSC Representatives:	Nancy Ridenour - Dean, College of Nursing Ava Lovell - Vice President of Finance, HSC
UNM Faculty Senate Representative:	Tim Ross - President
UNM Foundation:	Henry Nemcik - President and CEO
UNM Foundation Staff	Curtis Helsel, Rod Harder, Sandy Liggett, Larry Ryan, Bill Uher, Wendy Antonio, Suzanne Awen

Proceedings and Presentations

Welcome and Opening Comments - Gary Gordon, Committee Co-Chair

I appreciate your attendance and participation. Regent Fortner is not able to attend today. Regent Hosmer is attending via telephone conferencing. Henry will give opening comments for today's meeting and introduce our presenters.

Opening Comments - Henry Nemcik, President and CEO, UNM Foundation

The materials for the meetings are on the website (<http://unmfund.org/philanthropy-study-committee>).

At the last meeting on 12/9/11, David Bass from AGB and Paul Robell from the University of Florida were our presenters. In the draft minutes for that meeting (which are a part of your packet under tab A) we have tried to capture the important points and ideas from the presentations by bolding the text. The goal of this exercise is to use those highlighted points and other relevant data to help build our recommendations for our final report to the Regents. Please look over the minutes and let us know any changes, additions, and/or clarifications you may have. We will incorporate your edits and put forth the amended minutes for the Committee to vote into the record at the next meeting on Friday, February 3, 2012. For those who are not able to attend, the minutes will also serve as a good summary to stay current with our proceedings.

To refresh from our last meeting, David Bass's presentation focused on general funding models, why universities started development programs and current trends. **We learned that state support for public higher education institutions was 80% in the 1960s, 50% in the 1980s and today somewhere around 13%-14%. It is expected that this percentage will continue to decline.**

Paul Robell, former Vice President of Development and Alumni Affairs at the University of Florida, spoke to us about his experiences and the growth of private funding at University of Florida. In answering several important questions posed by one of the Committee members on **how do we fund development**, Paul's response was ". . . any way you can. . ." **After much discussion on this subject we decided as a group that there is no one funding model for development.**

Today Rick Lawrence from the University of Colorado Foundation will present their history and funding model. Later on I will present data that other foundation financial officers have collected and the current funding model and budget for the UNM Foundation. Cara Quackenbush will begin the presentations with some information about herself and follow with some background on her company, Eduventures. She will then present survey data collected from several similar institutions some of which will be shown in comparison with similar data from the UNM Foundation.

Development Officer Return on Investment Study Analysis - Cara A. Quackenbush, Program Manager and Senior Analyst Eduventures - Research and Consulting for Higher Education

Eduventures is a Research and Consulting Company based in Boston focusing exclusively on higher education. The company works in various areas of higher education. The presenter works in the development area. The UNM Foundation is a member of the Development and Learning Collaborative. There are 65 members in the Development and Learning Collaborative. The goal of the consortium is to share information and best practices. **The data in this presentation is from 2008, 2010 and 2011.** The focus of the presentation is on return on investment.

(A committee member asked how many reporting institutions were in the groups. The response was 42 in the data used from 2008 for presenting a general view of the metrics, and 8 in the cohort using data from FY2010 to compare with the UNM FY2011 data. There will be 50-60 responses in the data being analyzed for the Spring 2011 report.

In addition, the same committee member asked if the data was characterized by makeup with an affirmative response from the presenter).

There are 3 major groups of factors influencing return on investment: - Institutional Factors, Staff Factors and Donor Factors. The focus of today's presentation is on Institutional Factors of which program maturity and investment are most important in looking at on return on investment.

There are many metrics used to measure return on investment. A common measurement is cost to raise a dollar. However, this is just one of many metrics that should be used to get an in depth analysis of performance. Other important metrics are dollars raised per frontline officer, dollars raised per budget dollar, department investment per area, ratio of frontline staff per services staff FTE, ratio of donors to alumni base, ratio of rated prospects to alumni base and average gift size.

High level results from the survey of 42 institutions in 2008 were presented in the categories of Total Dollars Raised, Total Advancement Budget, Total Advancement FTE and Total Frontline FTE. The data was sorted by groupings of annual dollars raised with the comparative data for UNM falling in the \$55 million to \$99.9 million level. The averages for this level were \$70 million raised with a budget of \$10.6 million, raised by a total of 90 FTE Advancement Staff and of those 28 were frontline FTE. Further, dollars raised per Advancement FTE were \$770k, dollars raised per frontline FTE were \$2.11 million and dollars raised per total budget dollar were \$6.61. To achieve higher fundraising levels major gifts and unit frontline officers grow dramatically to support prospect cultivation. A baseline investment in services areas are needed to support the growth of frontline staff. Though estimates vary based on position of officers in the organization, approximately 3 support staff are needed for each development officer.

The data used in comparison to the UNM metrics were taken from the FY2010 benchmarks from a cohort of 8 peer and aspirant universities - Rutgers University Foundation, Texas A&M Foundation, University of Connecticut Foundation, Inc., University of Iowa Foundation, University of Tennessee-System, University of Cincinnati Foundation, University of Maryland-College Park and University of Oregon.

Summary of key findings in the 8 member cohort of peer and aspirational institutions data set FY2010:

1. Increased investments over time in budget and staff produce higher fundraising totals.
2. Efficiencies in fundraising can be a result of positive factors such as the quality of the donor base and/or staff productivity, but can also be a result of under investment in programs that produce more long term results which will negatively impact future revenue streams.
3. On average, frontline FTE make up nearly 40% of the total advancement FTE in this comparison group, slightly more than the 33% indicated for the larger survey of the same metric in 2007.
4. Despite budget constraints institutions are continuing to invest in advancement staff and move forward with campaigns.

Metric comparisons of UNM Foundation FY2011 data to FY2010 8 member cohort:

1. Total Annual Dollars Raised - UNMF - \$83 million+ to cohort \$95 million+ median
2. Total Advancement Budget - UNMF - \$9.4 million+ to cohort \$13.5 million+ median
3. Dollars Raised per Budget Dollar - UNMF - \$8.78 to cohort \$6.46 median
4. Frontline FTE as a percentage of Total Advancement Staff (including admin) - UNMF - 29.5% to cohort 38% median.

5. Dollars Raised per Frontline FTE - UNMF - \$3.3 million+ to cohort \$1.8 million+

In terms of investments in more long range fundraising areas, the UNM Foundation in comparison with the cohort is less invested in the areas of annual giving, planned giving and principal gifts and more invested in the major gifts areas. Even though Foundation investment in this area is proportionately higher, the Foundation still has less than average frontline major gifts officers.

(The comment was made that though reducing budget for these long term initiatives served the short run budgetary goal, we were in effect "eating our seed corn" which would negatively impact future revenues. Therefore we are supporting short term returns at the expense of long term returns. This impacts the optimal stable growth of the overall fundraising program.

(b) Via email a Committee member stated that the presentation makes the point nicely that the areas of our underfunding impact the future more heavily than current or next year. It is the belief of this Committee member that the Committee's final proposal will need to make this point strongly).

Overall UNM has significantly fewer service area staff relative to peers (a question was raised concerning the marginally higher number of staff in the "Other Service Area" category and if some of these positions could be shifted. It should be noted that this was not a granular analysis of the data. This more in depth analysis will be available in Spring 2012. A general discussion of the allocation of available resources to optimize short and long term revenues followed.

(a) It was noted in a Committee member email that pie charts with percentage sectors can be misleading so solid conclusions would require actual numbers to analyze. However, important differences revealed in the charts are the lesser investments UNM is making in IT, Research and Stewardship and Events.

(e) Further email comment was that the question is raised as to what is the optimal ratio of support staff to development officers. A slide presenting this and also the dollar amount of optimal support compensation needed for each development officer should be created if possible because one part of what the Committee recommends should be metrics on how to achieve optimal balance, while building strength, and clearly representing how efficiently and effectively our Foundation budget is spent. (f) We should also look at compensation and incentive structure in comparison to external local and national standards to inform the Committee's recommendation on budget assistance (note: the Foundation routinely gets this information for its Compensation Committee and will make those reports available to this Committee as needed). This comparison will demonstrate that the Foundation will be using carefully and responsibly whatever budget assistance is recommended by this Committee.)

The UNM prospect base relative to the cohort showed a slightly higher donor to total alumni ratio and nearly twice the average gift size. However the prospects rated \$25K and \$500K were significantly lower than the peer group. This supports the need for additional research staff to improve the numbers of identified rated donors. The comparison group raised 26% more from their alumni pool than did the University of New Mexico in FY2011. Presenter observations on the UNM Foundation's fundraising by budget area were as follows:

Currently the Foundation budget allocates 6% more of its total budget to major gifts and 1% more to CFR proportionately than does the comparison group. This results in less budget allocation to the long term areas of annual giving, planned giving and principal gifts. In addition, relative to peers, UNM is investing less in research, stewardship and events, and marketing.

Key Takeaway: UNM's high productivity metrics may be an indication of under-investment in certain activities that could impact the success of its fundraising program in future years.

Despite deep cuts facing many public universities, 44% of the institutions in this comparison group plan to add additional FTE during FY2011 or FY2012.

(The comment was made by a Committee member that one of the goals for this committee was to make recommendations that would help to create a strong partnership between the university and the foundation that would result in planning for multiyear stability).

University of Colorado Foundation History and Organizational Structure - Richard W. Lawrence - Executive Vice President and COO University of Colorado Foundation

The University of Colorado is governed by their Board of Regents. **The 9 Regents are elected whereas at UNM the Regents are appointed.** UC opened on 9/5/1877. The UC Foundation started in 1967. The current UC budget is \$2.8 billion with the state contribution only 5.7% of total funding. The UC Foundation transferred \$98.4 million in private support in FY2011. UC has 4 campuses, the Boulder campus being comparable in student body numbers to UNM. The mission of the UC Foundation is to raise, manage and invest private support for the benefit of the UC. There are currently 206 staff members, 78 in development. The major expense for the UC Foundation is in salaries, "fundraising is a people business".

UC made the decision to maintain investments in long term initiatives during tight budget periods given their opinion that you **either invest in the maintenance or the recovery of these long term areas.** Further, even given returns adjusted with present value calculations, **planned giving is the most efficient fundraising initiative with a cost of \$.08 to raise a dollar.**

(c) *(A Committee member commented via email that this was an important point not much emphasized, that even translated into present value terms, planned giving pays bigger returns for development investment than other areas. In addition, the suggestion was made to include in the Committee recommendations an analysis of investments in each area, with present value adjustments where necessary, to look at the return on investment in each area (a 2.5% rate or other long-term fact based real rate of interest should be used in the present value calculation).* **(d)** *A cash based version of this analysis should also be included).*

The UC Endowment is approximately \$750 million. The Investment Committee oversees policies and provides fiduciary oversight, while the investment function is outsourced. The UC has a separate 501(c)(3) for real estate holdings. The Unrestricted Net Assets (unaudited 10/31/11) totaled \$65 million+. These funds are used as capital for economic downturns and for expansion opportunities. **The UC Foundation holds monies to be distributed to the University until the expenditure is requested and earns a short-term interest rate of 3% on those "callable" funds.** The fee (DFA) on the endowment is 1.35% or 135 bps. They consider going above this amount to negatively impact gift requests. They do not have a gift fee as they feel this also has negative impact on fundraising.

(A general discussion among the Committee members followed this information with specific comments as follows:

- finding the way to create sustainable funding is most important*
- there is an inverse relationship between endowment size and bps*
- there is value in being able to say there is no gift fee*
- discretionary dollars make the difference; raising money is a legitimate use of university funds)*

In terms of Revenue Exposure at the UC Foundation, direct support from the University is expected to experience increasing future constraints, fees (DFA) from the LTIP provide more than half of budget revenues which are subject to negative impact due to market volatilities, STIP balances are projected to be stable but if the callable fund balance shrinks this would result in a budget shortfall. Currently the cost to raise a dollar is \$.216.

(A Committee member asked, ". . . how did the UC Foundation build the unrestricted fund. . .? The response was over time with a portion of the annual budget allocated to the fund).

University of New Mexico Foundation Funding Model - Henry Nemcik, President and CEO

How does the Foundation raise money? The President's strategic plan filters to the UNMF. The funds raised go for the most part to scholarships. **UNM Endowment composition indicates that scholarships & fellowships form the largest portion of the endowment (\$168M of the total \$324M).** We would like to see more fundraising for chairs and professorships. This would help to reduce budget pressures by supporting faculty.

We reviewed a slide on the historical & future growth of UNM alumni. **This shows that there is significant growth in alumni and major gift prospects in the class years '50-'90.** The current campaign is focusing on alumni going back from 1974. A stable growth-focused funding for the Foundation allows more extensive cultivation of the

growing alumni pool as we go forward providing the foundation for future successful campaigns and fundraising. The potential for identifying important donors will increase. Successful realization of that potential is a long term process. (Comment: *This demonstrates that development decisions need to be long-term in nature. We have to be prepared in the next campaign to have appropriate staffing to maximize the potential of these new prospects*).

(A Committee member asked for a definition of alumni. The response was that presently it would include undergraduates and graduate students. We could expand the definition to include students that have never graduated but did complete a certain number of semesters. This would increase the pool. However, we would still need the staff and budget to work the expanded database which we do not have at this time.

A comment was made by a Committee member describing a new software that was being used by his school to track college, post graduate and job experience data on students to create an in depth career portfolio. This kind of software would be useful in following alumni and identifying donors.

A discussion followed noting that this software has been used in alumni groups and would be useful for Duffy Swann in his new position as President of the Alumni Relations Board. Currently the cost annually for the UNM school using the software is \$10,000 per year with the students paying \$125. The cost would decrease per unit if spread over a collaborative of schools).

