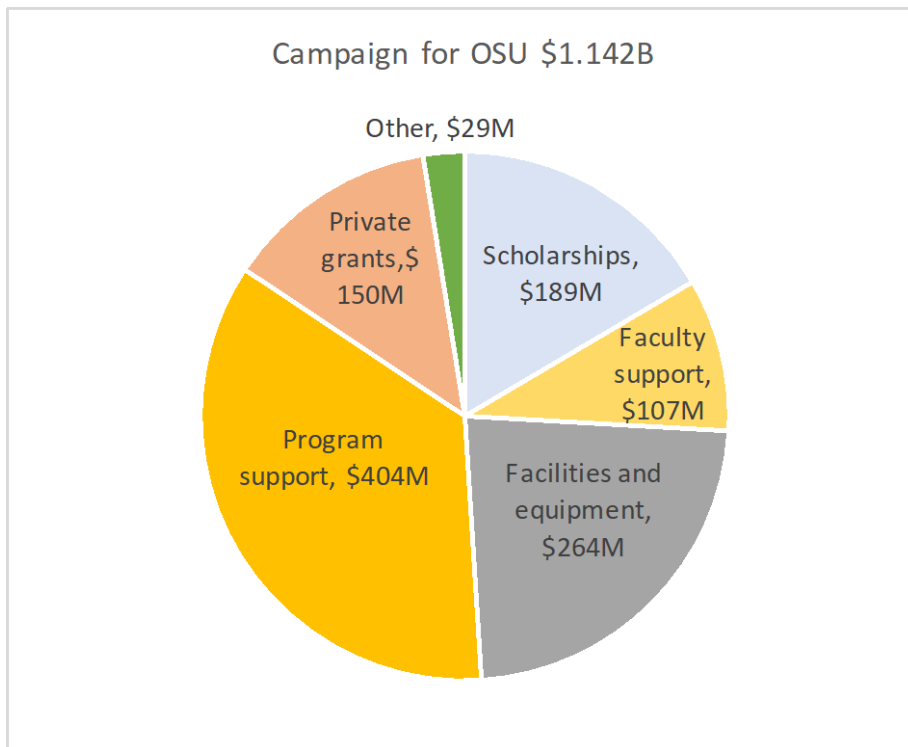


The OSU Foundation’s missions says “We partner with Oregon State University to engage our community, inspire investment, and steward resources to enhance the university’s excellence and impact.”

The Foundation’s website (<https://www.osufoundation.org>) says:

“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”



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. The campaign ended on December 31, 2014 and included gifts from more than 106,000 donors.

The priorities for a campaign come from two important assessments. The first is identifying the priorities for the university starting from the university’s strategic plan and

college plans to advance that strategy. The other is an assessment by the Foundation of which needs might generate interest from donors. Donors give to things that have meaning for them and something can be a critical need for the university but not resonate with donors.

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 takes several donors and many visits to realize a major gift at any level.

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 \$622.5M). The one-year annualized endowment return was 5.95%, the five-year annualized return was 5.37% and the ten-year annualized return was 7.8%. Endowments payout 4% of the principal value to support whatever purpose the donor designated (so a \$1M endowment provides \$40,000 a year to spend). 2018-19 saw \$144.6M in gifts of various kinds (pledges, cash, planned gifts, etc.). 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 \$10M

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, 2019 included:

- \$77.0M in direct support for the University
 - \$10.9M in scholarships to 4,228
 - \$21.8M for capital programs
 - \$9.2M for instruction and research support
 - \$30.5M for other program support
 - \$4.6M for development support
- \$19.7M in development expenses
- \$12.7M in management and general 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 FY19 there were:

- \$31.2M in net assets without donor restrictions
- \$623.2M in net assets with donor restrictions

This means that 95% 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. Those funds do not generally support normal operating expenses for the university and do not provide a backstop for reductions in state funding or shortfalls in tuition revenue because of enrollment.