



Donations, Endowments, and Scholarships

801 Leroy Place
Socorro, NM 87801
575-835-5352

https://www.nmt.edu/advancement/nmt_foundation.php

The New Mexico Tech Foundation is an incorporated 501(c)3 non-profit organization established to solicit, receive and administer private support for New Mexico Tech. Gifts to the Foundation are tax deductible as a charitable contribution. Gifts most commonly come in the form of one-time donations or the establishment of endowments.

Endowments

Endowments are established with the intent that the corpus of the fund be held in perpetuity and that investment income earned by the fund be used to support a designated use. An endowed fund can support student scholarships, research, professors, programs, and non-academic purposes such as facility maintenance. Establishing an endowment is an excellent means of memorializing a person or persons, an event, or a cause and is a great way for donors and their families to create a legacy.

Investment:

New Mexico Tech Foundation endowments are pooled for investment, much like a mutual fund investment, and are managed by the New Mexico State Investment Council (NMSIC). The NMSIC manages the state of New Mexico's permanent funds. NMSIC publishes an annual investment plan and report on their website found [here](#).

Endowment Spending:

Unless arranged by special agreement, earnings from endowments are distributed annually. Recognizing the need for sustainable income to support beneficiaries of endowments, spending will not exceed the annual distribution rate passed by the NMT Foundation. The current distribution rate of 3.75% (based on a five-year rolling average) was passed by the NMT Foundation in July of 2019.

Distributions from endowment funds are managed by the Foundation and limited to the purposes and amounts indicated by the donor and within the bounds of the Foundation's policies. The Foundation's Board of Trustees may change the management fee policy and/or the distribution policy from time to time to protect the intergenerational equity of endowments.

Accounting:

Two accounts are established for endowments:

The Fund Corpus or Principal Account

The balance in this account represents the accumulated amount of monetary gifts to the fund. Since the purpose of this account is for the original donation(s) to be held in perpetuity, no disbursements shall be charged to this account. Additional donations are designated to this account by default. Endowed accounts are allowed to grow at least one calendar year before the first award is made. During this one-year period, the donor may fund the distribution with a separate gift. At no time will the endowed principal be used to make distributions.

The Endowment Distribution Account (Spending Fund)

Expenditures are charged to this account consistent with the purpose of the endowment fund and in accordance with the NMT Foundation's disbursement policy and procedures. The NMT Foundation will distribute the investment revenues earned by the endowment fund to this account. The unexpended

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balance in this account will be carried over from fiscal year to fiscal year.

Endowment accounts are included in the annual Foundation audit performed by an external certified public accounting firm.

Fees:

Gift Fee

A one-time gift fee of five percent (5%) will be assessed on all gifts to the NMT Foundation. The gift fee will be collected at the time the gift is received. This gift fee helps offset the operating costs of the advancement programs of New Mexico Tech, which shall include the operation of the NMT Foundation and the Office for Advancement and Alumni Relations.

Management Fee

The NMT Foundation annually assesses a total of three quarters of one percent (.75%) (as of July 2019) on endowments' annual earnings averaged over a twelve (12) quarter period to support the operations of the Foundation.

Establishing an Endowment:

Establishing an endowment requires a signed endowment agreement that is prepared and submitted prior to establishing an endowment fund. Additional donations may be added to the endowment by the donor who established the endowment fund, or other donors, at any time. Donors may also add to the endowment fund by deferred charitable gifts or estate planning. There are other options for donors who want to contribute to programs or scholarships without creating an endowment; a Foundation representative can provide information on alternative ways to give.

In addition to naming the endowment fund, the donor may choose awarding guidelines for how distributed funds will be used. A Foundation staff member will assist donors to create IRS-compliant guidelines that clearly articulate the donor's gift intent and ensure consistent and successful distribution of available funds. The donor may amend endowment fund criteria by requesting any changes in writing.

The New Mexico Tech Foundation has a fiduciary responsibility to ensure donor wishes are strictly observed and gifts are used only for the purpose stated by the donor. Gifts received for the benefit of New Mexico Tech must be spent according to the donor's intent. The Foundation will monitor the administration of gifts to verify donor gift intent is implemented.

Appropriate records related to the endowment funds and accounts shall be maintained by the NMT Foundation. At the beginning of each calendar year, the NMT Foundation sends an annual statement for each scholarship and endowed fund. The annual statement will include the financial status of the endowment fund as of the previous fiscal year along with identification of any scholarship recipients (if applicable).

Endowment funding minimums are dependent on the area of support - scholarships, graduate student positions, faculty positions, etc. Please contact the New Mexico Tech Office for Advancement for more information on funding minimums.

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Scholarships

The New Mexico Tech Foundation has set a \$15,000.00 minimum to establish an endowed scholarship. Additional donations may be added to an endowed scholarship by the initial donor or other donors at any time.

If a donor does not wish to establish a named scholarship, or would like to make a one-time scholarship donation, there are options available consistent with the donor's interests and gift recognition preferences. Contact New Mexico Tech Advancement staff to discuss these options.

Scholarship funds fall into two categories, named annual awards and endowed scholarships. Annual awards are expended each year and must be replenished through new gifts. Endowed scholarships earn interest annually and the corpus of the gift is never touched (thereby ensuring scholarships are available in perpetuity). Scholarships are funded from investment income.