A chart was presented showing the impact of adding one additional development officer to the Foundation staff each year for ten years. The projection indicates a cumulative benefit - net of salary, benefits and travel and cultivation- of almost \$48 million. Rod Harder presented the current funding model for the Foundation. The majority of revenues at 65.4% of the total budget come from the Development Funding Allocation (DFA - currently 1.85% or 185bps). Other revenues include Institutional Support - 12.8%, Short Term Interest - 7.9%, Cost sharing Agreements - 6.0%, Unrestricted Gifts - 1.6% and Reserve Funds - 6.3%. An examination of revenue exposures indicates significant negative pressures on several sources. The DFA percentage will decrease in the near future, Institutional Support has decreased and may continue that trend, though Short Term Interest was budgeted at \$744K, the current projection for the year is \$144K, and given the requirements for a \$1 million balance in reserves, this will no longer be a revenue source at the end of FY2012 when usage at the projected rate will bring the balance to \$1.2 million. In summary, the DFA from endowments is short \$200K, short term interest from UNM is down by \$600K from projections, for a total shortfall of \$800K. Fiscal data from peer institutions shows that most have institutional support ranging from 35%-50%, versus UNMF's 19% total institutional support for development operations. Nemcik stated that action on budget shortfalls by mid to late March will be necessary to avoid workforce reduction, as staffing is almost 80% of the Foundation's budget. The Foundation made a recommendation to the University Finance Office to follow a model used by most other Universities that would allow the Foundation to hold and transfer as needed short-term funds allowing for a higher investment return than current policy permits at UNM. This model was discussed by Florida and Colorado during their presentations.

(Committee member comments were as follows:

- *NOTE: Members Cullen and Lovell questioned the \$72K in short term interest shown in the budget slide as received by UNMF through December '11. This figure was verified as correct by Cullen and Lovell after the meeting, and this result is tied to lower than anticipated yields on investments (the following was requested at the 2/3/12 meeting as an update to these minutes: thanks to President Elect Robert Frank, President Schmidly and University leadership, the anticipated shortfall in investment income has been resolved for the Foundation's 2011-2012 budget year. The University will allocate all funds earning income designated for the Foundation to a global bond portfolio, thus increasing the yield significantly, fully meeting revenue requirements through June 30, 2012).*
- *Currently the UNM Foundation has no "callable" fund balances as the University of Colorado Foundation. Funds are disbursed directly to the University where the investments of those funds are limited by state statute. An effort to review these statutes and how they apply to these particular funds has been undertaken by the University financial officers. However, no agreement has been reached on what if any higher yield strategy can be implemented. We should change our stance on I&G funding and look at the UNM Foundation as an investment opportunity.*

- *Given the present budget constraints, the UNMF will have to reduce staff and then not be able to complete the campaign.*
- *The decision to reduce the UNMF budget was not unanimous.*
- *Given the decline in the University's funding and the return on investment realized by investing in the Foundation, we need to invest more in fundraising.*
- *(g and h) An important goal of the Committee has to be to recommend a sustainable funding model. Achieving a sustainable model will likely take the form of a funding/build-up/transition plan over a number of years, with near-term and long-term goals carefully distinguished. It is instructive to look at UNM and the Foundation as a single entity, and distinguish between funds flows into the whole, and funds flows between the parts.*
- *Any staff reductions will immediately negatively affect fundraising capacity of the organization.*

Closing Comments, Discussion and Planning

It was decided that no further presentations would be needed. The Committee now has the information necessary to formulate recommendations and generate a report. The next meeting on February 3, 2012 will be used to produce a working document for final review and approval. In the interim, Rod and Henry will develop several funding models based on principals and metrics discussed in previous meetings and current university budgeting guidelines. The models will project outcomes at various levels of investment in each funding source. The information will be forwarded to the Committee members for review and recommendations. The models and recommendations compiled from the Committee's responses will be presented as draft documents for further discussion and editing at the February meeting.

BENCHMARKING

The Committee will benchmark other institutions, both peer and aspirational, and evaluate the size and scope of the peers' development operations and funding mechanisms

EVALUATING

Drawing from the evaluation, the Committee will evaluate UNM's philanthropic effort, encompassing staffing, funding, and design of philanthropic efforts going forward.

REPORTING

A report with recommendations will be presented to the UNM Board of Regents and the UNM Foundation Board of Trustees by June 30, 2012.



Philanthropy Study Committee:

Third Meeting

Friday, February 3, 2012

Meeting Location: 1155 University Blvd SE, 2nd Floor, McCorkle Room

Agenda Items

1:00 pm

to

5:00 pm

- **Welcome and Opening Comments -**
Regent Jack Fortner, Committee Co-Chair
Gary Gordon, Committee Co-Chair
- **Call for Approval of December 9, 2011 Meeting Minutes**
UNMF Trustees, Gary Gordon, Committee Co-Chair
- **Review & Call for Approval of January 6 Meeting Minutes**
UNMF Trustees, Gary Gordon, Committee Co-Chair
- **Review of Process**
UNMF Staff, Henry Nemcik, President and CEO
 - **Review of Summary Points:**
David Bass, Paul Robell, Cara Quackenbush, Rick Lawrence
- **Evaluate Various Funding Sources:**
DFA
Short Term Investment Income (Lobo Energy)
Institutional Support - Cost Sharing/Fee for Services
- **Reduction of University Charged Expenses:**
Rent
UNM Employees' Fringe Benefits
- **Discussion of Highlighted Data and Committee Member Comments**
UNMF Staff, Henry Nemcik, President and CEO
- **Evaluation of 2 Major Components - Staffing Levels and Funding Models**
UNMF Staff, Henry Nemcik, President and CEO
- **Report Writing & Draft Review Process**
UNMF Staff, Henry Nemcik, President and CEO
- **Closing**
Regent Jack Fortner, Committee Co-Chair
Gary Gordon, Committee Co-Chair

BENCHMARKING

The Committee will benchmark other institutions, both peer and aspirational, and evaluate the size and scope of the peers' development operations and funding mechanisms.

EVALUATING

Drawing from the evaluation, the Committee will evaluate UNM's philanthropic effort, encompassing staffing, funding, and design of philanthropic efforts going forward.

REPORTING

A report with recommendations will be presented to the UNM Board of Regents and the UNM Foundation Board of Trustees by no later than June 30, 2012 (target date: mid-April 2012).

(Amended target date: mid-March).



Philanthropy Study Committee

Review of Summary Points:

David Bass - AGB

- *The percentage of state provided support to public colleges and universities has dropped from 46% in 1980 to 27% in 2005 and is expected to continue to decline*
- *Tuition has increased from 13% to 18%*
- *Private support at an average of 8.5%*
- *Private support is becoming more important as economic conditions change*
- *Private fund raising of major gifts is a long term process*
- *Foundation assets need to be around \$750 million to \$1 billion in order to produce income for the foundation to have reductions in institutional support*



Philanthropy Study Committee

Review of Summary Points:

Paul Robell - University of Florida Foundation

- *The Foundation relationship with the Deans has been the key to successful fundraising*
- *Our goal is for experienced development officers to raise at least an average of \$2 million per year. . .it takes approximately 2 to 4 years to raise that level of funds*
- *Investment in development officers includes not only their salaries, but also staff support, administration and other related costs*



Philanthropy Study Committee

Review of Summary Points:

Paul Robell - University of Florida Foundation (cont.)

- *There is no direct relationship to funds raised and budgeted funds required to pay fundraising costs*
- *University of Florida Foundation holds and invests "callable" funds to be distributed as does University of Colorado*
- *The fee on endowment is 120 bps or 1.20%*
- *There is no gift fee*



Philanthropy Study Committee

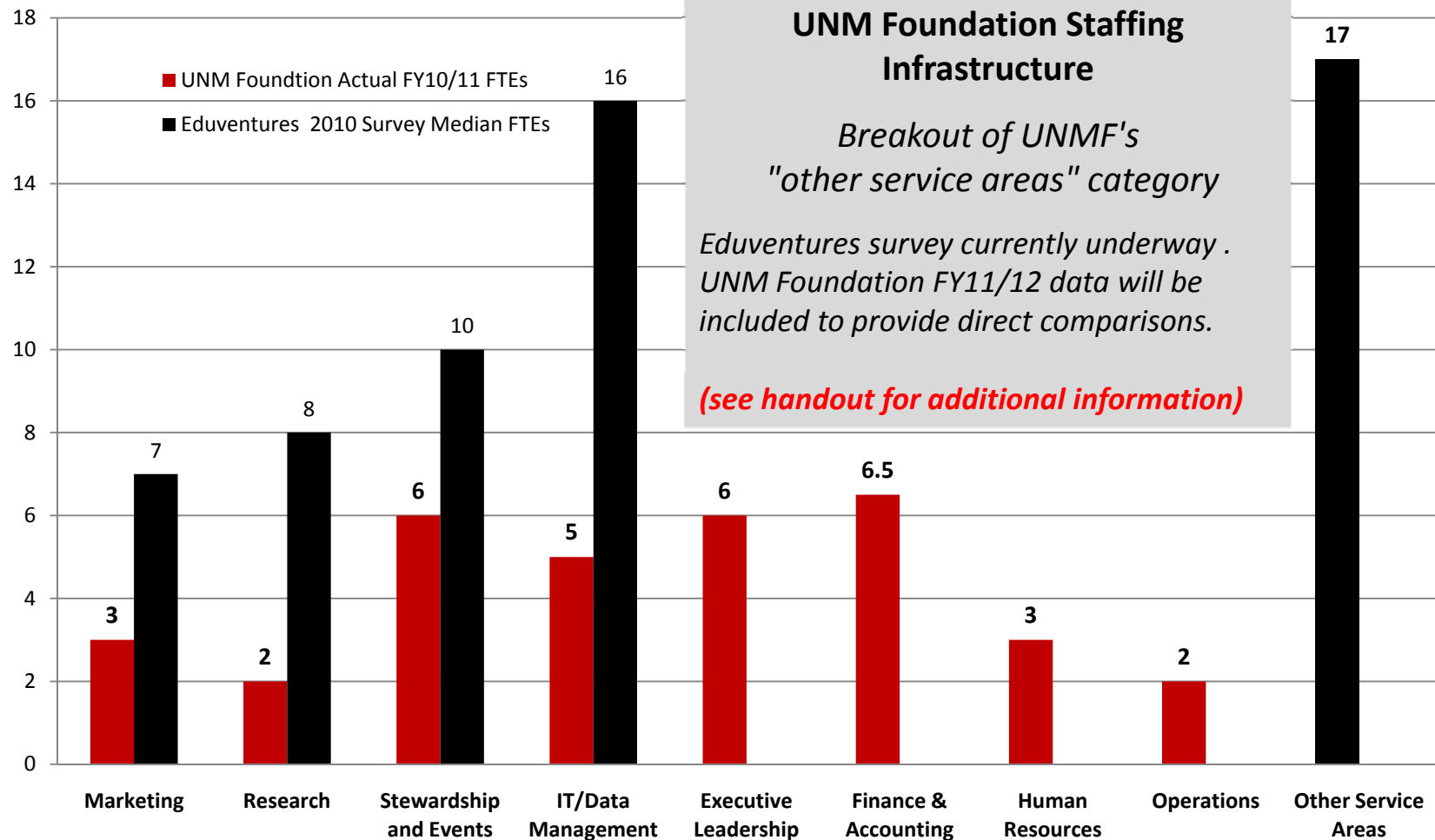
Review of Summary Points:

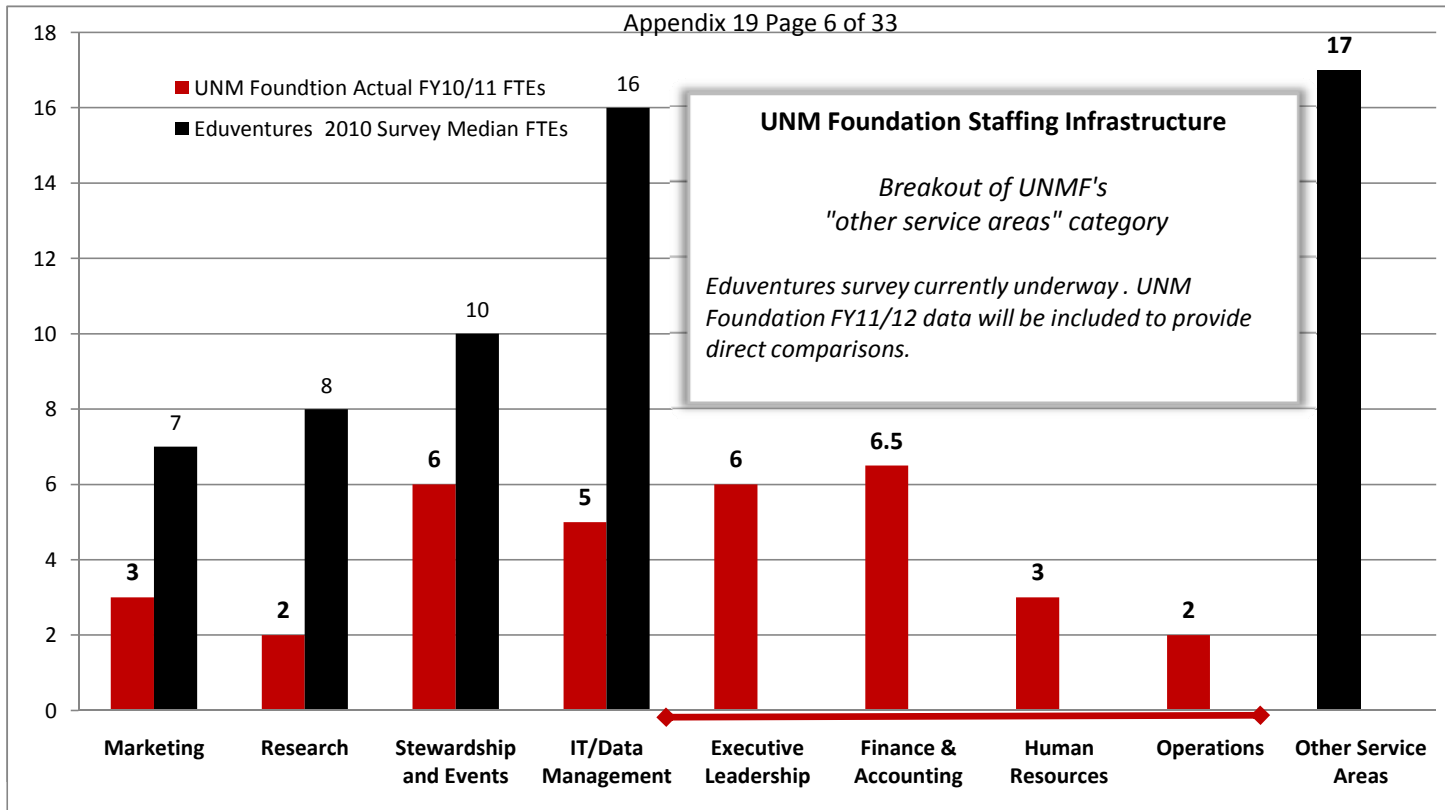
Cara Quackenbush - Eduventures

- *There are 3 major groups of factors influencing return on investment: Institutional, Staff and Donors*
- *Important metrics are cost to raise a dollar, dollars raised per frontline officer, dollars raised per budget dollar, department investment per area, ratio of frontline staff per services staff FTE, ratio of donors to alumni base, ratio of rated prospects to alumni base and average gift size*
- *UNM falling in the \$55 million to \$99.9 million level. . . averages for this level were \$70 million raised (annually) with a budget of \$10.6 million. . . 90 FTE advancement staff, 28 of those were frontline FTE*



