

Williams College

The Gift Cycle

A Team Effort Between Development, Provost, VP Finance and
Admin. & Treasurer, Controller's Office

Williams College Founded in 1793



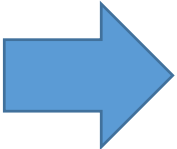
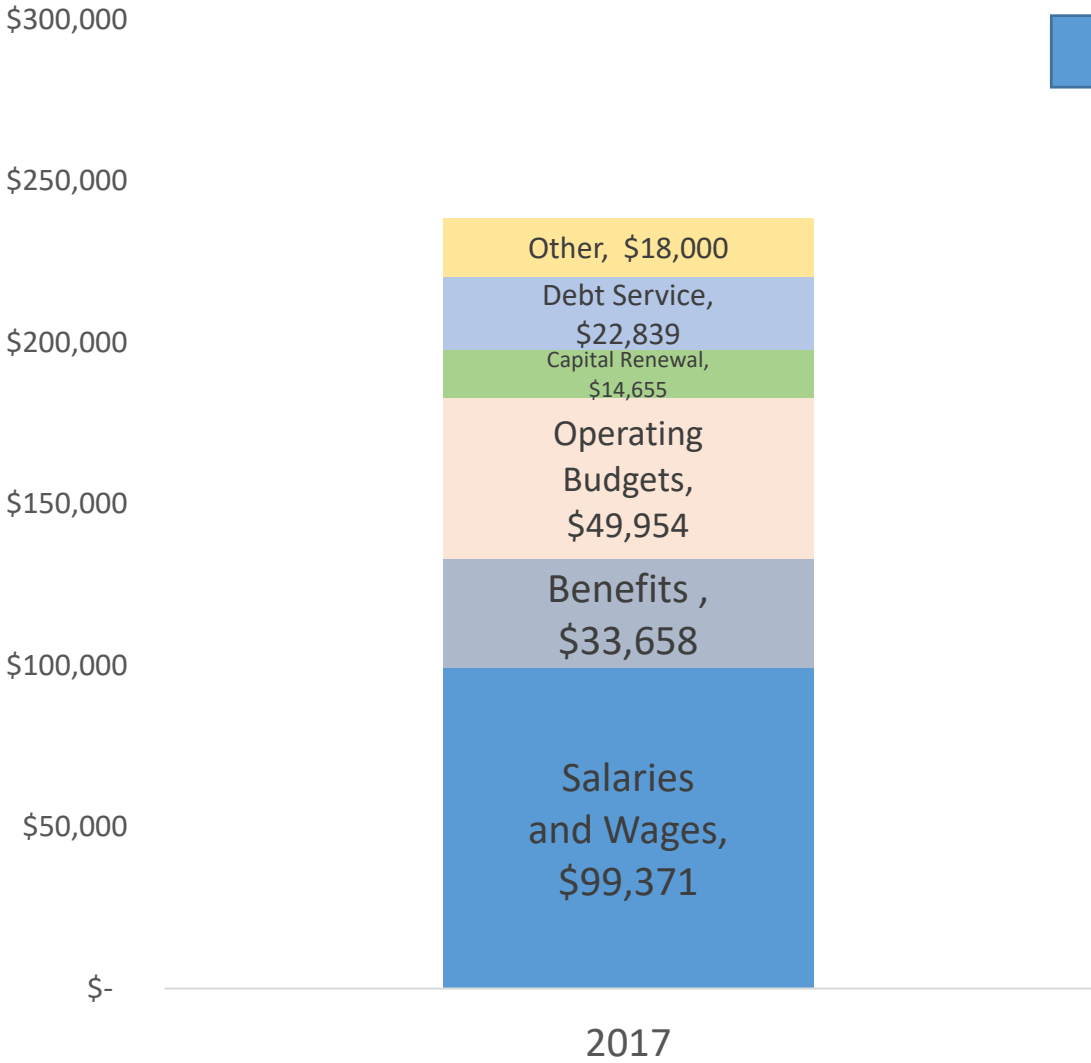
Williams College is a 4 year Liberal Arts institution with a population of 2200 undergraduates

