

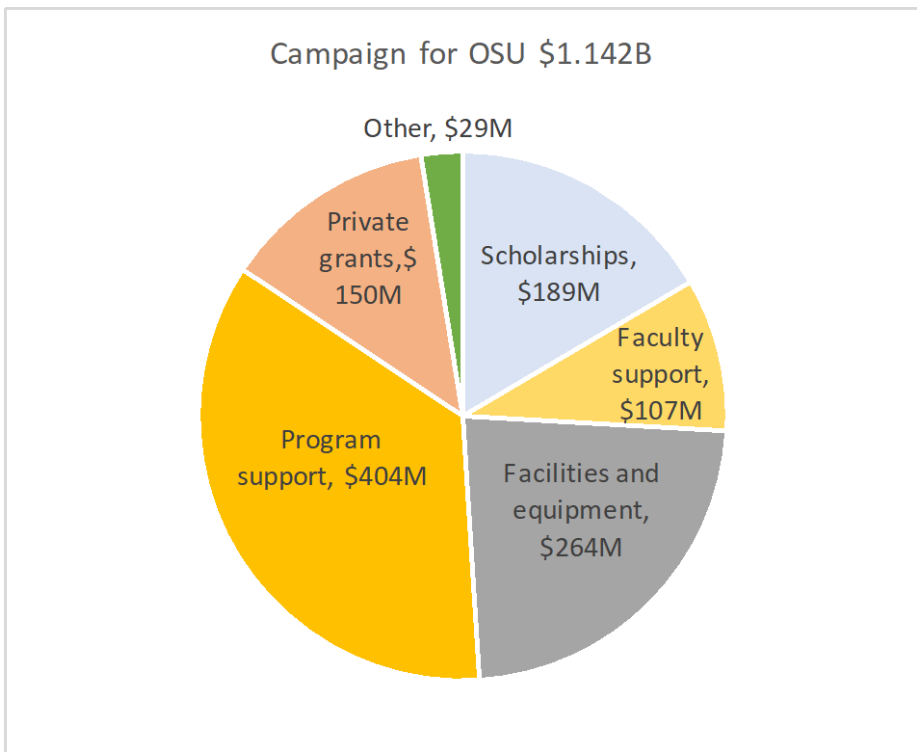


The OSU Foundation’s missions says “We partner with Oregon State University to engage our community, inspire investment, and steward resources to enhance the university’s excellence and impact.”

“The OSU Foundation is a nonprofit organization incorporated in 1947 and governed by a 42-person Board of Trustees. On December 31, 2014, the Foundation concluded The Campaign for OSU, the university's first comprehensive fundraising campaign, in which more than 106,000 donors made gifts exceeding \$1.1 billion to advance university priorities. The powerful momentum generated by their support has fueled Oregon State's rise as an internationally recognized public research university. Fundraising efforts are now focused on targeted special initiatives that advance OSU's strategic plan for creating transformative student learning experiences and building on its greatest strengths and areas of greatest potential impact, such as marine studies and advanced wood products. The Foundation works with university partners to:

- Raise funds in excess of \$100 million per year that support the university's priorities
- Cultivate and steward a culture of philanthropy for the Oregon State community
- Manage an endowment of more than \$500 million
- Engage alumni in service to the university”<sup>1</sup>

The Campaign for OSU raised money for a variety of purposes (chart at left). The funds raised had a somewhat larger proportion of facilities support than is typical for a campaign. Some of these funds were for endowments, but many of them were “current use” gifts---funds that are to be used over some period of time for a particular purpose.



Priorities for a campaign come from two important assessments. First, the university’s strategic plan and college plans are used to evaluate needs. The other is an assessment by the Foundation of which needs might generate interest from donors. Certain critical needs of the university may not resonate with donors, as donors tend to contribute to things that have meaning to them.

The goal for a campaign comes from an assessment of the capacity in the donor community. Raising \$10M could come from one \$10M gift, ten \$1M gifts, or one thousand gifts of

\$10,000. Understanding how many potential donors there are is an important part of planning, as well as recognizing that it may take several donors and many visits to realize a major gift at any level.

<sup>1</sup> <https://www.osufoundation.org>

The Foundation raises funds in support of the university but also invests the endowment resources that donors have created over the years (currently at about \$596M). The one-year annualized endowment return was 9.5%, the five-year annualized return was 7.3%. Endowments payout 4% of the principal value to support whatever purpose the donor designated (e.g. a \$1M endowment provides \$40,000 a year to spend).

The Foundation covers its costs of operations from several sources:

- 5% fee on gifts capped at \$100,000 per gift
- 1.5% endowment fee (the investment earnings after this and the 4% payout go back to grow the principal of the endowment)
- 15% fee on gifts under \$2,500
- Direct support from the university, currently at \$9M

The Foundation has audited financial statements:

<https://www.osufoundation.org/s/359/foundation/index.aspx?sid=359&gid=34&pgid=4400> that provide an overview of the operations.

The Foundation's expenses for the year ending June 30, 2018 included:

- \$73.4M in direct support for the University
- \$13.4M in investment expenses
- \$30.7M in management, general, and development expenses

One of the common questions about the Foundation is why the university can't use the funds from the campaign to fill the budget gap between expense growth and revenue growth. The financial statements show the principal reason. Of the net assets of the Foundation at the end of FY18 there were:

- \$15.6M in net unrestricted assets
- \$297.8M in temporarily restricted assets (resources that are for a specific purpose and are expected to be expended sometime in the near future)
- \$430.6M in permanently restricted funds (most of this is in endowed funds that have a permanent, restricted purpose)

This means that 98% of the assets in the Foundation are restricted in one way or another and cannot be used for general university operations. The funds raised and managed by the Foundation are a critical resource for the university in providing scholarships for students, improving facilities and equipment, and providing supplemental support for faculty positions that helps recruit and retain talented scholars and teachers to OSU. In general, these funds do not support normal operating expenses for the university and do not provide a backstop for reductions in state funding or shortfalls in tuition revenue due to enrollment decline.