Philanthropy Study Committee





Executive Leadership - 6.0

President & CEO
Real Estate / Executive Assistant
Trustee Relations
General Counsel
Administrative Assistant
Administrative Assistant (shared with planned giving)

Finance & Accounting - 6.5

Chief Financial Officer
Controller
Financial Analyst
Financial Analyst
Associate Financial Analyst
Senior Fiscal Services Tech
.5 Administrative Assistant (shared with gift & records processing)

Human Resources/Facilities Mgmt. -3

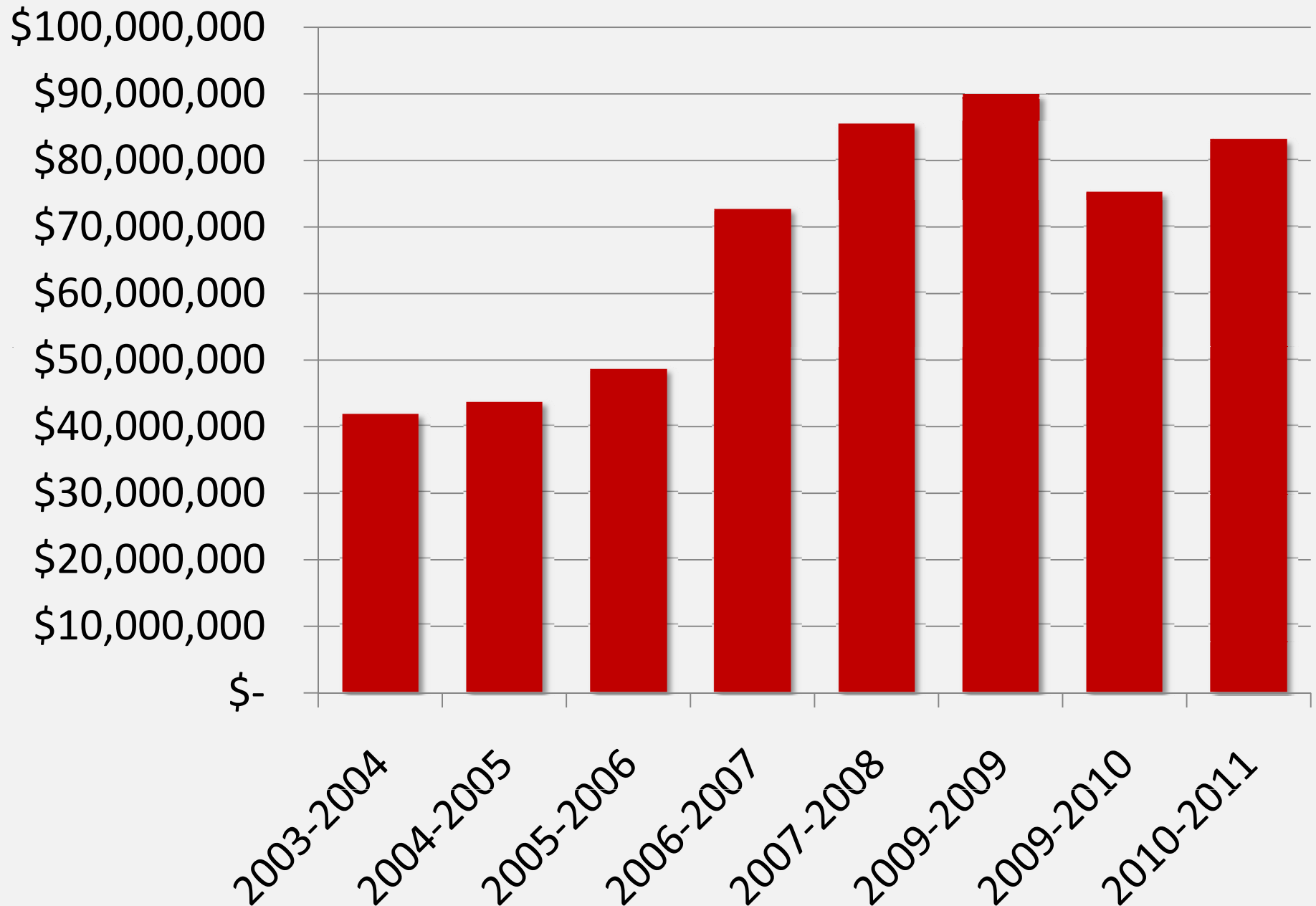
Senior Director of Human Resources
Human Resources Specialist/Facilities Management
Building Receptionist

Operations Management -2

Senior Director of Advancement & Administration Services
Associate VP for Development Services

UNMF Foundation - Comparing 2009 to 2012 Staffing <i>(Includes 1 open but unfilled position)</i>	UNMF as of January 2009	UNMF as of February 2012	Function
Fundraising and Donor Support			
Stewardship & Events - AVP Development Services	1	1	<i>Supervises annual giving, donor relations, communication/marketing</i>
*Donor Relations Staff	6	6	<i>Endowment management, Stewardship, events management, donor acknowledgement</i>
IT/Information Services - Sr. Director	0	1	<i>Manages IT, Gift processing, IT and supervises AVP Development Services</i>
*IT/Information Services	7	4	<i>Work with complex information technology systems, custom programming and reporting, data storage & systems</i>
*Gift & Records Processing	9	8.5	<i>Receive and enter gifts in database; assure proper coding to donor intent.</i>
Marketing/Communication	3	2.5	<i>All e-mail communication to alumni, 3 web sites, writing major gift proposals, PR & Marketing</i>
Prospect Research	4	2	<i>Mining for new prospects and research for fundraising</i>
SUBTOTAL Fundraising Support Staff	30	25	
Fundraising - University-Wide & Unit Based			
Annual Giving	9	5	<i>Gifts >\$25K, alumni appeals, clubs, associations, throughout HSC, Main & Athletics</i>
Corporate/Foundation (>\$25K)	2	3	<i>Cultivation & proposals</i>
*CFR - Research & Support	2	1	<i>Research and data gathering for CFR; admin support</i>
Planned Giving (>\$25K)	1	1	<i>JD w/ specialization in planned giving</i>
*Planned Giving Specialist/Support		0.5	<i>Part-time admin assistant with additional expertise in planned giving.</i>
Leadership & Principle Gifts	2	2	<i>Gifts of \$1M+ and management of major gift fundraisers</i>
HSC - Major Gifts (>\$25K) (10)	6	7	<i>Cultivation, proposals & stewardship of \$25K+ prospects</i>
*HSC - Donor cultivation & support	4	2	<i>Admin asst., alumni, events. Gifts <\$25K, alumni appeals, clubs, associations.</i>
Main Campus - Major Gifts (>\$25K)	13	12	<i>Cultivation, proposals & stewardship of \$25K+ prospects</i>
*Main - Donor cultivation & support	5	6	<i>Admin asst., alumni, events. Gifts <\$25K, alumni appeals, clubs, associations.</i>
Athletics - Major Gifts (>\$25K)	2	2	<i>Cultivation, proposals & stewardship of \$25K+ prospects</i>
*Athletics - Donor cultivation & support	2	2	<i>Gifts <\$25K, alumni appeals, clubs, associations.</i>
SUBTOTAL: Major Gift Fundraisers	26	27	
SUBTOTAL: Donor Cultivation/Support Staff	22	16.5	
Business Management			
Executive Leadership	1	1	<i>President, CEO - Principal Gifts & Overall Responsibility</i>
*Exec Admin Support/Real Estate Specialist	1	1	<i>Admin assistant with credentials & expertise in real estate.</i>
*Exec Admin Support	1	1	<i>Provides general admin support to the Executive Office.</i>
*Board of Trustees Admin	1	1	<i>Supports Trustees and all committees of the Board.</i>
*Campaign Staff	1	0	<i>Initial messaging, planning for campaign through 5/11.</i>
Finance & Accounting - CFO	1	1	<i>Overall responsibility for financial, accounting, budget and treasury functions.</i>
*Controller	1	1	<i>Manages day-to-day activity, executes investment transactions & prepares financial reports.</i>
*Financial Analyst	2	2	<i>Analyzes and reconciles transactions, processes payroll, prepares gift annuity payments.</i>
*Associate Financial Analyst	1	1	<i>Monitors cash balances, reconciles bank statements and posts endowment transactions.</i>
*Sr. Fiscal Services Tech	2	1	<i>Deposits cash receipts, processes accounts payable, reconciles credit card statements.</i>
*Administrative Asst	0	0.5	<i>Records cash receipts, UNM employee time and leave, journal entries.</i>
Human Resources & Facilities - Sr. Director	1	1	<i>Overall responsibility for HR, benefits, and employee management</i>
*HR Specialist/Facility Management	1	1	<i>Admin tasks and building management</i>
*Building Receptionist	1	1	<i>Reception for all visitors to Lomas offices</i>
Legal	1	1	<i>HR issues, Planned Giving, Real Estate, Compliance, Insurance, Gift Agreements, Policy Development</i>
*Legal admin assistance	1	0.5	<i>Part time admin assistance</i>
SUBTOTAL -Business Management Staff	17	15	
TOTAL	95	83.5	

UNMF Private Support: 2003-2011





2012 Summary of Departments and Staff Population

Executive Office

The President/CEO is responsible for the day-to-day management and operations of the UNM Foundation in accordance with the by-laws of the Foundation. The President/CEO works closely with the UNM President to provide vision and direction to a full-scale integrated development program. The President/CEO will represent the Foundation's Board of Trustees in working with the community and the University's many external constituents to help realize the Foundation's goals.

Staff: Chief Executive Officer / President - 1
Director of Trustee Relations – 1
Administrative & Real Estate Associate – 1
Administrative Assistant – 1

Annual Giving

Annual giving is one of the most important areas in an organization's fundraising efforts. Annual giving consists of many separate solicitation vehicles. When these vehicles are assembled together with skill, they can form the foundation of the institution's philanthropic support. Annual giving is about donor acquisition, repeating the gift and upgrading the gift. Annual giving creates the habit of giving on a regular yearly basis. Donors who have consistently contributed annually over a certain period of time eventually make much larger major gifts or even planned giving, like bequests, later in life. The UNM Foundation's annual giving department includes direct marketing programs, Presidential Scholarship, the 1889 Society, and Children's Miracle Network.

Staff: AVP – 1 (*AVP responsible for Annual Giving, Research, Donor Relations, and Communications*)
Director – 1
Associate Directors – 4
Development Assistant – 1
Students – 2

Communications

The UNM Foundation Communication Department is the main point of contact for news media seeking information about the university and operates a news information service for the UNM Foundation. We are also responsible for the Annual Report, monthly internal communication, UNMF's website, and the UNMF Intranet.

Staff: Director – 1
Communication Specialist – .5
Web Designer – 1

Corporate & Foundation Relations

Corporate & Foundation Relations (CFR) is a four-person team. CFR works with all units of UNM to secure gifts and grants from corporations, corporate foundations, private foundations, and other organizations. Some of the services provided include:

- Working with leadership to identify, develop and implement fundraising strategies.
- Identifying specific potential funding sources for University initiatives.
- Writing and editing proposals.
- Offering educational opportunities for CDOs and faculty.

Staff: Senior Director – 1
Director – 2
Research Specialist – 1
Student - 1

Donor Relations

Donor relations are tasked with building and sustaining lasting connections between the UNM Foundation and those who support UNM with their gifts, talents and involvement. Endowment relations are under the Donor Relations umbrella here at UNMF. Through a central program, they encourage and promote the support of friends and alumni through:

- Ensuring that donors are appropriately thanked and meaningfully recognized for their contributions
- Reporting to donors consistently and accurately about the impact of their gifts
- Providing opportunities for engagement in the life of the university.

Staff: Director – 1
Manager – 1
Officer – 1
Associate – 1
Coordinators – 2

Finance

The Finance and Accounting Department plans, organizes, leads, and monitors the financial activities of the UNM Foundation. The staff is responsible for the day to day management of all the Foundation's financial and accounting functions including, but not limited to: Cash Receipts, Accounts Payable, Accounts Receivable, Financial Reporting, overseeing the joint Foundation and University's Consolidated Investment Fund, Treasury Operations, Budget Monitoring and Forecasting.

Staff: CFO – 1
Controller – 1
Financial Analyst – 3
Tech – 1
Assistant - .5

Gift & Records Processing

The Gift & Records Processing Department processes all university contributions including gifts, pledges, and pledge payments. This office receives, records, and legally receipts gifts of all forms – monetary and gift-in-kind. Our goal is to ensure that donations are in compliance with university policies and federal regulations, are in accordance with donor intent, and that security and confidentiality is maintained in the processing of all records.

