



FREQUENTLY ASKED QUESTIONS

What is the East Carolina University Foundation?

The Foundation is an independent, non-profit, tax-exempt, public charity incorporated in North Carolina and operating under Section 501(c)(3) of the Internal Revenue Code. Its purpose is to support academics at ECU, and gifts to the Foundation are charitable donations that may be claimed as tax deductions by the donors.

Does the East Carolina University Foundation receive public funds, such as state or federal grants?

No. The Foundation exists to promote, strengthen, and benefit the academic and other enrichment programs of the university through the solicitation, management and distribution of private gifts.

How much does the Foundation raise to support academic and other enrichment programs of East Carolina University?

The goal is to generate at least \$15 million annually for scholarships and academic programs.

Why does a public university need a private foundation?

Because of competing priorities for tax dollars, the State of North Carolina can guarantee funding for East Carolina and other UNC system schools, that will support only the basic, standard level of higher education. Like other states around the nation, the percentage of annual support for the higher education is decreasing. Today only ABOUT 30% of ECU's revenue comes from state appropriations, and that amount is expected to decrease even further in the future.

Private support given to East Carolina through the Foundation provides the university with an extra margin for excellence. Strong private gift support can transform a good university into a great one.

Also, because the Foundation is an independent and private organization, it can more effectively maintain confidentiality when anonymity is important to donors. It also serves the university by maintaining private fund accounts from one fiscal year to the next.

State funds must typically be spent in the year in which they are appropriated; they are difficult to "save" to buy, for example, an expensive piece of research equipment.

How is the Foundation governed?

An independent Board of Directors governs the Foundation. Directors work in concert with university administrators to advise and support the advancement function.

Through its board and committee structure, the Foundation gives alumni and friends a personal involvement in the fund raising and assets management program, which they themselves are expected to support.

How is the Foundation publicly accountable?

The Foundation Board adheres to a policy of full and open transparency in all of its financial transactions and activities. Records of the Foundation are examined annually by independent auditors. Budgets, investment reports and other non-confidential data are shared in publications on its website so that board members, donors, and others will know how funds are received, how they are managed, and how they are spent.

The Foundation's strict donor confidentiality standards safeguard donors against possible misuse of personal information by creditors, banks, government agencies, etc.

How is money given to the Foundation spent?

Donors restrict most gifts for purposes such as scholarships or academic programs in particular schools or departments. Each gift is used for the purpose designated by the donor.

Unrestricted gifts provide enrichment support for a broad spectrum of high priority scholarships and academic programs that receive little or no state funding.

Annual gifts, whether restricted or unrestricted, generally are spent in the year they are received.

Endowment gifts are pooled with other resources and invested. Each year, a portion of the annual income is distributed to the academic purpose for which the endowment was established, and the remainder of the income is added to the principal and reinvested. In this way, endowment funds grow and hold the buying power against inflation. Even a relatively small endowment - \$25,000 - can support an undergraduate scholarship in perpetuity.

Will the Foundation accept only cash?

No. Gifts of negotiable securities (stocks), equipment and real estate are also accepted. These gifts typically are sold upon receipt (converted to cash), and the cash is placed in the investment pool for the endowment fund.

Bequests, trusts, and other deferred gifts are also accepted. Many people find that giving to East Carolina is not only the right thing to do, it's the smart thing to do in terms of tax savings and estate planning. There are many ways to give to the Foundation while retaining a lifetime income for yourself and/or your beneficiary.

Do gifts of real estate get special treatment?

Yes. Due to the complexity of some real estate gifts, the Foundation created a subsidiary -- the ECU Real Estate Foundation. It has its own Board comprised of individuals who are experts in various aspects of real estate transactions. This process also limits the potential liability to the parent Foundation.

What is the market value of East Carolina University's endowment?

ECU's endowment as reported to the National Association of College and University Business Officers June 30, 2012, was approximately \$130 million. This figure includes endowment funds of the university and all three foundations.

How are the Foundation's endowment funds managed?

Under the direction of the Foundation's Investment Committee, professional fund managers invest endowments through a Strategic Asset Allocation process that focuses on growth and preservation of capital and income. The Fund Evaluation Group of Cincinnati, OH, is the current consulting firm assisting the Investment Committee.

What are minimum gifts for named endowments and named facilities on campus?

The minimum amount for a named endowment and named facility is \$25,000.