

[PUT ON NAU FOUNDATION LETTERHEAD]

LETTER OF UNDERSTANDING

Formal Name of Fund

1. There shall be established in the Northern Arizona University Foundation, Inc. (NAU Foundation) an endowed fund known as the [name of fund, same as above]
2. This Fund is established by [provide information about why the endowment is being established, including but not limited to biographical information about the donor(s) or person(s) for whom the fund is named. Attach biography of the donor and/or fund honoree.]

The Donor intends to transfer [\$xxx / no. of shares / value / other] to the Foundation on or before [date] in the form of a [outright gift, gift of stock, real estate, or other techniques.]

3. Any and all gifts and contributions received for this Fund shall be held until the Fund reaches the endowment minimum. From there on the income shall be disbursed according to NAU Foundation procedures existing at the time of such disbursement for the uses and purposes stated herein. If the Fund does not reach the minimum amount for endowment required by Board Policy, the Fund may be expended in part or full consistent with the uses and purposes stated herein.

The Board of Directors of the NAU Foundation, or its designee, has and shall have full and plenary power and authority to take, hold, manage, invest and reinvest any principal hereunder, and any increase or accumulation to it, and any income from it, consistent with management policies of the Board of Directors, or its designee. The Fund will earn income according to Board policy if it maintains the minimum balance required for earning income.

It is understood that the Foundation will annually direct a small percentage of the fund, payable from the fund and/or its earnings, to partially cover the Foundation's expenses relating to developing, establishing and maintaining the fund on behalf of NAU. This fee is set, from time-to-time, by the Foundation's Board of Directors.

4. Payout of funds shall be made through NAU Foundation payment procedures existing at the time of such payment [if fund is a scholarship, add "in coordination with the NAU Office of Student Financial Aid."]
5. This Fund shall be used to [describe the intended use for the Fund's earnings, i.e., is it for a scholarship or support for a specific program. For example: "This fund shall be used to provide scholarships to support students who meet the following criteria..." List the criteria that will be used in the selection process for the scholarship recipient. NAU prefers to keep criteria to a minimum so that we can provide funding to the most deserving students and so that we can insure that the funds can be used. Typical criteria include: particular college or major, particular geographic area (for example Arizona resident),

and particular class year (for example only juniors and seniors), and scholarship may be renewed if student maintains grades.) Other criteria may be considered based on the donor's interest). Students that continue to meet the award criteria may reapply for this scholarship.

Include this paragraph if it is a scholarship:

Scholarship recipients shall be selected by the [enter the college and/or department name, e.g. College of Arts and Letters] Scholarship Committee in coordination with the NAU Office of Student Financial Aid. The annual scholarship award(s) will be disbursed one-half for Fall semester and one-half for Spring semester to one or more students enrolled at Northern Arizona University. (note the semester(s) awarded and the number of students may be changed to reflect the wishes of the donor.)

6. The uses and expenditures of this Fund shall be consistent with Northern Arizona University policies. This Fund shall be administered by [enter the dean, director or chair of specific area benefiting from this endowment] or his/her designee. Any program or project supported hereunder must be consistent with the tax-deductible status of gifts made to the NAU Foundation. If, at some future time, a different office shall be responsible for the management of this fund, then administration of this Fund shall transfer to such office, department, college, or unit.
7. If, at some future date, circumstances within Northern Arizona University should change so that the uses and purposes for which this Fund has been established should cease to exist and/or are in conflict with administrative or academic policies of the University, then the NAU Foundation in cooperation with Northern Arizona University, shall determine how fund income and principal may be used bearing in mind the wishes of the [Donor or Founder] set forth herein. In this unlikely event, every effort shall be made by the University to contact the [Donor or Founder] prior to any change in Fund disbursement.

_____, dated this _____ day of _____, 2011
(_____) (*Donor or Founder*)

_____, dated this _____ day of _____, 2011
(_____) (*Dean,/Director, college or academic unit's name*)

_____, dated this _____ day of _____, 2011
Michelle Castillo, Director of Financial Aid

_____, dated this _____ day of _____, 2011
Mason Gerety, Ph.D., President, Northern Arizona University Foundation, Inc.