Receive 8600
applications

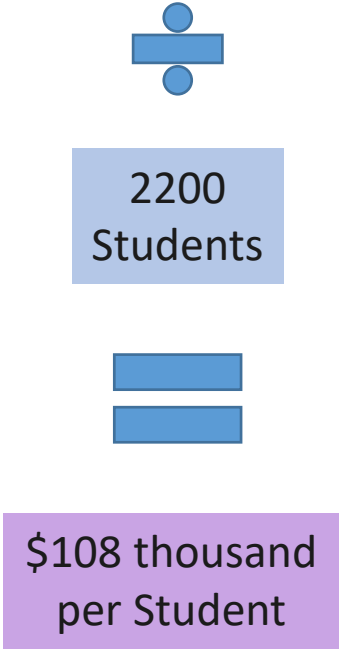
Issuing 1250 letters
of acceptance

Current year
Matriculation of
550

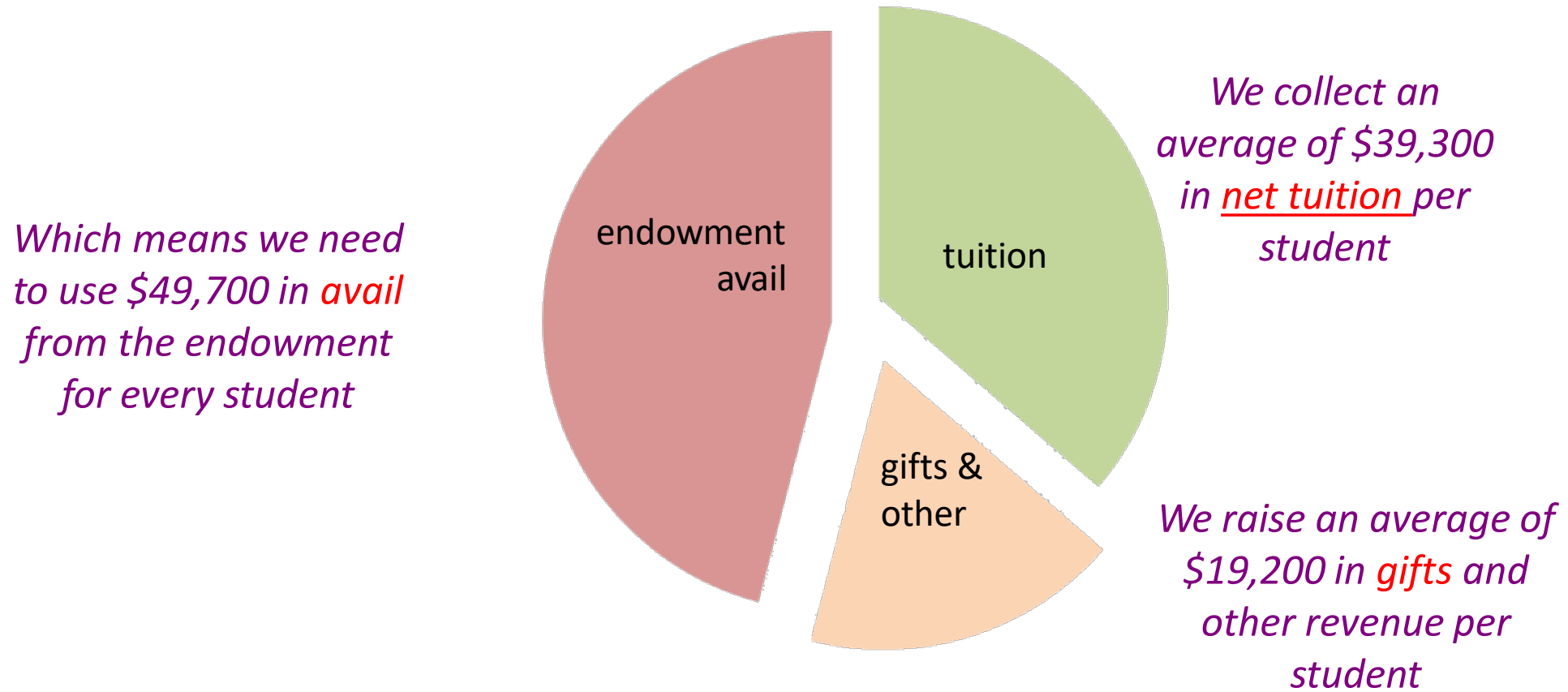
Annual operating costs



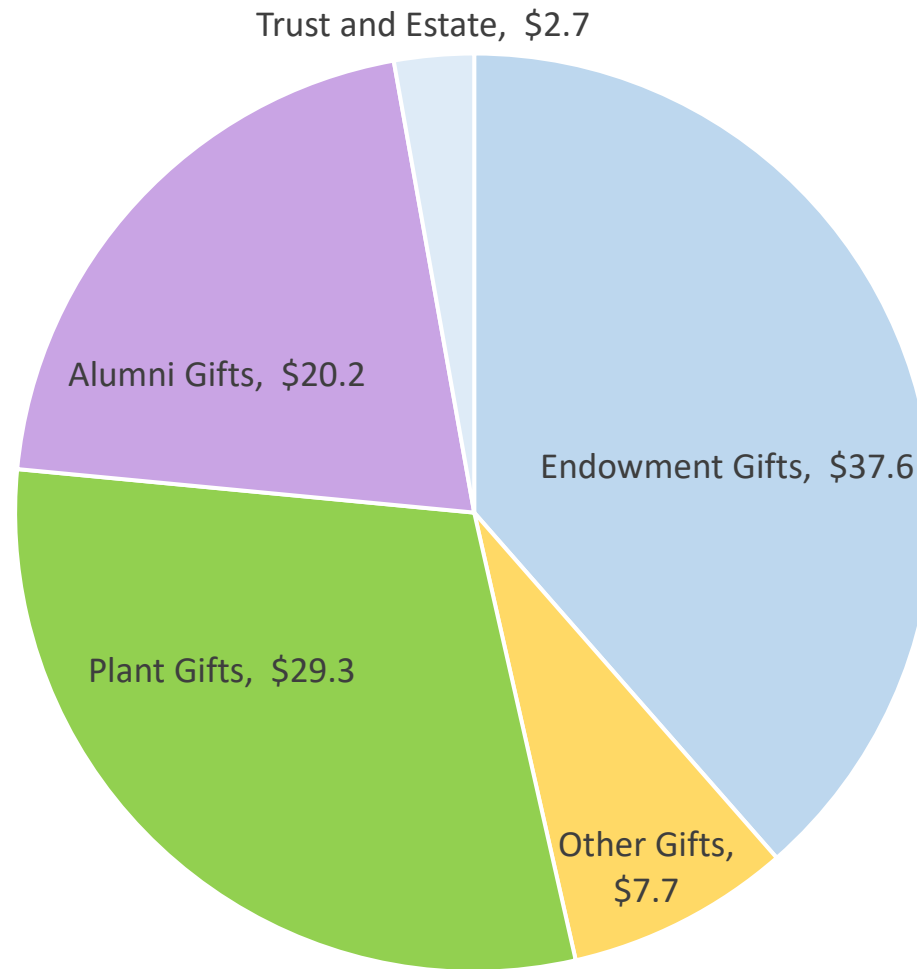
\$238 Million in Annual Expenses



Williams spends \$108,200 per student Three main sources



FY 17 - 19,705 gifts totaling \$97Million



Staffing Between Offices

Development

47 Development staff

12 Information
systems

3 Trust and Estates

Controllers Office

5 Accountants and
Administrative staff

3 Bursars area

5 Payment processing
and Information
reporting

2 Budget office

Funds Under Management

\$11.9M in Funds
Managed By TIAA
/Kaspick

60 Beneficiaries

\$13.8M in
Perpetual Trusts

5 Trusts

\$23M in Pooled
Funds

201 Beneficiaries

\$39.4M in
Outside Managed
Trusts

48 Beneficiaries

\$2.5B Funds
Managed by
Internal
Investment office

27 Endowment
Trusts

372 Gift
Annuities

1,679
Endowments (FFE
True & Term)

Definitions of Roles

- In the early 1990's it became clear that the College community needed direction regarding the gift acceptance process
- At Williams, the **Provost** is responsible for setting the spending rate and total budget, the **VP for Finance and Admin** is responsible for implementing and reporting on the budget
- Prior to clarification, professors were approached by donors, development was accepting gifts without approval from “administrators”. This resulted in gifts received which required spending in areas that may not have been a top priority or gifts that established programs which would have to be continued using College funds after the gift income stream was exhausted.

