

Aalto University Fundraising Policy

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1. Purpose and Scope of the Policy

The Constitution of Aalto University Foundation defines the fundamental principles of Aalto University's fundraising policy.¹

The overall goals, ethical principles, and basic processes of Aalto University's fundraising are described in the public **Fundraising Principles**. The term fundraising refers to the process of collecting donations for the University, and the term donation is defined as a free, gratuitous contribution to support the University activities.

The overall ethical principles applicable to all Aalto University's activities (including fundraising) are described the **Aalto University Code of Conduct**. The specific issues related to investment of donated funds as part of the University's endowment management are covered in the **Endowment Strategy**. All these policies are approved by the Aalto University Board (AUFB).

This **Fundraising Policy** explains Aalto University's underlying approach to fundraising, outlines general guidelines for the conducting of fundraising activities and documents the authorities of key parties related to fundraising and donation fund management. This policy also interacts with the **Financial Regulations** and financial processes of the University.

The President and Chief Financial Officer (CFO) jointly, in consultation with the Deans and the Director of Advancement and Corporate Engagement (ADCO), are authorized to issue further guidelines on application of this policy to ensure management of fundraising activities of Aalto University is effective and prudent.

This policy applies to all Aalto University fundraising activities.

2. Ethical principles

The ethical foundations of Aalto University's fundraising are set forth in the Fundraising Principles. Aalto is a member of CASE (Council for the Advancement and Support of Education), and adheres to its ethical principles, including the following:

- **CASE Statement of Ethics**, which outlines the professional standards of fundraising based on respect for truth, fairness, free inquiry, and the opinions of others, and underlines the best interests of the institution (www.case.org/resources/case-statement-ethics);
- **CASE Principles of Practice**, which describe best fundraising practices for educational institutions, addressing issues related to personal integrity, confidentiality, public trust, disclosure, and compensation (www.case.org/resources/principles-practice-fundraising-professionals-educational-institutions);

¹ Art. 4 para. 2 and 3: "The Foundation has the right to accept bequests and other donations. Bequeathed and donated funds shall be managed and used as instructed by the donors. In the absence of detailed stipulations, the Board of the Foundation shall decide on the use of the funds." "The Foundation shall have both joint and field- and School-specific funds whose use shall be governed by the stipulations issued by the Board of the Foundation within the provisions of this Constitution."

- **Donor Bill of Rights**, which lists the principles that ensure that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they might support (www.case.org/resources/donor-bill-rights).

3. Fundraising planning and target setting

As set forth on the **Fundraising Principles**, Aalto University seeks donations in order to support research, education, and artistic activities through long-term donor relations.

The fundraising planning is a part of the Aalto University's overall strategy, and a part of the University's annual planning cycle. It includes overall long-term financial goals for fundraising. Financial goals are set on a multi-year basis, with annual follow-up and adjustments in connection with the university dialogues.

The financial fundraising targets are set and success measured by

- **donation pledges received per year**, measuring the value of donation commitments
- **donations received per year**, based on the value of collected donations
- **cost of euro raised**, measuring fundraising costs against commitments on a rolling 3-year basis, which may be also used as a benchmark versus other fundraising organizations.

Fundraising impact and quality are measured by other indicators as well, such as the number of donors and their level of engagement.

Aalto University welcomes donations for Aalto-wide targets, school-specific targets, as well as targets for one or more Schools or other units. The President is responsible for all fundraising within the university and may delegate school-specific fundraising to the Deans to ensure that the entire university is empowered and incentivized to engage in the fundraising efforts. All fundraising activities within the University are supported and coordinated by the Donor Engagement team, creating a joint effort that provides the needed tools, contacts, and materials to engage in successful fundraising, coordinated under the President's authority.

In order to avoid overlaps and an excessive number of solicitations in the name of Aalto University, the Director of ADCO, in consultation with the President and the Deans, is responsible for synchronizing all types of fundraising projects. Aalto Customer Relations Management (CRM) system is utilized to align fundraising activities across the University.

To support all fundraising efforts, Aalto University has a Fundraising Advisory Board with distinguished members invited by the President to serve on the Board for a fixed term.

When potential donors are being approached publicly by the University, a fundraising permission is required from the Finnish Police Administration. In case of governmental matching funding campaigns, the University adheres to the rules set forth in such campaigns.

Aalto University is committed to continually developing the quality of fundraising through benchmarking with peer universities and by utilizing benchmarking opportunities with international fundraising associations when applicable. Aalto provides fundraising personnel

and academic staff with possibilities for education and training in fundraising, including professional certification when applicable, utilizing domestic and international networks.

4. Donor and donation segmenting

Aalto University's donors include **alumni and other private individuals, foundations, companies, public entities, and associations.**

Alumni and other private individuals are considered key donors as they often give regular gifts, or larger gifts less regularly. Key donors tend to give to the same cause multiple times, which means that their financial value increases over time. Each new donor has the potential to become a lifetime supporter. Aalto uses digital fundraising to increase the number individual donors.

Foundations are Aalto's most significant single donor group measured by the total value of the donations. Foundations give to purposes listed in the foundation's charter. Foundations traditionally have application rounds for grants, but donations of significant impact are increasingly discussed outside these rounds directly between the foundation and Aalto.

Companies are a big donor group in the Nordic context, and some of Aalto's most generous donors are corporations. In Finland, companies have been active donors especially in the governmental matching funding campaigns.