Staff: Manager – 1
Supervisor – 1
Associate – 1
Gift Processing Reps – 4
Assistant - .50
Students - 3

Health Science Center (HSC) Development

The VP of HSC Development is tasked with providing leadership for the development effort and serves as an advisor on development for the Deans and their working committees. Additional responsibilities include:

- Initiates, coordinates, and evaluates all fundraising activities, provides guidance and leadership to the HSC community including administrators, faculty, staff, students, and volunteers relative to fundraising activities.
- Personally identifies, cultivates, and solicits prospects for major gifts as defined by the Foundation's development standards through visits and other forms of direct contact.
- Establishes revenue and performance goals.
- Directly supervises all development HSC operating units and associated personnel.

The Health Sciences Center includes the College of Nursing, College of Pharmacy, School of Medicine, the UNM Cancer, and UNM Hospitals.

Staff: VP - 1
Senior Director – 3
Senior Development Officer – 1
Development Officer (Director of Development) - 3
Associate Director – 2
Assistant Director – 1
Executive Assistant – 1

Human Resources and Facilities

The Human Resource department is tasked with the planning, implementation, operation, and administration of all generalist and employment-related services, ensuring maximum efficiency, cost-effectiveness, compliance with all applicable laws, regulations, and policies, and consistency with the Foundation's overall mission, goals, and objectives. The generalist and employment-related services include the HR department having responsibility for compensation and benefits, training and development, performance management, policy development and implementation, employee communication plans and strategies, strategic business planning, retirement planning, legal compliance, discipline, and employment termination. The HR department provides human resource consultation, training, and support to the Foundation.

Members of the HR department also provide facility management, which includes: security access responsibility, liaison with property management; and safety and evacuation training.

Staff: Senior Director – 1
Generalist/Facilities – 1
Assistant – 1
Students – 1

Information Technology

IT manages technology spans wide variety of areas that include but are not limited to things such as processes, computer software, information systems, computer hardware, programming languages, and data constructs. In short, anything that renders data, information or perceived knowledge in any visual format whatsoever, via any multimedia distribution mechanism, is considered part of the domain space known as Information Technology (IT). We are responsible for long range planning and implementation of new information computer systems which best meet the requirements of user departments.

Staff: Senior Director – 1 (*Sr. Director responsible for Information Technology, Gift Administration, and Gift & Data Processing*)
System Administrator – 1
Senior Program Analyst - 1
Programmer – 1
Training Specialist – 1
Data Entry (Temp) – 1
Students – 3

Legal

The General Counsel provides representation of the UNM Foundation in all legal process in the court and does all its legal issues connected to the UNM Foundation as an employee of the organization. Areas handled by General Counsel include:

- Risk Management – handles purchase of and claims made under liability insurance policies
- Gifts, Estates, and Trusts
- Contract Preparation and Review
- Public Relations – manages crisis communications, presentations
- Employment – review of employee handbook, forms, and communications
- Compliance
- Litigation
- Corporate Law

Staff: General Counsel – 1
Assistant – .5

Planned Giving

The Director of Gift Planning develops, promotes, implements and manages/directs the Foundation's Planned Giving program including the development of comprehensive plans for soliciting and securing major planned gifts.

Staff: Director – 1
Assistant – .5

Research

The Research Department is responsible for the coordination and production of information on the prospects and donors to the Foundation, to the University and the Health Sciences Center, for tracking cultivation and solicitation progress, and for prospect identification.

Staff: Manager – 1
Specialist – 1
Coordinator – 1

University Development

The VP for University Development is responsible for overseeing fundraising for main campus and athletics. The departments include development and major gift fundraising, more specifically front line fundraisers for specific colleges/schools including: College Of Engineering, College of Education, College of Fine Arts, School of Architecture & Planning, University Libraries, Popejoy Hall, Anderson School of Management, College of Arts & Sciences, School of Law, and the Department of Intercollegiate Athletics.

The development staff, for each of the units, have a primary function of raising major gifts for their units to include either donor interests or unit initiatives dictated by Deans and other leadership in their area.

Staff: VP – 1
Senior Director – 2
Senior Development Officer – 2
Associate Athletics Director for Development – 1
Assistant Athletics Director for Major Gifts – 1
Assistant Athletics Director for Development – 1
Director of Development – 6
Development Officer – 2
Assistant Director – 2
Development Coordinator – 2
Executive Assistant – 1

2011 Institutional Advancement and Alumni Relations Compensation Survey

Survey Background:

The Institutional Advancement & Alumni Relations Compensation Survey conducted by McConnell & Company was started in 1999 as part of an annual client project for the Florida State University Foundation (FSUF). FSUF sponsored the survey for 10 years as the participant group gradually expanded and the report became widely referenced among Advancement professionals. In 2010, the survey transitioned from being sponsored by one organization to participant driven; allowing more adaptability in the content surveyed, increasing the scope of invited participant organizations, and more report offerings (such as custom peer group data cuts).

What sets the McConnell & Company survey apart from other nationally conducted compensation surveys is that data is collected for each incumbent (individual) as opposed to collecting the average of all incumbents with the same job title/code. This gives our data a more robust perspective in terms of defining a true salary range for the position. We collect data for 50 different positions commonly found in a development and alumni relations environment. Jobs are matched on responsibilities not titles. All survey reports are consistent with safe harbor guidelines issued by U.S. Dept. of Justice & U.S. Federal Trade Commission.

Participant List:

ASU Foundation for A New American University	University of Iowa Foundation
Clemson University Foundation	University of Kentucky
Georgetown University	University of Maryland -College Park
Georgia Institute of Technology	University of Mississippi Foundation
Georgia State University Foundation	University of Missouri (MIZZOU)
Indiana University Foundation	University of Nebraska Foundation
Iowa State University Foundation	University of North Texas
Kansas University Endowment	University of Pittsburgh
LSU Foundation	University of South Alabama
Minnesota Medical Foundation	University of South Carolina
North Carolina State University	University of Washington
Oregon State University Foundation	University of Wisconsin Foundation
Rutgers University Foundation	USF Foundation Inc.
Stony Brook Foundation	Villanova University
Temple University	Virginia Tech
Texas A&M Foundation	West Virginia University Foundation, Inc.
The Florida State University Foundation	Western Kentucky University Foundation, Inc.
The University of Arizona Foundation	
The University of Montana Foundation	
The University of New Mexico Foundation	
The University of Tennessee Foundation, Inc.	
UGA Foundation	
University of Alabama at Birmingham	
University of Central Florida Foundation, Inc.	
University of Cincinnati Foundation	
University of Colorado Foundation	
University of Florida Foundation, Inc.	
University of Illinois Foundation	

McConnell 2012 Report

18-Jan-12

(Median based on 50th Percentile)

2012 Number of Staff	UNMF Title	Yrs Exp	UNMF Median	Salary Median	Yrs Exp	Survey Position	Classificatio n Job #	Head Count
1	CEO	30	\$281,000	\$ 299,211	7.0	Head of Advancement	1001	46
1	VP for Development	14	\$140,000	\$ 170,058	8.0	Head of Major Development	1002	43
0	Not Filled Budget Constraints			\$ 140,000	10.0	Head of Central Fundraising	1003	30
1	Director of Advancement & Admin Services	35	\$152,000	\$ 173,400	10.3	Head of Administration/COO	1004	23
0	Not Filled Budget Constraints			\$ 164,050	6.0	Campaign Manager	1005	10
1	Director of Gift Planning	20	\$101,000	\$ 120,000	7.6	Head of Planned Giving	1006	37
1	Director of Annual Giving	8	\$85,000	\$ 85,000	5.0	Head of Annual [General] Giving	1007	36
1	Alumni University Position			\$ 152,437	8.5	Head of Alumni Relations	1008	21
1	General Counsel	27	\$172,950	\$ 156,137	14.0	General Counsel	1009	12
1	Dir of Trustee Relations & Dev	16	\$74,000	\$ 86,441	6.0	Chief of Staff	1010	10
1	Assoc VP	14	\$106,072	\$ 129,043	6.1	Head of Advancement Services	1011	23
0	Not Filled Budget Constraints			\$ 142,479	14.0	Principal Gifts Officer	1100	28
1	VP of HSC Development	14	\$160,000	\$ 175,200	5.0	Head of Health Center/College of Medicine Development	1200	18
0	Not Filled Budget Constraints			\$ 110,240	8.0	Unit Manager	2010	98
4	Sr. Director of Development	10	\$90,250	\$ 94,211	5.4	Major Gifts Officer - Senior	2011	245
11	Director of Development	10	\$68,000	\$ 73,144	3.7	Major Gifts Officer - Intermediate	2012	473
4	Associate Director of Development	7	\$46,500	\$ 53,371	2.0	Major Gifts Officer - Associate	2013	231
1	Corporate/Foundation Senior Director of Development	18	\$90,000	\$ 99,720	5.0	Corporate and/or Foundation Gifts Officer - Senior	2021	51
1	Corporate/Foundation Director of Development	8	\$80,000	\$ 72,000	3.0	Corporate and/or Foundation Gifts Officer - Intermediate	2022	49
0	Not Filled Budget Constraints			\$ 53,555	4.0	Corporate and/or Foundation Gifts Officer - Associate	2023	10
5	Associate Director/Asst. Director	9	\$44,000	\$ 45,395	3.0	Annual Gifts Officer	2030	92
0	Not Filled Budget Constraints			\$ 85,250	4.6	Planned Giving Officer	2040	82

2012 Number of Staff	UNMF Title	Yrs Exp	UNMF Median	Salary Median	Yrs Exp	Survey Position	Classificatio n Job #	Head Count
0	Not Filled Budget Constraints			\$ 80,269	4.0	Regional Development Officer	2050	76
0	Not Filled Budget Constraints			\$ 73,000	6.0	Head of Research and Prospect Mgmt	2200	40
1	Research Specialist	9	\$38,820	\$ 41,550	3.3	Research Analyst	2201	164
1	Director of Donor Relations	11	\$73,130	\$ 73,797	10.0	Head of Donor Relations	2300	38
2	Donor Relations Officer/Donor Relations Associate	8	\$45,762	\$ 48,000	3.7	Donor Relations Officer	2301	61
	University Position			\$ 47,975	4.7	Events Planner	2302	68
	Alumni University Position			\$ 76,492	7.0	Head of Alumni Marketing & Membership	2400	16
	Alumni University Position			\$ 45,900	2.9	Alumni Marketing Officer	2401	23
	Alumni University Position			\$ 80,700	11.0	Head of Alumni Programs and Outreach	2500	18
	Alumni University Position			\$ 48,292	4.0	Alumni Relations Officer	2501	74
1	Director of Communications	30	\$70,000	\$ 84,788	3.3	Head of Communications	2600	34
1	Marketing/Web	14	\$50,000	\$ 58,000	5.0	Communications Officer	2601	77
1	CFO	29	\$168,000	\$ 158,340	10.0	Chief Financial Officer	3100	31
1	Controller	8	\$90,000	\$ 88,230	7.9	Asst Dir of Finance and Accounting	3101	37
	Not Filled Budget Constraints			\$ 65,920	8.0	Head of Gift Processing/Data Mgmt	3102	40
1	Senior Director of HR	18	\$95,000	\$ 89,148	8.0	Head of Human Resources	3200	28
	Not Filled Budget Constraints			\$ 105,019	8.0	Head of Information Services	3300	37
	Not Filled Budget Constraints			\$ 74,020	11.1	Network Administrator	3301	36
	Not Filled Budget Constraints			\$ 67,018	5.0	Senior Web Developer	3302	25
	Not Filled Budget Constraints			\$ 229,700	5.2	Head of Investments/Chief Investment Officer	3400	8
	Not Filled Budget Constraints			\$ 114,253	4.0	Director of Investments/Investment Manager	3401	16
	Not Filled Budget Constraints			\$ 64,050	3.4	Investment Analyst	3402	12
1	UNMF 2nd Highest Paid Executive		\$172,950	\$ 198,250	6.0	2nd Highest Paid Executive	4002	46
1	UNMF 3rd Highest Paid Executive		\$168,000	\$ 185,450	8.0	3rd Highest Paid Executive	4003	46
1	UNMF 4th Highest Paid Executive		\$160,000	\$ 162,750	6.0	4th Highest Paid Executive	4004	46
1	UNMF 5th Highest Paid Executive		\$152,000	\$ 150,000	7.8	5th Highest Paid Executive	4005	45



Philanthropy Study Committee

Review of Summary Points:

Cara Quackenbush - Eduventures (cont.)

