



The DCU Educational Trust Endowment Policy: Access Scholarship Funds

Background

DCU Educational Trust manages a number of endowed funds designed to generate annual income to support the work of Dublin City University. This document focuses on the specific policies applying to Access Scholarships, i.e. endowments created to generate annual funds to support students from disadvantaged backgrounds during their studies at DCU.

The Trust will serve as a trustee for these endowment funds and, therefore, has a fiduciary duty to the donor and the University to administer the assets consistent with the donor's wishes, the DCU Access student and generally accepted financial standards. Since permanent endowments continue in perpetuity, it is very important that the Trust maintain in all permanent records, a clear understanding of any donor restrictions.

An Access endowed fund is defined as a single or combined pool of assets gifted to DCU Educational Trust to provide distributions which will be used to support scholarships for DCU Access students. Whilst these funds are currently disbursed as part of 'The DCUET Access Scholarship Programme' it is recognised that the name of the programme could change without altering its intent.

Types of Endowments

- Restricted endowment funds are funds for which the donor specifies how the endowed income will be used.
- Unrestricted endowment funds are funds for which the annual earnings are used at the discretion of the Board of Directors of DCU Educational Trust.
- Permanent endowment funds are those which are intended to have a perpetual life. Only the income of the fund may be distributed.

- Term endowment funds are similar to permanent endowment funds except after the expiration of a stated period of time or on occurrence of a specified event, all or part of the original capital may be distributed depending on the donor's wishes.

Acceptance and receipt of endowment funds is determined by the Trust's policy on Gift Acceptance.

Named Endowments

A minimum of €50,000 (net of contribution to ongoing fundraising, outlined below) is required to establish a permanent "named" scholarship fund with distributions in line with the current DCU Educational Trust Access Scholarship Programme.

For sums greater than €10,000, term endowment funds can be named for a specific period of time. At the end of the term the funds will be transferred, according to the donor's wishes. If funds remain within the General Access Endowment Fund then the donor's name will be listed as one of the contributors to that fund, and will be recognised accordingly.

Gifts to the endowment up to €10,000 will be assigned to the General Access Endowment Fund and the name of the donor will be recognised annually as a contributor to that fund for five years. No specific terms of distribution can be attached to these gifts.

A fully completed and signed Gift Agreement (see Appendix 1 for an outline) must be prepared and submitted prior to establishing an endowment fund. Appropriate records related to the endowment funds and accounts shall be maintained by the Trust.

Investment of Endowments

The investment of any given endowed fund will be determined by the policy applied to the Trust's overall endowed fund. Responsibility for setting the appropriate risk level to attempt to maximise the investment return while ensuring the sustainability of the fund is delegated by DCUET Directors to the DCU Educational Trust Finance Committee. The DCU Educational Trust Finance Committee will delegate the day to day management of the endowment fund to its designated investment fund manager.

Accounting and Management of Funds

All DCUET investment funds are managed as a mixed portfolio. The gain attributable to the entire fund will be allocated on a pro-rata basis on the balance in each fund at the

apportionment date. The apportionment of the gain will take place twice yearly on 30 June and 31 December.

Distributions from funds will also be made twice yearly, in September and February.

The endowment accounts will be audited at least annually as part of the audit of Dublin City University Educational Trust performed by an external accounting firm.

The Trust will report the accounts and activity of each endowment to the donor as specified in the gift agreement before the end of Q1 in the following year.

Recording and reporting of all related transactions shall be consistent with currently established accounting procedures.

Distributions

It is assumed that the primary intent of a donor to an endowed access fund is to fund at least one named scholarship in each academic year.

The level of distribution is left to the discretion of the DCU Educational Trust, in line with the current policy for the DCUET Access Scholarship Programme.

The value of the distribution may rise or fall, and the number of named scholars may be greater than one.

If, in any given year, the net investment gain is in excess of twice the scholarship award, the balance will be split in equal proportion between additional capital appreciation and a distribution to the General Access Fund.

