

## Policy on Administrative Fee

*Original Policy adopted September 12, 2001*

*Revised September 30, 2020*

### **I. Purpose of the Policy**

The gift fee is assessed to provide for the Foundation's administrative costs associated with the solicitation and management of the philanthropic resources of California State University, Northridge.

### **II. Definitions**

- Current Use Fund: a fund established to receive and expend gifts intended by the donor to be used for current purposes or programs; a fund that is not an endowment.
- Endowed Fund: a fund established to receive and invest gifts made by donors with a portion of the earnings used for restricted or unrestricted purposes. An endowed fund protects the gift in perpetuity by responsibly investing the principal (corpus) and distributing an annual payout realized from a portion of the investment income allowing the fund's real value to increase over time.
- Gift: the charitable and irrevocable transfer of money or property given voluntarily. Gifts may be recognized through promotional visibility for the donor. Gifts may be designated for specific purposes and the donor may require reporting on the use of gifted funds, but they may not require returns be they financial, or real or intellectual property.
- Grant: A grant is essentially synonymous with a gift except that they come from a charitable foundation or corporation.
- Gift-in-kind: the charitable and irrevocable transfer of tangible property given voluntarily. These transfers are motivated by something other than consideration or expectation of financial return or contractual obligation.
- Pledge: the promise of a gift made legally binding by signed agreement.
- Program Income: funds appropriately received by the Foundation to further a program of the University and Foundation, which are not philanthropic, including, but not limited to ticket sales, membership, royalty payments, sales of tangible property, and sponsorships.

### **III. Policy Statement**

The rate utilized to calculate the gift administrative fee will be reviewed and approved on an annual basis by the Foundation's Board of Directors as part of the Foundation's operational budget.

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The administrative fee is assessed on all cash or cash equivalents upon receipt by the Foundation. The following transactions are not subject to the fee:

1. Gifts to an endowment
2. Gifts restricted to scholarships for students at the University
3. Gifts intended for use by a recognized student club and organization.  
Recognition of a student club and organization is determined by policies and procedures outlined by the Vice President of Student Affairs/Dean of Students.
4. Gifts intended for use by a recognized student research or creative activity as part of their academic coursework, i.e., engineering projects, film and television productions, among others.
5. Gifts-in-kind of tangible property

The administrative fee is assessed on the value of goods and services provided in a quid pro quo transaction, such as meals, golf tournaments, among others.

The administrative fee is assessed on program income.

Gift agreements, including documented pledges and planned gifts, are subject to the administrative fee as the installments are received by the Foundation based on this policy.

Assessment of a gift fee does not affect the tax-deductible amount of a donor's gift to the Foundation. Donors will receive a gift receipt, as required by the Internal Revenue Service, for the full amount of their gift.

The vice president, dean, director or administrator of the recipient division, college, department or unit may request the equivalent of the fee be taken from another unrestricted fund within their purview, thus releasing 100 percent of the gift for intended use.

If a donor wishes to ensure that the benefiting program receives a specific amount from their gift, they can provide a gift calculated as the net amount intended for the department, plus the gift administrative fee calculated based on the current rate.

The Foundation Chief Financial Officer is responsible for the implementation of this policy. An annual report on the revenue from this fee will be provided to the Foundation's Finance and Investment Committee.

**IV. Disclosure Language**

1. Required general disclosure for gift documents, pledge letters, fund terms, gift letters, stewardship reports, tax receipts, and donor publications: "It is the policy of California State University, Northridge Foundation that a modest portion of gifts and other income may be used to defray the costs of raising and administering funds."

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2. Required specific disclosures for all proposals, all solicitations (written or oral), and the campus website: "It is the policy of California State University Northridge Foundation that a modest portion of gifts and other income may be used to defray the costs of raising and administering funds. As of July 1, 2020, the current assessment is 5%."
3. The policy will be posted on the Foundation's website.