

# **Arkansas State University System Foundation, Inc. Fact Sheet**

## **What are institutionally related foundations (IRF)?**

- Separate 501(c) (3) nonprofit organizations dedicated to the support of a college, university, university system, school district or teaching hospital,
- Primary purpose is to raise and/or manage private support for the institution with which they are affiliated,
- About two-thirds of College and University IRFs are responsible for the solicitation and financial management of private support,
- Approximately one-third of College and University IRFs solely manage and invest private support.

## **Why do public colleges and universities establish institutionally related foundations?**

- Provides more flexibility to raise and/or manage private support than state offices or government subdivisions,
- To invest private gift funds in a more diversified manner, providing greater investment return and increased support for the educational institution with less risk of loss of real value.
- Not subject to regulations governing the sale or purchase of property by the state and can perform these and other business transactions in a more competitive and expeditious manner,
- To develop and establish for-profit subsidiaries such as research parks or real estate foundations that contribute to the mission and resources of the college or university while minimizing the risks associated with such investments,
- Many donors prefer to make a gift to a private rather than a state or other public entity,
- To involve prominent business leaders, alumni and other successful individuals who are willing to commit their time, resources and talent in order to support the educational institution,
- To provide a long-term perspective on the needs and priorities of the related educational institution.

## **How are institutionally related foundations governed?**

- Governed by an independent volunteer board,
- CEO of the educational institution and/or other senior college and university staff may sit on the foundation board as non-voting members,
- Members of the college or university board may also have an ex-officio seat on the foundation board.

## **How are institutionally related foundations accountable?**

- Accountable to their donors and to the students, faculty, staff and trustees of the institutions they serve,
- Legally accountable to the Internal Revenue Service and state agencies that oversee charitable organizations (typically attorneys general),
- Foundations must file an annual IRS Form 990, which is a public document.
- Audited financial statements, gift and endowment reports and investment performance summaries routinely made available.

## **What is the role of the ASU System Foundation?**

- Receive private gifts and issue official receipts to donors (~23,000 gifts per year on average),
- Maintain all accounting systems for private support,
- Invest funds in accordance with risk profile of gift designations,
- Manage endowment pool for system,
- Distribute private resources (~2100 requisitions, bank transfers, ACH, Wires processed per year),
- Oversee legal compliance and accountability; supplement legal fees for related gift acceptance.

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## **How is the Foundation governed and administered?**

- Board of Directors (up to 15 members)
- Executive Committee
- Audit Committee
- Investment Committee
- Staff members (6) with additional support from A-State Advancement Services

## **How are the Foundation operations funded?**

- Endowment Management Fees (1.5% annually)
- Treasury Management or "Float Income" (Interest Income)
- Occasional Private Gifts
- ASU System appropriations (44%)
  - President and 1 Staff salary covered fully by Foundation budget (highest cost)
  - 4 other staff are appropriated to approximate % of staff support

## **What kind of gifts can be made to the ASU System Foundation?**

- Cash
- Securities (stocks, bonds, mutual funds, etc.)
- Real Property (via ASU Real Estate Foundation)
- Equipment
- Collections (art, historical archives, etc.)
- Planned Gifts (charitable trust, annuities, life insurance, etc.)
- Fundraising items (auctions)
  - The Foundation covers all processing, credit card, and other fees related to gifts to ensure the recipient receives the full donation value

## **How are gifts spent?**

- The donor drives the deal by designating or restricting gifts,
- Gifts can be unrestricted, temporarily restricted and permanently restricted,
- Over 2,000 fund options system wide for scholarships, faculty development, academic support, research, student activities, administrative support, etc.

## **How big is the Foundation? What is the return on investment?**

- Foundation manages over \$195 million in assets,
- Net assets total over \$178 million (93% restricted funds)
- Foundation manages over \$153 million in endowment pool assets,
- As of June 2025, net returns on endowment pool are:
  1. 13% (1 year)
  2. 11% (3 year)
  3. 9% (5 year)