Key Findings

- *Increased investments over time in budget and staff produce higher fundraising totals*
- *Despite budget constraints institutions are continuing to invest in advancement staff*



Philanthropy Study Committee

Review of Summary Points:

Richard Lawrence - University of Colorado Foundation

- *UC made the decision to maintain investments in long term initiatives during tight budget periods*
- *Planned giving is the most efficient fundraising initiative with a cost of \$.08 to raise a dollar*
- *UC holds monies to be distributed to the University until requested and earns a 3% short term interest rate on those "callable" funds*
- *The fee on the endowment is 135 bps or 1.35%. University of Colorado does not have a gift fee*

University Foundation Fiscal Officers FY11 Data Survey as of 6/30/11 with additional information gathered by UNM Foundation		Arizona State University Foundation	Arizona, University of	Colorado Foundation, University of	Florida State University Foundation	Georgia State University	Illinois, University of	Indiana University Foundation	Iowa Foundation, University of	Iowa State University Foundation	Kansas State University Foundation
Endowment (\$ in millions)											
Institution's Endowment Balance (M)		515	535	781	525	113	1,600	1,600	1,059	620	337
Budget (\$000s)											
Current Operating Budget		29,000	16,500	23,623	15,976	8,035	23,900	25,985	21,142	14,780	12,088
Budget Funding Sources											
	University	12,200	6,000	5,100	5,000	4,415	7,990	4,923	5,630	2,872	2,669
	University as % of total budget	42.1%	36.4%	21.6%	31.3%	54.9%	33.4%	18.9%	26.6%	19.4%	22.1%
	Endowment admin fees	7,722	6,700	13,537	8,622	1,100	14,725	14,773	10,663	6,288	4,631
	Gift fees	1,505	2,800	—	—	—	—	—	2,114	2,110	—
	Fees/Investment earnings on ST funds, UNR Reserves	3,549	1,000	4,466	2,270	1,000	560	5,707	2,490	2,720	2,547
	All other	4,024	—	520	84	1,520	625	1,000	245	790	2,240
Audit & Tax											
FY11 Audit Firm		Grant Thornton	—	EKS&H	Ernst & Young	Cherry Bekaert & Holland	McGladrey	Deloitte	RSM McGladrey	Deloitte & Touche	BKD
FY11 Audit Fee		\$74,200	—	\$69,000	\$104,000	\$58,000	\$49,500	\$102,400	\$48,000	\$84,550	\$58,500 (incl. 403b)
FY11 Tax Provider		Grant Thornton	—	EKS&H	Ernst & Young	Cherry Bekaert & Holland	Deloitte	Deloitte	RSM McGladrey	Deloitte & Touche	BKD
FY11 Tax Fee		\$21,200	—	\$10,000	\$11,900	\$4,700	\$47,200	\$8,000	\$6,045	\$17,000	\$7,000
Other											
Mimimum \$ Requirement on Permanent Endowments		\$25,000	—	\$25,000	\$25,000	\$25,000	\$25,000	\$10,000	\$50,000	\$25,000	\$25,000
	Who covers credit card gift fees?	Recipient account	—	Operating budget	Absorbed by Foundation	Central budget	Deducted from gift	Recipient account	Foundation pays	Paid centrally	Recipient account
Accounting System Provider		SunGard	—	SunGard	Blackbaud	Blackbaud	Blackbaud	Blackbaud	SunGard	Blackbaud	Blackbaud
	Satisfaction Level	Moderate	—	Like	Like a lot	Like	Like	Like	Very satisfied	Like	Okay
	Provider change planned	No	—	No	No	No	Within next 2-3 years	No	No	No; will review	No; will review
Implemented e-receipting?		No	—	Yes	No	No	No	No	No	No	Yes
	Year implemented & gift level		—	FY05; donor opt-in							FY09; all gifts with email on file
Alum Assoc. Included in Budget?		No	—	No	No	No	No	No	No	No	No
How many states are you registered in?		3	—	24(7 exempt)	24 (15 exempt, 11 not required)	All required	~15 (990Ts filed)	21 (19 exempt, 11 not required)	26	23 (28 exempt, or not required)	26 (14 exempt,11 not required)
Purchased Cyber Insurance?		Yes, recently	—	No	No	—	—	—	—	No	—
Effective Annual Payout Rate		3.4%	—	4.3%	3.5%	—	—	—	—	3.4%	—

University Foundation Fiscal Officers FY11 Data Survey as of 6/30/11 with additional information gathered by UNM Foundation		Michigan State University	Minnesota Foundation, University of	Nebraska Foundation, University of	New Mexico Foundation, University of	Oklahoma Foundation, University of	Oklahoma State University Foundation	Penn State University	Southern Illinois University Foundation	Texas A&M Foundation	Wisconsin Foundation, University of
Endowment (\$ in millions)											
Institution's Endowment Balance (M)		1,407	2,503	1,250	324	740	616	1,800	95	5224	1,769
Budget (\$000s)											
Current Operating Budget		18,031	23,000	23,000	9,365	3,945*	16,711	n/a	6,089	15,700	26,893
Budget Funding Sources											
	University	14,031	2,300	—	1,200	—	2,135	20,000	3,346	160	—
	University as % of total budget	77.8%	10.0%	0.0%	12.8%	—	12.8%		55.0%	1.0%	—
	Endowment admin fees	4,000	14,500	16,300	6,125	7,500	9,081	8,412	1,203	8,400	16,000
	Gift fees	—	—	—	—	—	150	—	450	2,150	—
	Fees/Investment earnings on ST funds, UNR Reserves	—	4,800	6,700	744	6,000	5,179	1,000	1,090	4,360	9,000
	All other	—	1,400	—	1,296	1,600	166	5,150	—	630	3,500
Audit & Tax											
FY11 Audit Firm		Plant & Moran	KPMG	KPMG	Moss Adams	Hogan Taylor LLP	Cole & Reed, PC	Deloitte	Larson Allen	BKD	Grant Thornton
FY11 Audit Fee		Part of MSU fee	\$89,860	\$60,000 (incl. 403b)	\$62,060	\$63,000	\$70,000	n/a	\$36,290	\$75,000	\$121,000
FY11 Tax Provider		Internal/MSU services	Deloitte & Touche	KPMG	Moss Adams	Hogan Taylor LLP	KPMG	n/a	Online Form 990	Durst, Wood (Local firm)	Grant Thornton
FY11 Tax Fee		Not separable	\$45,000	\$5,500	\$13,910	\$4,000	~\$18,500	n/a	\$135	\$6,990	\$112,000
Other											
Mimimum \$ Requirement on Permanent Endowments		\$30,000	\$25,000	\$25,000	\$25,000	\$10,000	\$25,000	\$25,000	\$25,000	\$25,000	\$10,000
	Who covers credit card gift fees?	Charged back to college/unit	Endow. Pool	Foundation covers	Foundation covers	Deducted from gift	Foundation Operating Budget (excl. Athletics)	Covered indirectly by annual giving charge	Central Admin	Deducted from gift	Foundation pays
Accounting System Provider		Kuali	In-house	Blackbaud	SunGuard	See note**	Blackbaud	In-house	SunGard	Blackbaud	JD Edwards
	Satisfaction Level	Growing affection	Love	Mixed feelings	Like	Like	Like	n/a	Like	Satisfactory	OK, some limitations
	Provider change planned	Just changed 1/1/11	No; will review	No	No; will review	No	No	n/a	No	Evaluating options	Possibility, still looking
Implemented e-receipting?		No	Yes	No	No	No	No; will soon	No	No	No	Yes
	Year implemented & gift level		FY11; <\$1k + all online gifts				Use Blackbaud Net Cummunity	Intend to start			FY11; all online gifts
Alum Assoc. Included in Budget?		Yes	No	No	No	No	No	No	No	No	No
How many states are you registered in?		Michigan	5	19	37	n/a	CGA admin only; pursuing for all	n/a	25	37	38
Purchased Cyber Insurance?		No	No	—	No	No					
Effective Annual Payout Rate		4.6%	4.3%	4.5%	4.6%	4.2%					

UFFO FY11 Data Survey: Administrative Fee & Spending Policy		
Institution	Administrative Fee	Spending Policy
Arizona State University Foundation ⁽¹⁾	2% of 12 quarter rolling average market value	Constant growth formula [prior year + inflation with cap and floor of 4.25% and 3.25% of 12 quarter moving average calculated mid-year]
Colorado Foundation, University of	Combination of: A) 1.9% on first \$1M of any endowment AND B) 1% on fund balance above \$1M OR C) 1% on entire amount of any endowment > \$60M	Greater of 4% of current market value or 4.5% of endowment's 36 month average market value, calculated monthly [Plan to review existing policy and other options within next year]
Florida State University Foundation	2.5%	4% of 3-year average quarterly market value
Georgia State University	1%	Spending rate calculated at pool level: A) Inflation-adjusted prior year [70% weight] B) 4.5% of beginning year MV [30% weight] Spending Rate = A+B/Beginning Year Market Value of pool Rate multiplied by each account's average market for past year
Illinois, University of	1.2%	4% of 6-year moving average market value
Indiana University Foundation ⁽²⁾	1%	5% of a 12 quarter rolling average with inflationary banding [+2x the 5-year CPI, -1 x CPI]
Iowa Foundation, University of ⁽³⁾	1%	Banded inflation; increase from prior year by CPI, bands 4% and 6% tested quarterly
Iowa State University Foundation	1.25% of current market value	4.25% of 12 quarter average
Kansas State University Foundation	1.45% with objective to lower to 1% by 2021	Inflation based; payout increased by CPI every year with floor and ceiling of 3% and 4.75% of 7/1 market value [Recently lowered ceiling from 5% to 4.75%]
Michigan State University	FY12 = 0.58%; approved up to 1%	5% of average MV of the CIF for prior 20 quarters; expressed as a dollar per unit annual distribution amount based on # of units in CIF at time of calculation
Minnesota Foundation, University of	1% of current MV of endowment pool annually [Assessed monthly]	4.5% of 5-year trailing average MV of each fund; asessed monthly [Plan to review existing policy and other options within next year]
Minnesota Medical Foundation	1.25%	4.75% per annum paid quarterly based on 20 quarter average
Nebraska Foundation, University of	1.85%	4.5% of 20-quarter average
New Mexico, Foundation, University of ⁽⁵⁾	1.85%	4.65% of 20-quarter average
Oklahoma Foundation, University of	1%	5% of 12 quarter moving market average
Oklahoma State University Foundation	2.1%	5% of gift adjusted annually by inflationary factor equal to the % change of CPI of current year over previous year. Adjustment by Investment Committee allowed if total spending outside of 3% and 5% bands.
Penn State University	n/a	4.5% of a 5-year moving average
Southern Illinois University Foundation	1.5% of 12/31 market value annually	Calculated at pool level, sum of: A) Previous year +HEPI [80% weight] AND B) 3-yr avg MV x (LT inv. Rate - HEPI) [20% weight] C) Less 1.5% investment/administrative fee
Texas A&M Foundation	90 bps of 20 quarter moving averge	4.5% of 20 quarter moving average
Wisconsin Foundation, University of	1%	4.5% of 16 quarter average MV [Recently changed from 4.75% of 12 quarter average MV]

⁽¹⁾ Arizona State University Foundation Spending Policy prior to this fiscal year was 4% of the average market value of the endowment for the previous year

⁽²⁾ Indiana University Foundation Spending Policy rate is 5% in FY12, stepping down to 4.5% over the next 6 years

⁽³⁾ University of Iowa Foundation Spending Policy: Method described here was implemented in FY11; prior to FY11 it was calculated as 5% on 12 quarter moving average (per FY10 UFFO survey)

⁽⁴⁾ Texas A&M Foundation Spending Policy: Board adopted a plan to reduce rate by 10 bps per year for 5 years to reach target of 4% by 2016; to be reviewed annually

⁽⁵⁾ UNM Foundation has 25 development officers. UNM has 5 foundations other than UNMF.

Note: Yellow-highlighted institution names in this chart appear on an expanded, proposed list of UNM peer institutions provided by Philanthropy Study committee member Andrew Cullen. This list has been developed in order to make practical and meaningful comparisons to UNM inclusive of flagships with medical schools, southwest regional schools with which UNM may compete for students, and schools with a minority majority student population. In addition to the 9 highlighted institutions on the list for which this data is available, the expanded peer group includes University of Colorado Denver, University of Nevada Las Vegas, University of Utah, University of Houston, University of Missouri Columbia, New Mexico State University, Texas Tech University, University of North Texas, The University of Texas el Paso, The University of Texas Arlington, Florida International University, and University of California Riverside.

How Public College & University Foundations Pay for Fund-Raising

by Royster C. Hedgepeth



A study published by the
**Association of Governing Boards
of Universities and Colleges**
and the
**Council for Advancement and
Support of Education**
with generous support from the
Society for Institutionally Related Foundations

Pros and Cons of Key Revenue Sources

College and university respondents in the survey reported using a total of 20 sources of revenue to fund their fund-raising budgets.

Here are the sources and the number of foundations (institutions) that reported using each:

Unrestricted gifts	28
Endowment management fees	25
Income on daily cash balances	19
Employees on institutional payroll	17
Administrative fees assessed on new gifts	12
Alumni funds	11
State and institutional funds budgeted for fund-raising operations	7
Contract for services	6
In-kind from the institution	6
Academic unit charge backs	5
Endowment designated for fund-raising	3
Real estate sales	1
Real estate leases	1
Unrestricted endowment	1
Special events	1
Designated gifts	1
Endowment growth	1
Foundation reserves	1
Overhead added for specific projects	1
Entrepreneurial projects	1
Unstated	4

The five sources that appear to have the greatest capacity for providing significant increases in fund-raising budgets are:

- institutional support—a category that includes several sources: state and/or institutional funds, contracted services, employees on

institutional payroll, in-kind institutional support (usually space and various services), and school, college, departmental or project charge-backs;

- unrestricted gifts;
- endowment management fees;
- income on daily cash balances; and
- fees assessed on gifts.

Each source of funding has its proponents and its opponents. The strengths and liabilities of each are discussed below:

Institutional Support

Proponents of institutional support for fund-raising and/or foundation operations point out that many institutions have provided such support historically. This is true especially for programs in start-up or emerging status. Using institutional funds conveys to donors the message that the institution is making an investment in its own future. Moreover, it can ensure a close link between the institution's priorities and the foundation's fund-raising efforts.

