



ATTACHMENT A GIFT ADMINISTRATION TERMS AND CONDITIONS

This Attachment A has been written in accordance with the approved policies of the ASU Foundation for A New American University ("ASU Foundation"), a nonprofit corporation that are exempt from taxation under section 501(c)(3) of the Internal Revenue Code and are located in Tempe, Arizona, and sets forth the terms and conditions subject to which the ASU Foundation administers gifts ("Terms and Conditions"). These Terms and Conditions may be amended from time to time and will be made available on the ASU Foundation website:

www.asufoundation.org/giftagreements.

General Terms

- Gift Restriction** – The ASU Foundation solicits, accepts, manages and invests charitable gifts on behalf of Arizona State University ("University"). All gifts are irrevocable. Donors may restrict 95% of any gift for specific purposes; 5% of each gift received is unrestricted for the University's and its affiliated entities' use in advancing its strategic initiatives and operations. The donor receives a gift receipt and is acknowledged for the full amount (100%) of the gift. The restricted purpose of the gift ("Fund") is established through a formal gift agreement ("Agreement") executed between the donor and ASU Foundation and governed by the terms and conditions in this document. The Agreement typically identifies a specific college, department or program at the University ("ASU Beneficiary") that administers the Fund in accordance with the Agreement.
- Donor Recognition** – To express appreciation, recognize the impact of philanthropy and encourage gifts for similar purposes, the ASU Foundation may publicly recognize donors for their philanthropic investments. Such recognition may include the name of the donor, as well as a description, the date and the amount of the donation. If the naming of physical spaces is considered for recognition, such naming shall be approved in accordance with Arizona Board of Regents policies; applicable details will be provided in the Agreement. If a donor wishes to remain anonymous, the donor shall so indicate in the signed Agreement. ASU Foundation will honor requests for anonymity to the extent permitted by applicable law, but may be required to disclose the description, date, amount and conditions of anonymous donations. In response to written requests, and consistent with A.R.S. 15-1640 (A)(3), the ASU Foundation will generally disclose the names of donors and the description, date, amount and conditions of donations benefiting ASU.
- Financial Management and Investment** – All contributions to the Fund are accepted, managed and invested by ASU Foundation in accordance with its policies.
- Alternate Application of the Fund** - In the event that it no longer is feasible for the Fund to be used as specified in the executed Agreement or any of the selection criteria are determined to be unlawful, ASU Foundation will consult with the ASU Beneficiary and the donor, when practical, to determine how to redirect the Fund in a manner that closely honors the donor's original intent. In this event, ASU Foundation and the ASU Beneficiary will continue to recognize the original contribution appropriately. If the program or activity supported by the Fund is reassigned to another administrator or beneficiary within the University, the Fund also shall be reassigned to the new administrator or beneficiary.

5. **Governing Law** - These Terms and Conditions shall be governed by and interpreted in accordance with the laws of the State of Arizona, including conflicts of law provisions. Venue shall be held exclusively in the courts of Arizona.

Endowments and Quasi-Endowments

An endowment is a permanent gift held in perpetuity and invested to provide sustainable financial support for the University. Similarly, a quasi-endowment is intended to provide long-term support for the University. Unlike an endowment, a quasi-endowment typically is not intended to be held in perpetuity.

1. **Investment Policy** – The investment policy includes the use of equity funds, which exposes the Fund to investment market risk. The Fund may be commingled, for investment purposes, with other investment assets of ASU Foundation but shall at all times be separately accounted for on ASU Foundation’s books and records. The Fund’s market value (“Market Value”) consists of gifts or principal, reinvestments and the net investment return therefrom, which includes interest, dividends and unrealized and realized gains and losses, less investment management fees.
2. **Annual Fee** – ASU Foundation may charge a fee to the Fund to provide for the full and appropriate fiduciary oversight of the Fund, including, but not limited to, such expenses as legal, financial, administrative, reporting, and development activities that are conducted solely for the benefit of the University. The currently authorized annual fee is equal to 1.5% of the 12-quarter average market value of the Fund.
3. **Threshold** – The minimum amount to establish an endowment is \$25,000. Some purposes (e.g., endowed chairs and professorships, named programs) have higher minimums. In these cases, the minimum threshold is identified in the Agreement. If the minimum is not reached within five years of the date of the Agreement, the ASU Foundation, in consultation with the ASU Beneficiary and/or the donor, may transfer the Fund to another account designated by the ASU Beneficiary.
4. **Gift Value** – For endowments, Gift Value consists of a donor’s permanently restricted gifts and any other income or reinvestments that are directed by the donor. The Gift Value and the net investment return therefrom, which includes interest, dividends and unrealized and realized gains and losses, less investment management fees, shall be held or disbursed in accordance with the Agreement. Quasi-endowments are not permanently restricted by donors and as such have no Gift Value component; for quasi-endowments, threshold determinations are based on Market Value.
5. **Fund Payout** – After the Gift Value of an endowment (or Market Value of a quasi-endowment) reaches the minimum threshold required for the proposed purpose, the ASU Foundation will pay to the ASU Beneficiary an endowment distribution (“Fund Payout”) for the purposes set forth in the Agreement. The amount available for Fund Payout is defined by the investment policy. Currently, ASU Foundation uses a constant-growth spending policy to provide greater predictability while protecting intergenerational growth. Fund Payout is increased annually, consistent with the current-year inflation rate, subject to a cap and floor (4.25 percent and 3.25 percent, respectively) of the 12-quarter average market value of the Fund. By ensuring that the Fund Payout is within the cap and floor, the endowment will provide a stable and predictable payout for future spending. For new endowments established during a calendar year, the initial payout currently is 3.75 percent of the Gift Value (or funds contributed for quasi-endowments). Fund Payout is available to the ASU Beneficiary at the beginning of each fiscal year (July 1).
6. **Underwater Payout for Endowed Funds**– In the event the endowed Fund’s Market Value falls below the Gift Value, the Fund Payout will be continued at the rate as defined by the investment policy, unless

otherwise specified in the Agreement. This may cause some of the Gift Value to be used temporarily for the Fund Payout.

7. **Unspent Amount Available for Spending** – If in a given year no use or only partial use is made of the Fund Payout, the unused amount shall be added to the next fiscal year's use or returned to the Fund as reinvested earnings, at the discretion of the ASU Beneficiary.
8. **Reduction of Quasi-Endowment** – ASU Foundation may establish a quasi-endowment with the express agreement that either the ASU Beneficiary or the donor intend for the quasi-endowment to be held for more than five years. If after the five-year period, and not otherwise directed by a donor, the ASU Beneficiary has the option to use a portion of or the entire Fund in any fiscal year in accordance with the following limitations:
 - a. A 30-day written notification to ASU Foundation's Finance Department is required for any reduction or termination from the Fund in an amount of \$500,000 or more. This notification will allow for orderly disinvestment of the requested funds.
 - b. A minimum balance of \$25,000 is required to remain in the Fund. If this minimum balance is not maintained, then any remaining funds may, at the election of ASU Foundation in consultation with the ASU Beneficiary, be transferred into a non-endowed account at ASU Foundation identified by the ASU Beneficiary as being consistent with the donor's original intent.
9. **Reporting** – ASU Foundation will send the donor an annual report on the ASU Foundation's endowment activity.

Inquiries

Any inquiries related to ASU Foundation's acceptance and management of philanthropic gifts should be directed to the ASU Foundation's Chief Executive Officer or its Treasurer .

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