Provost “Encyclical”

- The “***Williams College Fundraising Policies Memo***” was circulated by **Provost** in 1999 and is updated periodically.
- Memo sent to **Members of the Faculty and Heads of Administrative Offices** under the “signature” of the ***Provost, VP for Finance & Admin, VP for College Relations, and Director of Development***.
- Subject: Policies for Soliciting and Administering Gifts from Private Sources
- Key elements:
 - Before approaching donors, you should **discuss your idea with the Provost’s Office** and **then with the Development Office**. If donors approach you, you should encourage them to speak with the Director of Development.
 - **Fundraising priorities result from careful deliberation between the President and the Senior Staff, informed by the Committee on Priorities and Resources (CPR), the Committee on Appointments and Promotions (CAP), and/or the Committee on Educational Policy (CEP), as appropriate, and subject to approval by the Trustees.** Operationally, the Provost works directly with the Vice President for College Relations and the Director of Development to ensure that the Development Office's fundraising priorities are clear and consonant with the College's needs. Communication between the Provost's Office and the Development Office is direct and continuous around these questions

Provost “Encyclical” General Policies

- The College will give **top priority to securing gifts that support the highest identified priorities**. To be slightly more specific, the College seeks gifts in the following order of priority:
- First, to provide **unrestricted support** for its ongoing programs, such as through the Alumni Fund, Parents Fund, and other unrestricted current and endowment gifts.
- Second, to provide **restricted support for ongoing programs with ongoing need** (such as financial aid or endowed professorships)
- Third, to provide support for **approved building projects** in the College’s capital plan.
- Fourth, to provide **restricted support for new initiatives or enhancements of existing programs that have been approved by the Administration following discussion and review by the CAP, the CPR and/or the CEP.**

Provost “Encyclical” Approval to Seek Gifts

- The **Provost must sign-off on all requests to seek gifts** from private sources. Faculty members seeking grant support for their own research from foundations, government agencies, and other external funding sources should work with the Associate Provost.
- The **Provost will discuss any proposed fundraising initiative with all relevant parties** to ensure that the responsible senior staff member and the department, program, office, or center involved understand the **implications of the proposal**. The Provost’s Office will also **ensure that the President and any appropriate College committees (CEP, CAP, and CPR) have been consulted**. We will consider the following information in determining whether a fundraising request should be approved and in assigning a priority:
 - (1) **Academic Justification** - How will the funding make an important contribution to the highest academic priorities of the College?
 - (2) **Budgetary Impact** - Would the gift offset existing demands on the current operating budget? Would the gift require cost-sharing or impose other immediate financial demands on the College, e.g., increased staffing or maintenance costs or other indirect costs? Would the gift place future financial obligations on the College once the gift or grant funds have expired?
 - (3) **Fundraising Potential** – Are prospective donors likely to take an interest in the proposal and at what giving levels? To what extent would it compete with other fundraising initiatives? What is its relative priority amongst other fundraising objectives? What level of effort would be required from the Development Office to secure the gift?
- After weighing these factors the Provost, in consultation with the President and other senior staff members, will decide whether to approve the fundraising proposal and what priority to assign it in relation to other fundraising initiatives. The priority assigned will determine the level of effort expected from the Development Office and other College staff.