Institutional funds can be the most readily available and predictable because they come through the regular budget cycle. On the other hand, they can be vulnerable to cutbacks when institutions find their budgets squeezed by state funding constraints, especially during economic downturns. When fund-raising budgets are

CAMPAIGN HISTORY

“EMBRACE EXCELLENCE”

- Timeline: 1986-1990
- Development Officers: 25-30
- Goal: \$200-\$250 million
- Result: \$392.6 million

CAMPAIGN HISTORY

“IT’S PERFORMANCE THAT COUNTS”

- 1997-2000
- Development Officers: 40
- Goal: \$500 million - \$750 million
- Result: \$850.4 million

CAMPAIGN HISTORY

“FLORIDA TOMORROW”

- 2005-2012
- Development Officers: 74
- Goal: \$1.2-1.5 billion
- Result: \$1.45 billion to date- 10 months remaining



Philanthropy Study Committee

Minus Model

- **Reduction in Development Officers**
(from historically low performing colleges) **minus 6 positions**
- **Reduction in Proportionate Number of Administrative and Support Staff** **minus 6 positions**
- **Resulting in Budget Reduction** **\$ 720,000**
- **Resulting in Base Fundraising Capacity Reduced Annually (approximately)** **\$5 million**
- **Resulting in Annual Base Fundraising Capacity** **\$45 - \$55 million**



Philanthropy Study Committee

Model # 1

- **Current Budget plus Variance (\$500,000)**
(projected with 2% inflation rate)
- **Current Staffing Levels**
(25 frontline development officers, 83.5 total staff)
- **Budget (FY12/13)** **\$ 9.8 million**
- **Annual Base Fundraising Capacity** **\$50 - \$60 million**



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Model # 2

➤ Model # 1 Assumptions plus Adding 10 Staff Over 5 Years

Planned Giving Officer	1
Major Gift Officer	1
Regional Officers - East and West Coast, Central (to be assigned based on evaluation)	4
Total Frontline FTE	<hr/> 6
Support Staff	4
Total New Positions	<hr/> 10

➤ Budget (FY12/13)

(5th year - 31 frontline officers, 93.5 total staff) \$ 10 million

➤ Annual Base Fundraising Capacity \$62 – \$72 million



Philanthropy Study Committee

Model # 3

➤ Model # 1 and Model # 2 Assumptions plus Adding 10 More Staff (Total 20) Over 5 Years

Additional Planned Giving Officer	1
Additional Unit Based Development Staff (assigned to historically most productive units)	5
Total Additional Frontline FTE	6
Additional Support Staff	4
Total Additional Positions	10

➤ Budget (FY12/13)

(5th year - 37 frontline officers, 103.5 total staff) \$ 10.3 million

➤ Annual Base Fundraising Capacity \$74 – \$84 million

The University of New Mexico Foundation Five Year Budget Proposal (#1)

ASSUMPTIONS: Maintain current level of staffing 2% annual inflation factor for expenses \$500,000 budgeted surplus for unpredictable revenue sources DFA revenue remains constant (increases in endowment decrease bps)	FY2011-12 Projection	FY2012-13 Proposal	FY2013-14 Proposal	FY2014-15 Proposal	FY2015-16 Proposal	FY2016-17 Proposal
GIFT COMMITMENTS	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
STAFFING:						
Major Gift Fundraisers	25.0	25.0	25.0	25.0	25.0	25.0
Direct Support to Fundraisers	16.5	16.5	16.5	16.5	16.5	16.5
Centralized Fundraising Services	27.0	27.0	27.0	27.0	27.0	27.0
Management	15.0	15.0	15.0	15.0	15.0	15.0
	83.5	83.5	83.5	83.5	83.5	83.5
REVENUES						
INSTITUTIONAL SUPPORT (COST SHARING OR FEE FOR SERVICES)	\$ 1,821,222	\$ 2,815,391	\$ 3,001,207	\$ 3,190,738	\$ 3,384,061	\$ 3,581,250
DEVELOPMENT FUNDING ALLOCATION (DFA)	5,894,178	5,894,178	5,894,178	5,894,178	5,894,178	5,894,178
SHORT-TERM INVESTMENT INCOME	900,000	900,000	900,000	900,000	900,000	900,000
UNRESTRICTED GIFTS, MISCELLANEOUS REVENUES & TRANSFERS	181,206	181,206	181,206	181,206	181,206	181,206
TOTAL REVENUES	\$ 8,796,606	\$ 9,790,775	\$ 9,976,591	\$ 10,166,122	\$ 10,359,445	\$ 10,556,634
OPERATING EXPENSES						
SALARIES/PAYROLL TAXES/FRINGE BENEFITS (FOUNDATION)	\$ 6,882,083	\$ 7,019,725	\$ 7,160,119	\$ 7,303,322	\$ 7,449,388	\$ 7,598,376
OPERATING EXPENDITURES	2,226,520	2,271,050	2,316,471	2,362,801	2,410,057	2,458,258
TOTAL OPERATING EXPENSES	\$ 9,108,603	\$ 9,290,775	\$ 9,476,591	\$ 9,666,122	\$ 9,859,445	\$ 10,056,634
OPERATING SURPLUS/(DEFICIT)	\$ (311,997)	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
BEGINNING RESERVE BALANCE FOR OPERATIONS	\$ 1,261,943	\$ 949,946	\$ 1,449,946	\$ 1,949,946	\$ 2,449,946	\$ 2,949,946
ENDING RESERVE BALANCE FOR OPERATIONS	\$ 949,946	\$ 1,449,946	\$ 1,949,946	\$ 2,449,946	\$ 2,949,946	\$ 3,449,946

Note: Over the 5-year period, gift commitments total \$250,000,000 and institutional support totals \$15,972,647.

The University of New Mexico Foundation Five Year Budget Proposal (#2)

ASSUMPTIONS: Add 10 staff (fundraisers & support) over five year period 2% annual inflation factor for expenses + \$15,000/new fundraiser \$500,000 budgeted surplus for unpredictable revenue sources DFA revenue remains constant (increases in endowment decrease bps)	FY2011-12 Projection	FY2012-13 Proposal	FY2013-14 Proposal	FY2014-15 Proposal	FY2015-16 Proposal	FY2016-17 Proposal
GIFT COMMITMENTS	\$ 50,000,000	\$ 54,000,000	\$ 56,000,000	\$ 58,000,000	\$ 60,000,000	\$ 62,000,000
STAFFING:						
Major Gift Fundraisers	25.0	27.0	28.0	29.0	30.0	31.0
Direct Support to Fundraisers	16.5	16.5	17.5	18.5	19.5	20.5
Centralized Fundraising Services	27.0	27.0	27.0	27.0	27.0	27.0
Management	15.0	15.0	15.0	15.0	15.0	15.0
	83.5	85.5	87.5	89.5	91.5	93.5
REVENUES						
INSTITUTIONAL SUPPORT (COST SHARING OR FEE FOR SERVICES)	\$ 1,821,222	\$ 3,075,391	\$ 3,452,407	\$ 3,836,962	\$ 4,229,209	\$ 4,629,301
DEVELOPMENT FUNDING ALLOCATION (DFA)	5,894,178	5,894,178	5,894,178	5,894,178	5,894,178	5,894,178
SHORT-TERM INVESTMENT INCOME	900,000	900,000	900,000	900,000	900,000	900,000
UNRESTRICTED GIFTS, MISCELLANEOUS REVENUES & TRANSFERS	181,206	181,206	181,206	181,206	181,206	181,206
TOTAL REVENUES	\$ 8,796,606	\$ 10,050,775	\$ 10,427,791	\$ 10,812,346	\$ 11,204,593	\$ 11,604,685
OPERATING EXPENSES						
SALARIES/PAYROLL TAXES/FRINGE BENEFITS (FOUNDATION)	\$ 6,882,083	\$ 7,249,725	\$ 7,565,719	\$ 7,888,034	\$ 8,216,794	\$ 8,552,130
OPERATING EXPENDITURES	2,226,520	2,301,050	2,362,071	2,424,313	2,487,799	2,552,555
TOTAL OPERATING EXPENSES	\$ 9,108,603	\$ 9,550,775	\$ 9,927,791	\$ 10,312,346	\$ 10,704,593	\$ 11,104,685
OPERATING SURPLUS/(DEFICIT)	\$ (311,997)	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
BEGINNING RESERVE BALANCE FOR OPERATIONS	\$ 1,261,943	\$ 949,946	\$ 1,449,946	\$ 1,949,946	\$ 2,449,946	\$ 2,949,946
ENDING RESERVE BALANCE FOR OPERATIONS	\$ 949,946	\$ 1,449,946	\$ 1,949,946	\$ 2,449,946	\$ 2,949,946	\$ 3,449,946

Note: Over the 5-year period, gift commitments total \$290,000,000 (\$40 million more than #1) and institutional support totals \$19,223,270 (\$3.25 million more than #1).

The University of New Mexico Foundation Five Year Budget Proposal (#3)

ASSUMPTIONS: Add 20 staff (fundraisers & support) over five year period 2% annual inflation factor for expenses + \$15,000/new fundraiser \$500,000 budgeted surplus for unpredictable revenue sources DFA revenue remains constant (increases in endowment decrease bps)	FY2011-12 Projection	FY2012-13 Proposal	FY2013-14 Proposal	FY2014-15 Proposal	FY2015-16 Proposal	FY2016-17 Proposal
GIFT COMMITMENTS	\$ 50,000,000	\$ 58,000,000	\$ 62,000,000	\$ 66,000,000	\$ 70,000,000	\$ 74,000,000
STAFFING:						
Major Gift Fundraisers	25.0	29.0	31.0	33.0	35.0	37.0
Direct Support to Fundraisers	16.5	16.5	18.5	20.5	22.5	24.5
Centralized Fundraising Services	27.0	27.0	27.0	27.0	27.0	27.0
Management	15.0	15.0	15.0	15.0	15.0	15.0
	83.5	87.5	91.5	95.5	99.5	103.5
REVENUES						
INSTITUTIONAL SUPPORT (COST SHARING OR FEE FOR SERVICES)	\$ 1,821,222	\$ 3,335,391	\$ 3,903,607	\$ 4,483,186	\$ 5,074,358	\$ 5,677,353
DEVELOPMENT FUNDING ALLOCATION (DFA)	5,894,178	5,894,178	5,894,178	5,894,178	5,894,178	5,894,178
SHORT-TERM INVESTMENT INCOME	900,000	900,000	900,000	900,000	900,000	900,000
UNRESTRICTED GIFTS, MISCELLANEOUS REVENUES & TRANSFERS	181,206	181,206	181,206	181,206	181,206	181,206
TOTAL REVENUES	\$ 8,796,606	\$ 10,310,775	\$ 10,878,991	\$ 11,458,570	\$ 12,049,742	\$ 12,652,737
OPERATING EXPENSES						
SALARIES/PAYROLL TAXES/FRINGE BENEFITS (FOUNDATION)	\$ 6,882,083	\$ 7,479,725	\$ 7,971,319	\$ 8,472,746	\$ 8,984,200	\$ 9,505,884
OPERATING EXPENDITURES	2,226,520	2,331,050	2,407,671	2,485,825	2,565,541	2,646,852
TOTAL OPERATING EXPENSES	\$ 9,108,603	\$ 9,810,775	\$ 10,378,991	\$ 10,958,570	\$ 11,549,742	\$ 12,152,737
OPERATING SURPLUS/(DEFICIT)	\$ (311,997)	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
BEGINNING RESERVE BALANCE FOR OPERATIONS	\$ 1,261,943	\$ 949,946	\$ 1,449,946	\$ 1,949,946	\$ 2,449,946	\$ 2,949,946
ENDING RESERVE BALANCE FOR OPERATIONS	\$ 949,946	\$ 1,449,946	\$ 1,949,946	\$ 2,449,946	\$ 2,949,946	\$ 3,449,947

Note: Over the 5-year period, gift commitments total \$330,000,000 (\$80 million more than #1) and institutional support totals \$22,473,895 (\$6.5 million more than #1).

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	1a	Charge: Co-Chair, Regent Jack Fortner	The charge to this committee is to make recommendations for maximizing fundraising support at UNM.	12-9-11	Minutes	<i>This is fundamental to developing solid revenue streams for the success of the UNM mission.</i>	
	1b	Charge: Co-Chair, Regent Jack Fortner	The importance of fundraising has been emphasized with the candidates in the UNM Presidential search and as other funding sources are negatively impacted by current economic conditions, fundraising support will become an increasingly important revenue source in maintaining the core mission at UNM.	12-9-11	Minutes		
	2a	Charge: Co-Chair, UNMF Chair Gary Gordon	It would be appreciated that the main focus of this committee be on funding.	12-9-11	Minutes		
	3a	Opening Comments – Henry Nemcik, UNMF	There are many foundations, each built on certain principles and evolving within their own unique culture to become what they are today.	12-9-11	Presenter Materials	<i>We are at the point of determining how the UNM Foundation will evolve to meet current and future needs.</i>	
	4a	UNM Foundation History, Sandra Liggett, UNMF	The majority of personnel costs have been shifted to the Foundation budget as of FY11-12.	12-9-11	Presenter Materials		
	4b	UNM Foundation History, Sandra Liggett, UNMF	Liggett pointed out that a number of 501c3 organizations at UNM have disbanded or are considering disbanding due to small fundraising results and the redundant cost to operate.	12-9-11	Presenter Materials	<i>Minimizing the number and redundant cost of operating affiliated organizations makes sense when the UNM Foundation is capable of serving the fundraising and financial needs of these groups.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	4c	UNM Foundation History, Sandra Liggett, UNMF	Since '07, there has been a comprehensive shift of operating and personnel costs from UNM to the Foundation (data displayed on slides).	12-9-11	Presenter Materials	<i>The original transition plan had called for the elimination of support over 10-15 years. Transitioning the costs to Foundation over five years without equivalent revenue streams is unsustainable.</i>	
	5a	National Perspectives, David Bass, AGB	The percentage of state provided support to public colleges and universities has dropped from 46% in 1980 to 27% in 2005 and is expected to continue to decline...	12-9-11	Presenter Materials/ Minutes	<i>We need to determine where we are, where we want to be and how best to get there.</i>	
	5b	National Perspectives, David Bass, AGB	... while tuition has increased from 13% to 18% with private support at an average of 8.5%.	12-9-11	Presenter Materials/ Minutes	<i>Bottom line – the Foundation exists to support the University. A seamless, transparent partnership between the University and the Foundation is very important to success. State funds continue to decline from the 80s, and we anticipate them continuing to go down. Federal support will decline in coming years. Tuition is reaching the upper limit. Private fundraising has the only potential for increasing with investment.</i>	
	5c	National Perspectives, David Bass, AGB	Private support has been growing and becoming more important as economic conditions change.	12-9-11	Presenter Materials/ Minutes	<i>A seamless, transparent partnership between the University and the Foundation is very important to success.</i>	
	5d	National Perspectives, David Bass, AGB	Private fund raising of major gifts is a long term process with up to 15 years in cultivating a major gift solicitation.	12-9-11	Presenter Materials/ Minutes	<i>What is the benchmark on the ratio of development officers to staff?</i>	
	5e	National Perspectives, David Bass, AGB	The retention of development officers is critical to maintain a successful flow of gifts.	12-9-11	Presenter Materials/ Minutes		