Named Annual Awards:

A minimum donation of \$2,500 is required to establish and name an annual award. An annual award fund provides awards to current students within an academic year with no long-term investment of money used to establish an endowment fund.

Endowed Scholarships:

Endowed scholarships can be established with a single payment, or the fund can be built with payments over a period of five years, to reach the minimum level of \$15,000. The fund will pay an annual distribution that will be used as the scholarship award. If endowment funds are less than \$15,000, and after 5 years with no activity, the donor will be contacted to discuss fund options.

The Basics:

You can fully participate in:

- determining criteria (within IRS guidelines)
- determining the name of your endowment (within NMT Naming Policy guidelines)

The NMT Foundation will:

- publicize the establishment of the scholarship/endowment in appropriate NMT publications
- promote the availability of your scholarship/endowment to NMT students, faculty, etc.
- select suitable scholarship recipients from a pool of candidates according to set criteria and manage the awarding process
- be responsible for required auditing and accounting reports

Checks are made payable to:

**New Mexico Tech Foundation
801 Leroy Place
Socorro, NM 87801**

All donations are tax deductible. The New Mexico Tech Foundation is a 501(c) 3 organization and a direct support organization of New Mexico Tech.

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Example Scholarship Agreement - XYZ Scholarship Fund

In consideration of the mutual covenants contained herein, the **New Mexico Tech Foundation** of Socorro, New Mexico (hereinafter referred to as the “**New Mexico Tech Foundation**”) and **John Doe** of Albuquerque, New Mexico (hereinafter referred to as “**Donor**”) agree as follows:

1. The **New Mexico Tech Foundation** gratefully acknowledges an initial gift of \$ _____ from the **Donor** for the purpose of establishing an endowment at the **New Mexico Tech Foundation**.
2. The **New Mexico Tech Foundation** specifically covenants and agrees that this gift, together with additional donations and potential public matching funds, will constitute the principal of the endowment fund hereafter known as the **XYZ Scholarship Fund**, a fund established within the New Mexico Tech Foundation for the exclusive benefit of students at New Mexico Institute of Mining and Technology.
3. The **New Mexico Tech Foundation** further covenants and agrees to preserve and protect said principal by prudent management with regard to safety of investment, growth of principal and income. In order to protect said principal, if market conditions should result in negative earnings, it is **New Mexico Tech Foundation** policy to pause disbursements on funds that are “under water.” This practice protects the fund principal and will allow time for earnings to regenerate. Donors will be contacted in the event that their endowment has been impacted. In cases where the principal will be impacted, disbursements will not be made unless the **New Mexico Tech Foundation** is directed, in writing, to do so by **Donor**.
4. The **New Mexico Tech Foundation** agrees that income and realized capital gains will be distributed annually as scholarships based on the **New Mexico Tech Foundation’s** approved distribution and fee rates. Periodic changes to the distribution rates may be made in accordance with guidance from investment managers in response to changing market conditions. The current disbursement rate will be shared with donors annually. Should any changes in the fee rate occur, **New Mexico Tech Foundation** will notify **Donor**. Current distribution and fee rates can be requested by contacting the Office for Advancement.
5. The **New Mexico Tech Foundation** agrees that excess income and realized capital gains from academic year to academic year shall be reinvested for growth of the principal. For purposes of investment, this endowment may be combined with other endowment funds. All gifts to

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the **XYZ Scholarship Fund** shall be made to the New Mexico Tech Foundation.

6. The Director of Financial Aid, Director X, and Director Y shall, on an annual basis, have discretion to determine which student(s) receive assistance from the **XYZ Scholarship Fund**. Awards are renewable for up to 5 years or upon graduation, whichever comes first.

7. To be considered for the **XYZ Scholarship Fund** a student must:

- a. GPA
- b. Major
- c. Etc.

8. All gifts from the **Donor** to the **New Mexico Tech Foundation** shall be used within the exempt functions of both parties as defined under those provisions of the Internal Revenue Code pertaining to exempt entities defined under Sections 170(c) and 501 (c) (3) of the Internal Revenue Code or other similar sections.

9. While **Donor** intends that for the foreseeable future the **XYZ Scholarship Fund** shall be used exclusively for the purposes and in the manner set forth in this agreement, the **Donor** recognizes the possibility of change in the field of higher education that could eliminate, at some future date, the need for funding as described in this agreement. Therefore, the **Donor** directs that should the **New Mexico Tech Foundation** determine, after due consultation with the President of New Mexico Tech and the **Donor** or their heirs, if possible, that such is the case, then the **XYZ Scholarship Fund** should be used for such useful educational purposes as the **New Mexico Tech Foundation** may determine to be most closely related to the purposes set forth in this agreement.

10. This agreement sets forth completely the conditions and purposes of the endowment so created and it shall be binding upon the parties hereto, unless and until the provisions hereof are modified, in writing, in accordance with the provisions stated above. The above provisions are agreed upon by both the **Donor** and the **New Mexico Tech Foundation**.

New Mexico Tech Foundation:

Donor:

Clinton Marrs
Foundation President

John Doe

Date:

Date:

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