Provost “Encyclical” Donor Communications

- Even after a fundraising proposal has received initial approval, **all contacts with donors must be approved in advance by and coordinated through the Director of Development.**
- After fundraising plans for specific projects or general institutional needs (e.g., financial aid) are approved, the **Development staff will be responsible for identifying and soliciting prospects and for enlisting and coordinating the participation of alumni volunteers and faculty in the search for gift support.**
- It is expected that **College programs, departments, and faculty benefitting from gifts will assist Development staff with subsequent stewardship of the donors.** Indeed, the responsibility of the department, program, and individual faculty to report regularly to the donor on the use of the funds should be taken into account before seeking or accepting gift support. The Director of Donor Relations and the Donor Relations staff will be available to advise and support stewardship plans.
- When the details of gifts for approved projects are being negotiated, if specific restrictions or conditions proposed by the donor appear to have the potential to affect the operating budget by adding new activities or enhancing existing programs, it is important to involve the Provost at an early stage in determining the gift’s specific purpose and terms. **The President has final authority to grant approval to accept all gifts, and will do so on the recommendation of the Provost in consultation with other involved members of the Senior Staff.**

Roundtable Discussions

- Twice a month the following people meet to discuss gifts in the pipeline:
 - Provost
 - Vice President Finance and Administration & Treasurer
 - Vice President College Relations
 - Assistant Vice President College Relations (Director of Major Gifts)
 - Associate Provost
 - Controller

What comes “to the table”

- Examples of discussions:

- We have a class that wants to endow a program in sustainability.
 - What is the goal? How much will be straight gifts and how much from planned gifts? Who will manage the fund?
- We have a donor that wants to endow a student internship.
 - Do they want the internship to be in a specific field? Is the language such that if that there is no interest in that field we can use for another field?
- We have a donor that would like to give a gift for construction of a building.
 - What is the payment schedule? Is the donor willing to sign a binding agreement? Discussion of naming opportunities (within Development).

Creation of a fund - Development

- Development negotiates terms of gift with donor
- Development and Provost must sign the gift agreement
- Development Officer completes an account create form noting the following information:
 - Name of fund
 - Manager of fund
 - How income will be treated (swept or managed)
 - How gift will be funded (personal assets, donor advised fund)
 - Form is sent to VP for Admin & Finance for approval

Creation of a fund – Accounting

- Controller's Office receives account create package
- Controller awaits email from VP for Finance and Admin approving creation of the fund
- Senior Accountant creates a new endowment fund with the following information:
 - Type of endowment (True, Term)
 - Endowment spending (swept or managed)
 - Functional classification (Instruction, Student Service, Professorship, etc.)
- Controller reviews and approves the account create form
- Financial information systems group creates the fund in the general ledger system (PeopleSoft)
- Associate Controller creates the fund in Fundriver
- Once created, the Senior Accountant notifies the following people that the account has been established:
 - Development
 - VP Finance and Admin
 - Fund Manager
 - Budget Director
 - Provost

Reporting and stewardship

- Once the gift is received and generates annual income distribution there are financial accounting, budget, and donor stewardship reporting requirements
- The Controller's Office generates a financial report for each endowment fund noting annual endowment income, annual spending, annual budget to actual; life to date endowment income, life to date spending and life to date budget remaining. Account managers use this report to monitor spending. Budget office uses this information for analysis.
- The Controller's Office generates an endowment report noting Market Value, annual income generated, amount expended from the fund, annual investment activity
- Development reports this information to donors are required/requested
- The Controller's Office generates a report showing endowments:
 - Numerically
 - By Type (Funds Functioning, Term, True)
 - By Purpose (Financial aid, Professorship, etc.)

These reports are used to produce annual audited financial statements and for budget purposes to assess the level of restricted income available to support certain activities. The reports are Excel based and can be sorted to analyze information.

Have all constituents needs been met?

- Has the Fund has been solicited and structured to support the highest priorities of the College?
- Does the Fund meets the stated restrictions/purpose of the donor
- Has the Fund been created correctly for accounting purposes
- Has the Fund been created correctly for future budgeting purposes
- Are expenditures made from the Fund reviewed and approved to insure appropriate spending
- Has appropriate management of the Fund been assigned to insure that funds are utilized and Development can prepare stewardship reports
- Have appropriate reports been created to provide account managers with the information they need to proper utilize funds in accordance with donor wishes