

# ENDOWMENT OVERVIEW

September 10, 2015



**North Carolina Agricultural and Technical State University**



# *What is an Endowment?*

*An Endowment is a Gift of money or income producing property to an institution for a specific purpose (such as research or scholarship). Generally, the endowed asset is kept intact and only the income generated by it is consumed.*



## TYPES OF ENDOWMENT

- **PERMANENT or TRUE** – original gift can not be expended.
- **TERM** – original gift can not be expended for a period of time as defined by the agreement.
- **QUASI** – funds that are not true endowments but designated by the Board Management to be included in endowment fund.



## ESTABLISHMENT OF AN ENDOWMENT

- Naming opportunities
- Endowment minimum
- Funding period
- Endowment agreement
- Matching opportunities



## ENDOWMENT ADMINISTRATION

- Each endowment is set up in a separate fund.
- A fund is very similar to an individual business.
- The proceeds are combined with the other funds for investment purposes and unitized in an endowment pool.



# ENDOWMENT ADMINISTRATION

(Continued)

- These endowments in pools function very similar to individual investments in a 401K plan. Income, gain, losses, and expenses are allocated to each in endowment based on the number of units.
- Funds are distributed from this endowment at a rate of 4.5% of the moving 12 quarter average as of December 31.



# ENDOWMENT ADMINISTRATION

(Continued)

- *For Example:* An endowment was created in December 2011 with an initial value of \$25,000.

Market Value as of:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
March	\$25,000	\$34,000	\$31,000
June	\$27,000	\$35,000	\$32,000
September	\$29,000	\$32,000	\$33,000
December	\$31,000	\$30,000	\$34,000

Distribution would be 12 quarter average (31,083) X 4.5% = \$1,400.



# North Carolina Agricultural and Technical State University

## North Carolina A&T State University Endowment History Fiscal Years Ended June 30, 2000 - 2015

Fiscal Year	Asset Value at Market	Gifts	Funds Provided for Spending	Net Gain/Loss	Endowment Return
2000	9,155,476	63,329	(314,800)	792,490	9.32%
2001	8,175,832	71,195	(355,400)	(695,439)	-7.34%
2002	7,482,198	228,582	(379,800)	(542,416)	-8.73%
2003	8,161,052	639,192	(308,600)	348,262	4.91%
2004	9,392,473	782,602	(276,400)	725,219	8.64%
2005	11,445,217	1,845,500	(311,700)	518,944	5.28%
2006	12,374,746	646,960	(387,800)	670,369	5.58%
2007	14,563,738	1,057,721	(497,600)	1,628,871	12.52%
2008	15,980,324	2,303,829	(515,500)	(371,743)	-2.33%
2009	16,663,161	4,201,522	(690,600)	(2,828,085)	-12.03%
2010	19,754,771	2,035,129	(169,875)	1,226,356	7.28%
2011	25,172,214	3,056,873	(361,850)	2,722,420	13.78%
2012	28,040,765	2,686,483	(713,179)	895,247	3.56%
2013	32,959,498	2,327,711	(512,281)	3,103,303	11.07%
2014	39,501,411	3,242,424	(1,147,695)	4,447,184	13.49%
2015	42,320,596	1,825,372	(1,433,941)	2,949,096	6.15%
Total		27,014,425	(8,377,021)	15,590,077	





## COMBINED ENDOWMENT MARKET VALUE SUMMARY

June 30, 2015

University	\$42,000,000
Foundation	<u>6,000,000</u>
<b>Total</b>	<b>\$ 48,000,000</b>



## COMPARISON TO PEERS

UNCG \$251,000,000

ECU \$164,000,000

UNCC \$169,000,000

NCA&T \$ 48,000,000



# Top 10 Historically Black College and University Endowments

(ooo's)

1. Howard University	\$586,104 (14.0%)
2. Spelman College	\$367,037 (12.2%)
3. Hampton University	\$288,370 (13.5%)
4. Meharry Medical College	\$136,975 (9.6%)
5. Florida A&M University	\$127,186 (10.3%)
6. Tennessee State University	\$50,492 (17.5%)
7. Texas Southern University	\$46,577 (10.4%)
8. Virginia State University	\$45,145 (18.6%)
9. North Carolina A&T State University	\$43,785 (17.3%)
10. University of the Virgin Islands	\$38,184 (48.5%)



## Preeminence 2020

- Endowment Goal of \$75 million by June 30, 2020.
- Require substantial returns and new endowed gifts to reach this goal.
- Strategies include the enhanced fundraising and operational changes.



# NORTH CAROLINA A&T FOUNDATION REVIEW

- Recommendations
  - Real Estate Foundation
  - Philanthropic Foundation
  - Investment Foundation



# NORTH CAROLINA A&T FOUNDATION REVIEW (continued)

- **Investment Foundation**
  
- **Recommendations**
  - Pool Investments of University and Affiliates
  - Board of 9 to 15 Members
  - Consolidate Financial Operations
  - Separate 501c(3)
  - Board will include the Endowment Board plus representatives from the Affiliated entities
  - Estimated Implementation of July 1, 2016



# Questions!