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	5f	National Perspectives, David Bass, AGB	Foundation assets need to be around \$750 million to \$1 billion in order to produce income for the foundation to have reductions in institutional support.	12-9-11	Presenter Materials/ Minutes		
	5g	National Perspectives, David Bass, AGB	There are pros and cons for each different revenue stream available to foundations.	12-9-11	Presenter Materials/ Minutes	<i>Institutional support is often a significant portion of the various revenue streams available to foundations, especially at the UNMF endowment level.</i>	
	5h	National Perspectives, David Bass, AGB	The revenue model for UNM should be the one that would best serve the funding and growth patterns of the University.	12-9-11	Presenter Materials/ Minutes		
	5i	National Perspectives, David Bass, AGB	...a critical focus of senior management becomes identifying and building top performers.	12-9-11	Presenter Materials/ Minutes		
	5j	National Perspectives, David Bass, AGB	Foundation Board members contribute a proportionately large percentage of total support.	12-9-11	Presenter Materials/ Minutes		
	6a	Beginning to Maturity of a Foundation – Paul Robell, UF	UF has had three campaigns, raising \$392M ('86-'90, with 25-30 development officers), \$750M ('97-'00, with 40 development officers) and the current campaign ('05-'12) which has raised \$1.45 billion to date with 74 development officers. (Note: Dollars raised in first two campaigns included counting of state matching gifts).	12-9-11	Presenter Materials	<i>The question was raised by a committee member as to how those kinds of numbers could be achieved at UNM given New Mexico's smaller financial base. The response from the presenter was to go regional and develop a donor base outside of New Mexico.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	6b	Beginning to Maturity of a Foundation – Paul Robell, UF	The Foundation relationship with the Deans has been the key to successful fundraising. The Deans participate in fundraising and pay for a portion of the development officer's salary. It is important that a development officer has a good ask rate.	12-9-11	Presenter Materials/ Minutes	<i>A committee member asked several related questions about the return on investment expected for development officers, the relationship between funds raised and the costs of raising funds, and budgeting for those costs. A discussion addressing the implicit and explicit assumptions in the questions resulted in the following response from the presenter: See Lines 6c-6g.</i>	
	6c	Beginning to Maturity of a Foundation – Paul Robell, UF	Our goal is for experienced development officers to raise at least an average of \$2 million per year. It takes approximately two to four years for a development officer to raise that level of funds.	12-9-11	Presenter Materials/ Minutes	<i>On average, UNM Foundation fundraisers over the last years raised \$3.3M per fundraiser annually.</i>	
	6d	Beginning to Maturity of a Foundation – Paul Robell, UF	Investment in development officers includes not only their salaries, but also staff support, administration, travel and other related costs.	12-9-11	Presenter Materials/ Minutes		
	6e	Beginning to Maturity of a Foundation – Paul Robell, UF	The funds raised by development officers are not used to pay their salaries and other expenses.	12-9-11	Presenter Materials/ Minutes		
	6f	Beginning to Maturity of a Foundation – Paul Robell, UF	There is no direct relationship to funds raised and budgeted funds required to pay fundraising costs.	12-9-11	Presenter Materials/ Minutes		
	6g	Beginning to Maturity of a Foundation – Paul Robell, UF	Each institution must determine its own best way to pay for development costs given their unique situation over the long term.	12-9-11	Presenter Materials/ Minutes	<i>A committee member stated that the question should not be how many development officers do we need, rather how are we going to pay for them, which the presenter emphatically affirmed.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	6h	Beginning to Maturity of a Foundation – Paul Robell, UF	The University of Florida distribution rate is 3.8%; the Foundation receives 1.3%; the total budget is \$40 million with \$12 million in cost sharing.	12-9-11	Presenter Materials/ Minutes	<i>UNM foundation distribution rate is 4.6% but is being reviewed by the Foundation's Investment Committee this fiscal year (FY11-12).</i>	
	6i	Beginning to Maturity of a Foundation – Paul Robell, UF	The Gift Fee is 2.5%, but does not provide a significant portion of the budget.	12-9-11	Presenter Materials/ Minutes		
	7a	Opening Comments – Henry Nemcik, UNMF	<i>(Recapping 12/9/11 mtg.)</i> We learned that state support for public higher education institutions was 80% in the 1960s, 50% in the 1980s and today somewhere around 13%-14%. It is expected that this percentage will continue to decline.	01-06-12	Presenter Materials/ Minutes		
	7b	Opening Comments – Henry Nemcik, UNMF	<i>(Recapping 12/9 mtg.)</i> In answering several important questions posed by one of the Committee members on how we fund development, Paul's response was ". . . any way you can. . ." After much discussion on this subject we decided as a group that there is no one funding model for development.	01-06-12	Presenter Materials/ Minutes		
	8a	Development Officer ROI Study- Cara Quackenbush, Eduventures	The data in this presentation is from 2008, 2010 and 2011. There are 3 major groups of factors influencing return on investment: – Institutional Factors, Staff Factors and Donor Factors.	01-06-12	Presenter Materials/ Minutes	<i>A committee member asked how many reporting institutions were in the groups. The response was 42 in the data used from 2008 for presenting a general view of the metrics, and 8 in the cohort using data from FY2010 to compare with the UNM FY2011 data. There will be 50-60 responses in the data being analyzed for the Spring 2011 report.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	8b	Development Officer ROI Study- Cara Quackenbush, Eduventures	A common measurement is cost to raise a dollar. Other important metrics are dollars raised per frontline officer, dollars raised per budget dollar, department investment per area, ratio of frontline staff per services staff FTE, ratio of donors to alumni base, ratio of rated prospects to alumni base and average gift size.	01-06-12	Presenter Materials/ Minutes		
	8c	Development Officer ROI Study- Cara Quackenbush, Eduventures	The data was sorted by groupings of annual dollars raised with the comparative data for UNM falling in the \$55 million to \$99.9 million level. The averages for this level were \$70 million raised with a budget of \$10.6 million, raised by a total of 90 FTE Advancement Staff; of those 28 were frontline FTE.	01-06-12	Presenter Materials/ Minutes		
	8d	Development Officer ROI Study- Cara Quackenbush, Eduventures	Further, dollars raised per Advancement FTE were \$770k, dollars raised per frontline FTE were \$2.11 million and dollars raised per total budget dollar were \$6.61.	01-06-12	Presenter Materials/ Minutes		
	8e	Development Officer ROI Study- Cara Quackenbush, Eduventures	To achieve higher fundraising levels, numbers of major gifts grow dramatically with sufficient unit frontline officers to support prospect cultivation.	01-06-12	Presenter Materials/ Minutes		
	8f	Development Officer ROI Study- Cara Quackenbush, Eduventures	A baseline investment in services areas are needed to support the growth of frontline staff.	01-06-12	Presenter Materials/ Minutes	<i>Eduventures states that though estimates vary based on position of officers in the institution, approximately 2 support staff are needed for each development officer. The range is <1 to 3.5FTE:1 (2008 data).</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	8g	Development Officer ROI Study- Cara Quackenbush, Eduventures	<i>Summary of key findings in the 8 member cohort of peer and aspirational institutions data set 2010:</i>	01-06-12	Presenter Materials/ Minutes		
	8h	Development Officer ROI Study- Cara Quackenbush, Eduventures	1. Increased investments over time in budget and staff produce higher fundraising totals.	01-06-12	Presenter Materials/ Minutes		
	8i	Development Officer ROI Study- Cara Quackenbush, Eduventures	2. Efficiencies in fundraising can be a result of positive factors such as the quality of the donor base and/or staff productivity, but can also be a result of under investment in programs that produce more long term results which will negatively impact future revenue streams	01-06-12	Presenter Materials/ Minutes		
	8j	Development Officer ROI Study- Cara Quackenbush, Eduventures	3. On average, frontline FTE make up nearly 40% of the total advancement FTE in this comparison group, slightly more than the 33% indicated for the larger survey of the same metric in 2007.	01-06-12	Presenter Materials/ Minutes		
	8k	Development Officer ROI Study- Cara Quackenbush, Eduventures	4. Despite budget constraints institutions are continuing to invest in advancement staff and move forward with campaigns.	01-06-12	Presenter Materials/ Minutes	<i>Via email, a Committee member stated that the presentation makes the point nicely that the areas of our underfunding impact the future more heavily than current or next year. It is the belief of this Committee member that the Committee's final proposal will need to make this point strongly.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	8l	Development Officer ROI Study- Cara Quackenbush, Eduventures	5. Dollars Raised per Frontline FTE : UNMF - \$3.3 million+ to cohort \$1.8 million+	01-06-12	Presenter Materials/ Minutes	<i>The comment was made that though reducing the Foundation's budget for these long term initiatives served the short run budgetary goal, we were in effect "eating our seed corn" which would negatively impact future revenues, as we are supporting short term returns at the expense of long term returns. This impacts the optimal stable growth of the overall fundraising program.</i>	
	8m	Development Officer ROI Study- Cara Quackenbush, Eduventures	<i>However, important differences revealed in the charts are the lesser investments UNM is making in IT, Research, Stewardship and Events.</i>	01-06-12	Presenter Materials/ Minutes	<i>Important differences revealed in the charts are the lesser investments UNM is making in IT, Research and Stewardship and Events.</i>	
	8n	Development Officer ROI Study- Cara Quackenbush, Eduventures		01-06-12	Presenter Materials/ Minutes	<i>Further email comment: one part of what the Committee recommends should be metrics on how to achieve optimal balance, while building strength, and clearly representing how efficiently and effectively our Foundation budget is spent.</i>	
	8o	Development Officer ROI Study- Cara Quackenbush, Eduventures	However the prospects rated \$25K and \$500K were significantly lower at UNM than the peer group. This supports the need for additional research staff to improve the numbers of identified rated donors.	01-06-12	Presenter Materials/ Minutes		
	8p	Development Officer ROI Study- Cara Quackenbush, Eduventures	Key Takeaway: UNM's high productivity metrics may be an indication of under-investment in certain activities that could impact the success of its fundraising program in future years.	01-06-12	Presenter Materials/ Minutes	<i>The comment was made by a Committee member that one of the goals for this committee was to make recommendations that would help to create a strong partnership between the university and the foundation that would result in planning for multiyear stability.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	8q	Development Officer ROI Study- Cara Quackenbush, Eduventures	Key Takeaway: Despite deep cuts facing many public universities, 44% of the institutions in this comparison group plan to add additional FTE during FY2011 or FY2012.	01-06-12	Presenter Materials/ Minutes		
	9a	University of Colorado Fdtn. History and Structure - Richard W. Lawrence – EVP	Contrasting University of Colorado vs. UNM, the 9 Regents are elected whereas at UNM the Regents are appointed.	01-06-12	Presenter Materials/ Minutes		
	9b	University of Colorado Fdtn. History and Structure - Richard W. Lawrence – EVP	UC made the decision to maintain investments in long term initiatives during tight budget periods.	01-06-12	Presenter Materials/ Minutes		
	9c	University of Colorado Fdtn. History and Structure - Richard W. Lawrence – EVP	Even given returns adjusted with present value calculations, planned giving is the most efficient fundraising initiative with a cost of \$.08 to raise a dollar.	01-06-12	Presenter Materials/ Minutes	<i>A committee member commented via email that this was an important point not much emphasized, that even translated into present value terms, planned giving pays bigger returns for development investment than other areas.</i>	
	9d	University of Colorado Fdtn. History and Structure - Richard W. Lawrence – EVP	The UC Foundation holds monies to be distributed to the University until the expenditure is requested and earns a short-term interest rate of 3% on those “callable” funds	01-06-12	Presenter Materials/ Minutes	<i>This is the model that UNM Foundation recommended to the UNM Finance office in May '11, shortly after being told that institutional support would be reduced. It is still under consideration.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	9e	University of Colorado Fdtn. History and Structure - Richard W. Lawrence – EVP	The fee (DFA) on the endowment is 1.35% or 135 bps. They consider going above this amount to negatively impact gift requests.	01-06-12	Presenter Materials/ Minutes	<i>A general discussion among the Committee members followed this information with specific comments as follows:</i> <ul style="list-style-type: none"> - finding the way to create sustainable funding is most important - there is an inverse relationship between endowment size and bps - there is value in being able to say there is no gift fee - discretionary dollars make the difference; - raising money is a legitimate use of university funds 	
	9f	University of Colorado Fdtn. History and Structure - Richard W. Lawrence – EVP	UC does not have a gift fee as they feel this also has negative impact on fundraising.	01-06-12	Presenter Materials/ Minutes	<i>A Committee member asked, “. . . how did the UC Foundation build the unrestricted fund. . . ? The response was over time with a portion of the annual budget allocated to the fund.</i>	
	10a	University of New Mexico Foundation Funding Model - Henry Nemcik, President and CEO	UNM Endowment composition indicates that scholarships & fellowships form the largest portion of the endowment (\$168M of the total \$324M).	01-06-12	Presenter Materials/ Minutes	<i>Since scholarships are exempt from any possible implementation of a gift fee, a gift fee would return very little to UNMF.</i>	
	10b	University of New Mexico Foundation Funding Model - Henry Nemcik, President and CEO	We reviewed a slide on the historical & future growth of UNM alumni. This shows that there is significant growth in alumni and major gift prospects in the class years '50-'90.	01-06-12	Presenter Materials/ Minutes	<i>This demonstrates that development decisions need to be long-term in nature. We have to be prepared in the next campaign to have appropriate staffing to maximize the potential of these new prospects.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	10c	University of New Mexico Foundation Funding Model - Henry Nemcik, President and CEO	A chart was presented showing the impact of adding one additional development officer to the Foundation staff each year for ten years. The projection indicates a cumulative benefit - net of salary, benefits and travel and cultivation- of almost \$48 million.	01-06-12	Presenter Materials/ Minutes	<i>An important goal of the Committee has to be to recommend a sustainable funding model. Achieving a sustainable model will likely take the form of a funding/build-up/transition plan over a number of years, with near-term and long-term goals carefully distinguished.</i>	
	10d	University of New Mexico Foundation Funding Model - Henry Nemcik, President and CEO	Fiscal data from peer institutions shows that most have institutional support ranging from 35%-50%, versus UNMF's 19% total institutional support for development operations.	01-06-12	Presenter Materials/ Minutes	<i>We should change our stance on I&G funding and look at the UNM Foundation as an investment opportunity.</i>	
	10e	University of New Mexico Foundation Funding Model - Henry Nemcik, President and CEO	Rod Harder, CFO of the UNM foundation, pointed out budget shortfalls for FY11-12: The DFA from endowments is short \$200K, short term interest from UNM is down by \$600K from projections, for a total shortfall of \$800K.	01-06-12	Presenter Materials/ Minutes	<i>NOTE: Members Cullen and Lovell questioned the \$72K in short term interest shown as received by UNMF through December '11. After the meeting, this figure was verified as correct by Cullen and Lovell.</i>	

