



GIFT FEE POLICY

Adopted by the Board of Directors 10-04-2019

The University of South Dakota Foundation (“Foundation”) is an independent 501(c)(3) nonprofit corporation organized under the laws of the State of South Dakota. The Foundation’s purpose is to inspire, solicit, facilitate, and manage charitable gifts for the benefit of the University of South Dakota (“USD”), which is a separate legal entity from the Foundation.

USD remains committed to being the best small, public flagship university in the nation, built upon a liberal arts foundation. Fidelity to this lofty vision – particularly in an era of limited public funding – requires strong investment in private fundraising. For decades, USD and the Foundation have worked in harmony to secure private gifts benefiting all facets of USD. This partnership – and the tremendous generosity of donors – has literally transformed USD, but these are only beginnings.

In 2019, a task force comprising Foundation volunteer leaders, with input from senior management and the USD administration, studied Foundation revenue sources, industry trends, and other factors that might influence the Foundation’s ability to meet USD’s growing private funding needs. The task force concluded, among other findings, that the Foundation required additional funding sources to meet its operational needs. It found through the study of regional peers and the industry as a whole that gift fees, in combination with endowment administrative fees, are common resource drivers for effective foundations. Accordingly, on October 4, 2019, per the task force’s recommendation, the Foundation’s Board of Directors unanimously approved implementation of a gift fee effective January 1, 2020.

Revenues from the gift fee, detailed below, will position the Foundation to invest in expanded fundraising initiatives and development efforts critical to further transforming USD to a higher level of excellence.

A. GIFT FEE

1. Effective January 1, 2020, all gifts received by the Foundation are subject to a 5.0% gift fee unless otherwise prohibited by the terms of a preexisting gift agreement, grantmaking authority, or other special consideration. The gift fee is assessed to support fundraising efforts undertaken for the benefit of the University of South Dakota, whose mission and vision are increasingly dependent upon private support.
2. The gift fee is applicable at the time cash is received by the Foundation.
 - a. The gift fee applies to new and existing pledges, but only to those pledge payments that take place on or after January 1, 2020.

- b. The gift fee applies when the Foundation receives the cash proceeds from an estate or liquidated non-cash gift (e.g., gift of real estate).
 - c. Donors will be recognized for the full value of their gifts (gross of gift fees).
3. This gift fee is apart from and in addition to the Foundation's endowment administrative fee applicable to endowed funds. The administrative fee is the fee assessed to endowed funds to support administrative expenses incurred by the Foundation in managing the endowment.
 4. The Foundation gift fee may be adjusted from time to time, with or without donor notice, as determined by the Foundation Board of Directors.

Questions about the gift fee may be directed to Foundation Chief Financial Officer Christine Tjelmeland at Christine.Tjelmeland@usdfoundation.org or 1-800-521-3575.