

# IU Foundation Administration Update



INDIANA UNIVERSITY  
FOUNDATION

# Topics We Will Cover

- How do we define a dormant or underutilized account?
- Why do accounts become dormant/underutilized?
- How do we **prevent** accounts from becoming dormant/ underutilized?
- How do we address accounts that are dormant/ underutilized?
- How do we manage endowment accounts on a continuous basis?



# Terminology

- **Dormant accounts:**
  - Account opened for at least 3 years and no expenditures drawn for 2+ years
- **Underutilized accounts:**
  - Annual spending from the account does not keep up with cash generated and deposited into the account



# ETA-Web Dormant Report

Kemid	Purpose Description	Total Market Value	Month End Income	2 Years' Total Income	Cash Surplus Amount
0380009449	Scholarship Undergraduate	\$ 2,283.58	\$ 17.44	\$ 701.16	\$ (683.72)

Kemid	Last Expenditure Date	Additional Invested Income	Receives Donor Statement	Open Date	Match Program	Special Instructions	Special Instructions Term Date
0380009449			NO	4/18/2013			



# ETA-Web Underutilized Report

Kemid	Purpose Description	Month End Cash Value	2 Years' Total Income	2 Years' Transfers	Cash Surplus Amount
0380009439	Scholarship - Undergraduate or Graduate	\$ 3,522.85	\$ 7,607.64	\$(5,482.18)	\$ 1,397.39

Kemid	2 Years' Cash Spent	2 Years' Cash After Expenses	Last Expenditure Date	Additional Invested Income	Receives Donor Statement	Open Date	Match Program	Special Instruction Comment	Special Instruction Term Date
0380009439	\$ (1,250.00)	\$ 6,357.64	12/21/2016	\$ -	NO	5/9/2011			



# How Accounts become Dormant/Underutilized?

- **Donor intent issues created when the gift agreement was drafted**
  - Intent was/is too narrowly defined
  - Changing administration or priorities
  - Underfunded – The endowment has not reached a level where cash generated will pay for the intended use of funds
- **Unit leaders are unaware that funds are available**
- **Unit leaders have a plan for use of accumulated funds**



# How We **Prevent** Accounts from Becoming Dormant/Underutilized

- **Gift Agreement process**
  - Document donor's vision ... work with donor to ensure their intent can be fulfilled
  - Verify donor intent conforms to all relevant policies and regulations
- **Account Administration**
  - Educate and train staff in IU units
  - Review disbursements and donor intent for compliance – Do we need to modify gift agreements?
  - Send annual stewardship reports





# How We Address Dormant/Underutilized Accounts: Establish Spending Plans

- **Our overall goal:** Work with units to establish spending plans for accumulated funds
- **Elements of a spending plan:**
  - Document amount of funds available
  - Develop a plan for fund use
  - Establish a timeline for spending

