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## Finance minutes 11/07/2013

Finance Committee

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# UMM Finance Committee Minutes

## 11.7.2013

Members Present: Brad Deane, Michael Korth, Dennis Stewart, Sam Fetting, Ellery Wealot, Sara Haugen, Pieranna Garavaso, Timna Wyckoff, Lowell Rasmussen, Jayne Blodgett, Laura Thielke

Members Absent: Mary Zosel, Gwen Rudney

Guests: Maddy Maxeiner, Colleen Miller, Melissa Wrobleski-Note Taker

### Agenda:

#### 1. Approval of Minutes:

No corrections were made to the 10/31/13 minutes. Committee approved minutes as is.

#### 2. Annual Report on Gifts and Endowments:

Maddy Maxeiner came to present the Committee on the FY13 year-end figures for UMM gifts and endowments. She provided three handouts to help explain how the year went for UMM. The first handout was titled "Fiscal Year 2013 Year End Closing Report of Fixed Data." Maddy went through the information stated on the handout. It was reported that the total dollars and commitments received in FY13 was up 69% from the previous fiscal year and totaled \$2,272,737. She then mentioned the gift commitments, endowment totals, the cost to raise a dollar and disbursements to UMM budgets. Maddy's second handout was a graph on the "Alumni Participation by Platform" showing the differences between each of the University of Minnesota system campuses. The chart shows that the UMM campus is consistently much higher than the other campuses in alumni participation. It depicted a downward trend of alumni participation on the campuses, but Maddy mentioned that UMM is working hard to grow the Young Alumni Program. A goal of this program is to get new graduates to become alumni donors within five years of graduating. Getting new alumni to start donating earlier will help increase the participation rates which is a goal every year. The last handout was a chart depicting the breakdown of where UMM funds were committed to in FY13.

Questions were then taken:

- Maddy believes that the University strives for the 'Cost to Raise a Dollar' to be \$.12 U-wide. [Correction added during review of the minutes: There is no University goal for this cost but the average is \$0.14 systemwide.] If this is the goal, what are the other system campuses' costs to raise a dollar?
  - We would have contact the foundations and ask. Currently Maddy did not know.
- In relation to COPLAC fundraising, where do we stand versus other universities.
  - Again, we would have to contact each school. Currently this is not reported. Maddy went on to mention that when looking at the COPLAC numbers, you have to take careful consideration of staffing, expenses and the governance structure of a school as to what this rate would be.
- Overall, how is UMM doing on its fundraising?
  - Maddy pulled out a picture of a pyramid that illustrated that most of our donations currently are under \$500, and that half of that amount of donations are under \$50.

Maddy went on to mention that the way you drive your gift production is staff; and UMM doesn't have the staff to personally visit with some of the givers to build their donations into larger gifts, but Maddy assured us that UMM does have the right amount of staff for the gifts we receive currently.

- When looking at the endowment totals, is the increase of 8.5% from the market earnings or from new gifts?
  - The market was very good last year so it may have been mostly from that but Laura was not positive. Endowments are set up in perpetuity, and they are intended to last forever. The endowment investment portfolio is very diversified, and tries to achieve an annual increase of 8% each year to maintain distributions.
- What is the \$2,272,737 total dollars/commitments from the official June 30, 2013 report comprised of? Does it include money received that is in fulfillment of previous commitments?
  - The amount does not include funds that are fulfilling previous commitments. Commitments that are made for ongoing gifts are counted all at once and not in the years the foundation actually receives the monies.
- Do you see the use of Foundation monies in capital improvements in the future?
  - Currently the foundation is in the discussion phase of a new campaign and could very well include capital projects.
  - Maddy clarified that there could be a capital campaign, but not a capital project. Capital projects need cash in hand whereas a capital campaign is raising funds for a variety of projects. In order to get funds for a capital project, you would need to match up a donor who was able to donate the amount needed for a project.
- There is a concern that FREF funds may be running out in the future. Do you think there are donors who would be able to donate to faculty research? Currently \$150,000 is made available annually.
  - We would have to match the donor to the case. During the new campaign that the foundation is initiating would be a good time to mention this to prospective donors to see if there is interest. It would be a good idea to think about raising new funds before the FREF funds are depleted. Trying to get to \$150,000 right off the bat the first year would be difficult.
- In 2005, Chancellor Sam Schuman designated the Founders Fund to provide annual salary enhancements. How much money is in the Founders Fund currently, and what is the spendable amount?
  - The fund currently has \$344,000 of which \$19,000 is spendable. In 2006, Chancellor Schuman spent \$8,000 on salary supplements. The donor designated this fund upon its creation in 2000 as follows: The Founders Fund is an endowed, discretionary fund to be used to meet short-term financial needs of the institution. The income is to be used for the benefit of the institution at the discretion of the CEO of the Morris campus. It was a lot of work to distribute a lot of small amounts. The fund has since been re-designated, with the donor's approval, to support the Founders Scholar program. It generates about \$12,000 per year.

Time ran out and the meeting was adjourned.

Next meeting is November 21<sup>st</sup>, 2013 in the Moccasin Flower Room at 8am.