Distributions up to the value of one Access Scholarship will be made in years where the fund makes a loss where the total funds remaining after the payment remain above the initial capital investment.

However, if an investment loss results in the value of the fund falling below the original capital value of the fund, reduced distributions may be made at the discretion of the DCU Educational Trust Finance Committee, until the capital value is restored to its original value.

Scholarship Award Administration

As outlined above (and unless stated otherwise in the gift agreement), each year a student will be awarded a scholarship which will be aligned with the endowed fund. The criteria

outlined in the gift agreement will be passed to the DCU Access Service and they will determine the name of the appropriate recipient for a given year.

The donor will have no additional say in the designated awardee other than the original stipulations as set out in the gift agreement.

An award is made for one academic year, not the duration of a degree program. As such, the awardee may change from year to year.

All gift agreements will provide that, in a situation where a student is not available that meets the specified criteria, the award is made to a DCU Access student.

Donor Acknowledgement

Donors who have established permanent endowment funds of €50,000 and above will become Life Members of the Leadership Circle, and will benefit from any privileges that conveys.

Donors who establish term endowments will become members of the Leadership Circle for the duration of their term and for three years thereafter, and will benefit from any privileges that conveys.

Donors will also receive an annual statement of affairs in relation to their funds.

Funds in Perpetuity

Whilst we do not anticipate that either DCU or the DCUET Access Programme will cease to exist, it is important to clarify what would occur if these situations arose.

- In the event that the DCU Access Scholarship Program ceases to exist, the yearly net gain available for distribution will be applied to the DCU Programme/fund with the closest alignment to the original donor intent at the discretion of the Trustees.
- In the event that there is no appropriate need within DCU, the yearly net gain available for distribution will be applied to a third level education institution with appropriate charitable status with the closest alignment to the original donor intent at the discretion of the Trustees.
- In the event the Trustees no longer deem it appropriate that the funds be held by the DCU Educational Trust, the full balance will be applied to a third level education institution with

appropriate charitable status with the closest alignment to the original donor intent at the discretion of the Trustees.

Ongoing costs of fundraising

15% of every gift to DCU is allocated towards the fundraising costs of future donations to DCU.

With regard to Endowed Funds, the Trust can provide two options regarding the operational cost:

1. 15% to be deducted from the original capital value
2. 15% to be deducted from the annual disbursements

DCUET will discuss the implications of both of these options with the donors at time of donation.

Review Policy

The particulars of the endowed fund will be reviewed with the donor every five years.

In the event of the death of the donor, the requests of the donor at the previous review meeting will be continued up to the next scheduled review, at which point, the capital in the fund will be transferred to a general Access endowed fund. The original donor will be recognised in perpetuity; however, the management of the capital will now fully rest with the DCUET Finance Committee.

Projected Rate of Return and Risk Level

Details of the Projected Rate of Return and Risk Level are available at any time from the DCU Educational Trust.

Appendix 1: Gift Agreement

All endowment gift agreements must contain the following:

1. Establishment
 - a. Date of establishment
 - b. Name of donor
 - c. Title of endowment
 - d. Permanent or term endowment
 - e. Principal endowment fund amount
 - f. Donor's Intent
2. Reason for establishing the endowment
3. Purpose of Funds
4. Title of individual who will administer distributions
5. Criteria for distributions, including process for identification and selection of scholarship recipients
6. Amount of original gift
7. Pledge schedule or agreement (if a pledge is involved) including statement of agreement to disburse or merge funds by a certain date unless specific progress in made towards fulfilling the pledge
8. Incorporation of additional gifts into the endowment
9. Reference to management or administrative fee charge
10. Reference to spending payout rate
11. Allowance for amendment by donor and the Foundation, with consultation by the University
12. Allowance for alternative use of endowment if it becomes impossible, impracticable, or illegal to satisfy the original intent of the donor
13. Affix signatures of donor, and both the appropriate level University representative and the President of the Foundation or their designee.