## Examples:

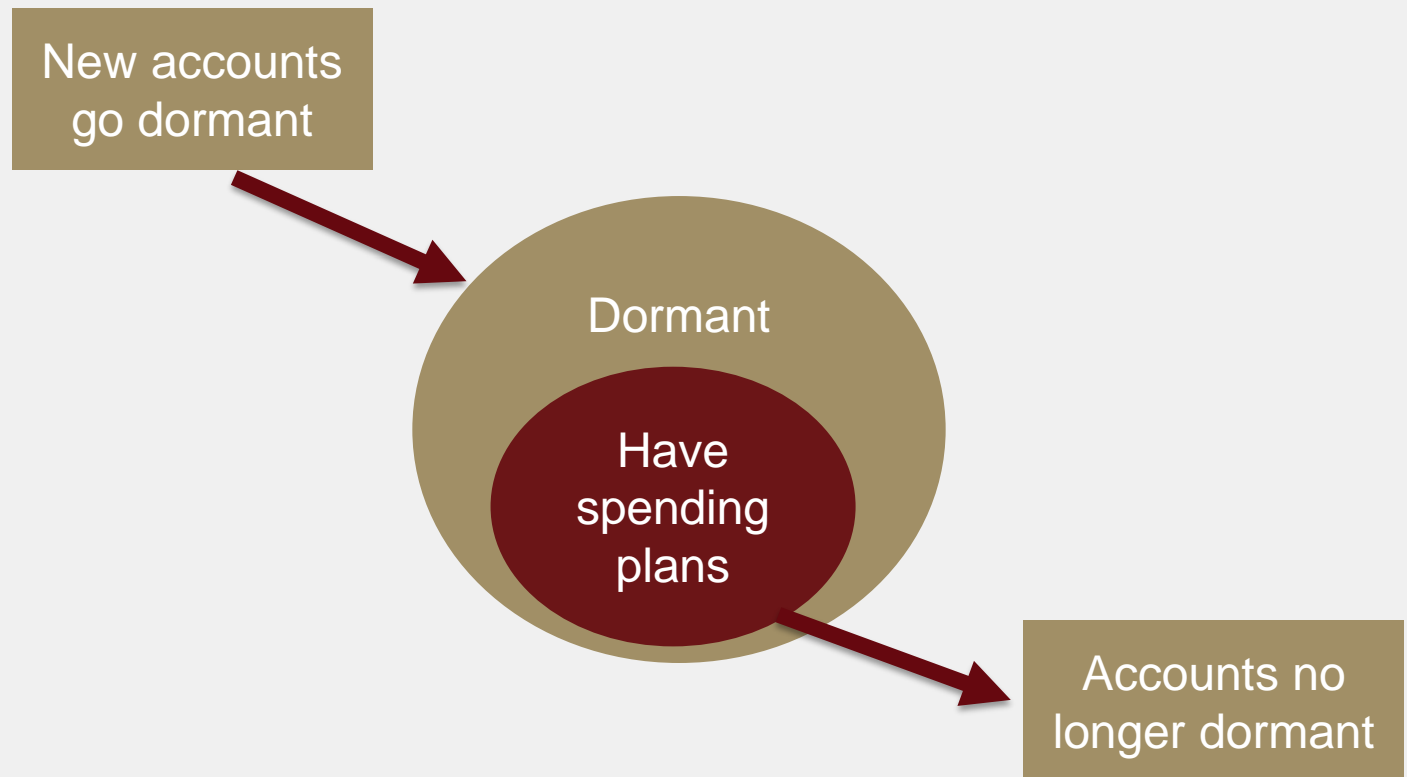
Account Type	Plan Type	Plan
Operating Account	2 Year Plan	The division currently has four junior faculty recruits with startup packages and is recruiting an additional seven faculty members with anticipated start dates in early FY 17. We anticipate spending the cash surplus within the next two years.
Scholarship	4 Year Plan	Award 1 recipient \$3,250/year over 4 years in addition to recipients awarded scholarships based on annual endowment earnings.





# And ... It's an Ongoing Process

- Dormant/underutilized account management is dynamic and continuous -- Accounts come into/out of dormant/underutilized status each year ...



# Ongoing Account Management

- **Outreach to units .... provide hands-on guidance**
  - Individual meetings to encourage campus units to establish spending plans for all dormant/underutilized accounts
  - Best practice communication to fiscal and development communities through standing campus wide meetings
- **Created unit self-service monitoring programs**
  - New reports allow users to identify dormant and underutilized accounts and monitor progress once plans are in place
  - Webinar explaining endowment reports and discussing best practices in account management



# Next Steps

## **Fiscal Year 2017:**

- Continue identification and outreach efforts for all dormant and underutilized IUF accounts
- Finalize internal IUF processes and policies to track and address issues
- Educate all campuses, schools and departments in general IUF account management

## **Fiscal Year 2018:**

- Enhance education and outreach based on identified needs of units
- Track and analyze progress based on unit's spending plans
- Create action plan based on common spending issues identified through ongoing analysis
- Internal Audit to review dormant/underutilized process



# ADDITIONAL QUESTIONS?

