

## **Gift Administration Fee – Frequently Asked Questions**

### **Q. What is the Wright State University Foundation's gift administration fee?**

A. The assessment on non-endowment gifts is our cost of being accountable to you and our other donors. This accountability includes our commitment to provide timely gift receipts, accurate records, expert management of gift funds, and efficient disbursement of gift funds to programs at Wright State University.

### **Q. How much is the administration fee?**

A. Each donation to the Wright State University Foundation is assessed a one-time administrative fee equal to 5% of donations to non-endowed funds.

### **Q. Why does the foundation have a gift administration fee?**

A. The assessment allows the Wright State University Foundation to reduce its reliance on direct funding for its operations from Wright State University, thus freeing university funds for education. Revenue from the assessment is directly related to the foundation's cost of doing business. Effective fundraising, donor stewardship, and gift management requires deployment of financial resources to cover direct costs for the processing, accounting, and disbursement of donated funds.

### **Q. How are operations of the foundation funded?**

A. Foundation operations are funded through a combination of revenue from earnings on short-term funds, endowment management fees, real estate/property management income, and gift assessments.

### **Q. Do other colleges and universities charge similar assessments? Nationally? In Ohio?**

A. A gift assessment of 5% is not uncommon at university foundations throughout the country. While this is new for the Wright State University Foundation, many other institutions and their associated foundations have had a similar fee for some time. There are other foundations associated with public universities in Ohio that have similar assessments as well.

### **Q. The local non-profit organizations I support don't charge gift fees. What's the difference?**

A. The difference is primarily one of terminology. All community organizations have operating costs. In general, revenue from contributions helps in part to support them—whether or not a formal gift "fee" is identified. There are a number of human service organizations, for example, which can charge fees of 15% or more.

In the non-profit sector, best practice standards hold that operating costs in the range of 15-20% are considered to be excellent, assuring that approximately \$.80 of every dollar contributed goes to providing direct services. By comparison, \$.95 (as of 7/1/2020) of each dollar you give to the Wright State University Foundation gets put to work by the university for the specific purpose you choose to support.

### **Q. How often does the gift assessment change?**

A. The foundation's funding sources are recommended by our finance and investment committee

and approved by the Wright State University Foundation Board of Trustees. The finance and investment committee reviews the gift assessment on an annual basis. In order to assure budgetary and financial stability, it is changed only rarely.

**Q. Can the gift assessment be waived?**

A. If a gift is made by a private foundation that has a written policy stating it will not pay gift fees, the Wright State University Foundation will waive the fee.

**Q. Does the Wright State University Foundation charge other fees?**

A. Like the vast majority of other foundations, we charge an annual fee to manage endowed funds that are invested in perpetuity. Because we want to maximize our endowment's growth over time, we keep this annual management fee to a minimum, currently 1.5% of the market value of the endowment.