Philanthropy Study Committee: Highlighted Data and Comments							
Member Initials	Line #	Source	Points / Data / Findings	Meeting Date	Web Reference	Member Comment (from meeting minutes)	Member Recommendation
	10f		The Foundation made a recommendation to the University Finance Office to follow a model used by most other Universities that would allow the Foundation to hold and transfer as needed short-term funds allowing for a higher investment return than current policy permits at UNM. This model was discussed by Florida and Colorado during their presentations.			<i>Currently the UNM Foundation has no "callable" fund balances as the University of Colorado Foundation. Funds are disbursed directly to the University where the investments of those funds are limited by state statute. An effort to review these statutes and how they apply to these particular funds has been undertaken by the University financial officers. However, no agreement has been reached on what if any higher yield strategy can be implemented. Given the decline in the University's funding and the return on investment realized by investing in the Foundation, we need to invest more in fundraising.</i>	
	10g	University of New Mexico Foundation Funding Model - Henry Nemcik, President and CEO	Nemcik stated that action on budget shortfalls by mid to late March will be necessary to avoid workforce reduction, as staffing is almost 80% of the Foundation's budget.	01-06-12	Presenter Materials/ Minutes	<i>Given the present budget constraints, UNMF will have to reduce staff and then not be able to complete the campaign, as reductions will immediately negatively affect fundraising capacity of the organization.</i>	



Philanthropy Study Committee: Meeting Minutes Friday, February 3, 2012

Attendees:

Co-Chair - Gary Gordon Chair, UNM Foundation Board of Trustees	
UNM Board of Regent Representatives:	Lt. General Bradley Hosmer, USAF (Ret.) - Regent Jacob Wellman - Student Regent
UNMF Board of Trustees Representatives:	Gerald Landgraf - Chair, Finance Committee Anne Yegge - Past Board Chair (by phone)
UNM Deans:	Richard Howell - Dean, College of Education Mark Peceny - Dean, College of Arts and Sciences
UNM Staff:	Andrew Cullen - Associate Vice President, Planning, Budget and Analysis
HSC Representatives:	Nancy Ridenour - Dean, College of Nursing Ava Lovell - Vice President of Finance, HSC
UNM Faculty Senate Representative:	Tim Ross - President
UNM Foundation:	Henry Nemcik - President and CEO
UNM Foundation Staff	Curtis Helsel, Rod Harder, Sandy Liggett, Larry Ryan, Bill Uher, Wendy Antonio, Suzanne Awen

Proceedings and Presentations

Welcome and Opening Comments - Lt. General Bradley Hosmer, USAF (Ret.) - Regent

Welcome to our third meeting with much still ahead of us. The objectives and output of this Committee are important work for UNM.

Welcome and Opening Comments - Gary Gordon, Committee Co-Chair

I appreciate your attendance and continued efforts on this Committee. The UNMF staff has put together the materials you have in efforts to help focus our discussion. The goal will be to build a consensus and produce a report by mid-March.

Call for Approval of the December 9, 2011 and January 6, 2012 Minutes- Gary Gordon, Committee Co-Chair

A request was made for a motion to approve both sets of minutes.

Regent Hosmer made the motion to approve. Mark Peceny seconded the motion. The discussion of the motion was as follows:

Tim Ross asked for the result on an action item from the 1/6/12 meeting regarding short term investment income payments from UNM to the Foundation.

Henry Nemcik responded that in discussions with UNM financial representatives, the short term investment income issue had been resolved. Ava Lovell was asked to comment on the solution.

Ava explained that the initial investment income calculations for the first six months of FY11/12 were based on a blended rate of return for overnight investments at 39 bps and the global bond portfolio at 195 bps. The University recalculated the investment income based on the global bond portfolio return for the first six months which resulted in income totaling \$458,673. The annualized investment income is projected to be \$900,000.

It was requested that 1/6/12 minutes be amended to reflect the information from the preceding discussion.

The call for approval of the motion was made such that the 12/9/11 minutes be approved as presented and the 1/6/12 minutes be approved with the discussed information on short-term investment income calculation so noted. The motion carried unanimously.

Review of Process, Evaluate Various Funding Sources, Reduction of University Charges, Discussion of Highlighted Data and Committee Member Comments, Evaluation of 2 Major Components - Staffing Levels and Funding Models (as one discussion) - UNMF Staff, Henry Nemcik, President and CEO

As the result of a discussion with Regent Fortner on how to develop a long term sustainable model for fund raising at

UNM, the seed for the Philanthropy Study Committee was planted. The President Elect, Robert Frank has indicated that he will be working with the UNM and UNMF staff in efforts to develop the best model to serve the university's goals.

The Committee research on benchmarking is complete. The materials and information from the first and second meetings were deemed comprehensive enough by the Committee for deliberations to move forward. The Committee's recommendations on Foundation staffing will frame the funding discussion which will in turn determine the budget and funding sources for the required budget. President Elect Robert Frank requested that David Harris and Henry Nemcik work together to develop a long term funding model. The Committee report on these recommendations will be an important part of the UNM FY12/13 budget process and should be presented to leadership as early in that process as possible. Given that the Committee felt a third meeting of presentations was not necessary, we are able to move our goal for producing the report forward to mid-March.

A review of the presentations from the previous meetings followed. Paul Robell articulated one of the most important concepts in developing a fund raising model: ". . .there is no direct relationship to funds raised and budgeted funds required to pay for fund raising costs. . ." Each institution must determine what works best for their situation.

(Gary Gordon commented that in attending the recent AGB Conference one of the major topics of discussions was funding, currently a common problem and one for which it is critical to achieve a sustainable resolution.)

Suggested funding models for the Foundation using metrics we have discussed will be presented later in this meeting.

A review and comparison of UNM Foundation staffing followed. When the fund raising operation was embedded in the University, it was difficult to establish an accurate cost for overall operations though an estimate of 125 staff with an annual cost of approximately \$11 million would be reasonable. With the transition to a stand-alone foundation, we now have the opportunity to develop a model that is both strategic and measurable in terms of return on investment. Given that the average amount raised per frontline development officers at comparable institutions is about \$1.8 - \$2 million and the number of UNMF frontline staff is 25, our base fund raising potential is currently between \$50 million to \$60 million. Several factors have contributed to higher than average dollars raised per UNM development officer in the past several years such as leadership involvement in solicitations. There a direct relationship between fund raising and "boots on the ground" when effectively managed that is not unique to non-profits. However, given institutional goals, resources, support staffing, donor pools and other factors there is an optimal level of return on investment desired unique to each organization.

The McConnell Survey, data from an outside consultant, was presented comparing UNMF staffing and compensation levels. According to this survey the UNMF compares favorably in terms of compensation and has fewer positions filled than the other organizations surveyed.

Rod Harder discussed the revenue sources referenced in the AGB handout "How Public Colleges and Universities Pay for Fund Raising" as they relate to UNM:

- Unrestricted Gifts - gifts, such as some bequests, not designated by donor for a specific use; which support the Foundation by agreement with the Regents
- Endowment Management Fee or DFA (Development Funding Allocation) - currently at 185 bps, 1.85% (note: the current fee of 185 bps has been lower in the recent past and is different for each institution depending on endowment value, institutional support and the institutional funding model. The value of the UNM endowment fund is currently approximately \$318 million)
- Institutional Support - there are several ways to allocate institutional support; cost sharing or contract for services at the unit or institutional level (HSC currently has most of the cost sharing agreements with the Foundation)
- Unrestricted Endowments - endowments not designated by donor for specific use; which support the Foundation by agreement with the Regents
- Alumni Funds - this revenue source is not currently available to the Foundation (it was noted that in some other institutions, the alumni organization and the foundation have a closer relationship than at UNM)
- Short Term Investment Income - UNM currently holds and invests \$50 million in unexpended non-endowed gifts and endowment spending distributions which under present procedures in place are immediately transferred to the University rather than held by the Foundation until needed. The investment income on these funds is paid to the Foundation. Due to recent negotiations discussed previously, this calculation

going forward will be based on the rate received on global bond investments at approximately 195 bps or 1.95%. An outside professional opinion advises that investment strategies to realize a higher rate of return may violate current policies in place for UNM and would require Regent's approval to revise these policies. Another option available to UNM would be for the Foundation to hold and invest these funds. As the Foundation is not as restricted in investment options as the University, an investment rate of return of approximately 3% could be realized with little additional risks. This strategy has been followed successfully at other institutions.

One other potential revenue source was discussed that was not listed in the AGB handout. The Lobo Energy group has undertaken the long term project of developing energy efficiencies and savings for the University by upgrading current systems and technologies. A proposal was made at the last UNMF Investment Committee Meeting by Lobo Energy representatives whereby a \$10 million investment by the Foundation in one of these projects would potentially produce a 5% return.

Henry Nemcik began the presentation of four possible staffing models for the Foundation with Paul Robell's slides on the growth of the University of Florida Foundation. Henry stated that vision is required for the kind of investment that sets the stage for growth as is clearly the case at the UFF.

Funding models were presented as follows:

Minus Model - current staffing would be reduced by 6 frontline development officers and 6 administrative and support staff. This would result in a budget decrease of \$720,000 and a decrease of base fund raising capacity of \$5 million resulting in an annual base fundraising capacity of \$45 - \$55 million.

Model # 1 - the current budget plus a \$500,000 contingency for unpredictable revenue sources and expenses projected with a 2% inflation rate. Staffing at 25 frontline development officers, 83.5 total staff. The FY12/13 required funding including the \$500,000 would be \$9.8 million with a base fundraising capacity of \$50 - \$60 million.

Model # 2 - moderate growth model with assumptions of model # 1 plus the addition of 6 frontline development officers and 4 administrative and support staff over 5 years. The FY12/13 required funding for this model would be \$10 million with an annual base fundraising capacity of \$62 - \$72 million. At the end of the 5 year period, frontline development officers would number 31 and total staff would be 93.5. It was suggested that the additional development staff include regional staff in this model.

Model # 3 - a relatively more aggressive growth model includes the assumptions of models # 1 and # 2 plus an additional 6 frontline development officers (12 total) and an additional 4 administrative and support staff (8 total) for a total of 20 additional new hires over 5 years. The FY12/13 required funding for this model would be \$10.3 million with an annual base fundraising capacity of \$74 - \$84 million. At the end of the 5 year period, frontline development officers would number 37 and total staff would be 103.5.

Rod Harder presented the projected budget proposals for models 1, 2 and 3 (see meeting materials). The DFA is intentionally projected to remain constant with any increases in the endowment used to reduce the 185 bps fee. Short term investment income is projected at the University's estimate of \$900,000. If the short-term funds were invested more aggressively, any additional investment income would reduce the projected institutional support (a committee member requested that present value models be done on the proposals including the Minus Model). Rod stated that institutional support would need to be a combination of types of revenue, the most predictable being cost sharing.

Regent Hosmer stated that the focus of this Committee should be on developing a funding model for the long term, not just a solution for the next year.

A discussion followed among committee members on possible funding sources. A table was created estimating dollar values for endowment distribution percentages, short term investment income scenarios, faculty lines, DFA bps values, reduction in rent expense and fringe benefit allocations. The table is transcribed below:

Easel Worksheets from 2/3/12 Philanthropy Study Committee Meeting

- Maintain and increase the level of support from the University, the direct beneficiary of the investment in fundraising, as Institutional Support is the most predictable source of revenue. A number of possible means of support suggested include:
 - cost sharing agreements
 - fees for services
 - explore the option of having Academic Affairs contribute \$200,000 in recurring funds from its budget
 - not charging the Foundation for office space - \$300,000
 - not charging the Foundation for employee benefit costs for the UNM employees assigned to the Foundation - \$290,000
- Improve the return on the \$50 million on deposit with the University by either
 - revising the University's current investment policy allowing the portfolio to generate at least a 3% return - \$600,000
(Note: This results in \$600,000 more investment income than the \$900,000 presently projected)
 - or allow the Foundation to hold and invest these funds until needed by the University
(Note: Additional investment income reduces the amount of institutional support)
- Increase the development funding allocation (DFA) by 30 bps from 185 bps to 215 bps generating additional revenues of about - \$1 million
- Reduce the spending distribution by 1% making available to the Foundation - \$2.7 - \$3 million
(Note: The spending distribution has "restricted purposes" attached to it; therefore, it could not be distributed to the University then made available to the Foundation)

A motion was made by Nancy Ridenour to recommend a funding model that would be a blend of the presented models 2 and 3 such that 16 total new hires would be added over the 5 year projected period. This motion was seconded by Tim Ross and carried with 1 abstaining vote (a proposal and present value model were requested for the blended model to be emailed to the Committee members).

Report Writing & Draft Review Process - UNMF Staff, Henry Nemcik, President and CEO

The UNMF staff will develop a draft report on the model the Committee has recommended with a projected budget. The report will also include the proceedings and materials of the Committee's work. The draft report will be distributed to the members via email for comments and edits. From these responses the final report will be assembled and distributed for final approval by the Committee members. After review by President Elect Frank, the final report will then be sent to UNM leadership and relevant groups as determined by the Committee. Our target for completion and distribution of the work product is mid-March.

Closing - UNMF Board of Trustees Chair, Gary Gordon, Committee Co-Chair

There is still more back room work to be accomplished which will be done electronically. Everyone's participation and contributions are greatly appreciated. The work product of this Committee will be an important piece in planning for the future success of the UNM mission.

BENCHMARKING The Committee will benchmark other institutions, both peer and aspirational, and evaluate the size and scope of the peers' development operations and funding mechanisms.	EVALUATING Drawing from the evaluation, the Committee will evaluate UNM's philanthropic effort, encompassing staffing, funding, and design of philanthropic efforts going forward.	REPORTING A report with recommendations will be presented to the UNM Board of Regents and the UNM Foundation Board of Trustees by no later than June 30, 2012 (target date: mid-April 2012). Amended: Mid-March