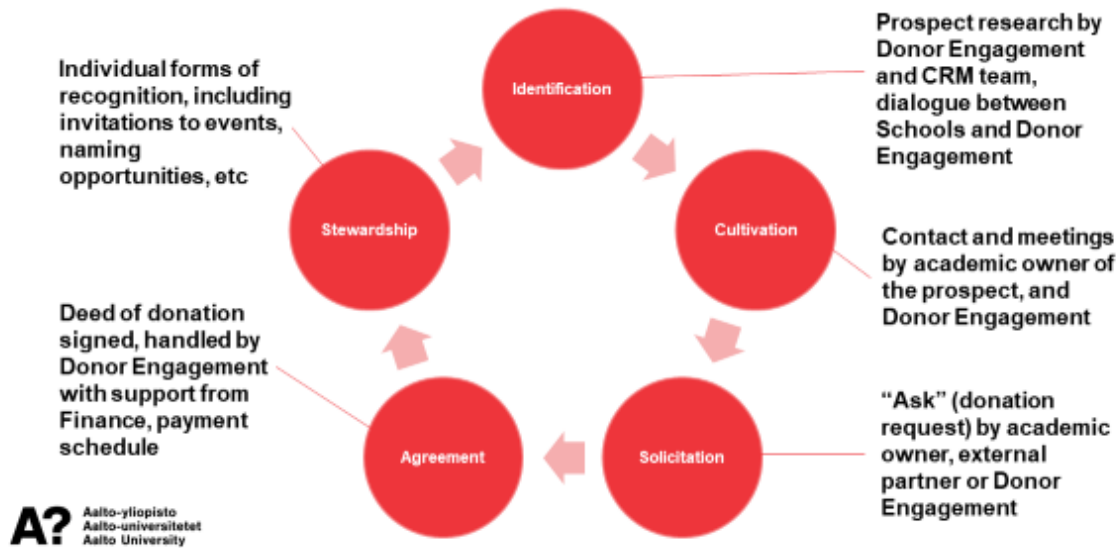
Aalto's donors also include **municipalities, labor unions, employer organizations, and various associations.** Donors in this group are often highly committed to long-term cooperation with Aalto.

From all the donor segments, Aalto University distinguishes between donations that require a donor-specific fundraising approach (generally 10k€ and above), and donations which are based on a broad approach to a large pool of potential donors (up to 10k€ each). Both the donation and the donor segmentation are defined for the internal planning of campaigns, donor-specific approaches, and donor recognition.

5. Donor relations and the donation cycle

Regardless of the donor group, the donor-specific approach follows a cycle:

Donation cycle at Aalto



Identification is the search for new donors with the help of our networks, public information, and knowledge accumulated within Aalto, and the assessment of donation probability through *prospecting*. Effective analysis of data is key to the success in identifying donor prospects. Donor and prospect information is registered in the Aalto CRM system. The most potential donors are the ones who have donated to Aalto before.

Cultivation is the dialogue with the prospective donor to understand her/his/its motivations and resources, and to draft a compelling case for a donation request. This phase is strongly connected to communication and marketing by telling the Aalto story in a compelling way. Cultivation takes time and effort, and the Aalto resources need to be allocated in proportion to the gift potential.

Solicitation refers to the preparation of the donation request and its presentation to the donor: *the ask*. The request needs to be precise: for what, what sum, what schedule. The impact of the donation needs to be clearly defined: what will change if Aalto gets this donation? The request may be presented orally or in writing, or both, depending on the expectation of the donor.

In the **agreement** phase, arrangements are made to secure the donation onto Aalto's account after a positive decision by the donor. A commitment to donate is a *pledge*, a signed *deed of donation* means that the donation is *secured*, and the fundraising project is *closed* when the funds have been received by the University. The deed of donation (*lahjakirja* in Finnish) is the document through which the donor commits in writing (see below under heading 7).

Stewardship refers to the proper implementation of donations as well as to the maintenance and development of the donor relationship after the donation has been secured to ensure long-term engagement. Donations are public unless otherwise indicated by the donor, and donors are recognized on donor walls around campus and on Aalto website. All donors receive the Annual Review for Donors. The review reports the impact of the gifts, and acts as a donor recognition and cultivation tool. Further ways of donor recognition include articles

in Aalto's publications and website, invitations to events, and naming opportunities. Stewardship is tailored according to the size of the donation and the length and significance of the donor relationship.

Donor relations are based on openness and active communication throughout the donation cycle. Aalto University will honor the will of the donor as agreed. Donors will receive timely information on the use of donations and Aalto development. It is the joint responsibility of the academic owner of each donation, the fundraising team, and the University leadership to create and to maintain a mutually beneficial and personal relationship with each donor.

A constant dialogue between Aalto and the donor community as a whole increase the significance of the donations beyond their immediate financial effect; making donor relations a high priority for societal impact in general. Donors are invited to participate as esteemed partners in the life of Aalto University.

6. Donation options and targets

Aalto University offers a range of donation options for donors. In each option category, Aalto University aims at a broad spectrum of donation targets – specific fundraising projects for specific prospective donors, ranging from Aalto-wide spearheads to school-specific and field-specific projects.

Permanent funds such as the Aalto University General Donations Funds and the School Donations Funds are constantly open for donations. Prominent donors who have been granted their own dedicated fund, as well as the heirs and businesses of the donors, are always free to further donate to that fund under approved guidelines. (See full list of fund types in Annex 1).

As a general rule, the University **prioritizes capitalizing donation options** over expendable ones, as they strengthen the university long term risk resilience. When possible, the University prefers time restrictions (e.g. 20 years) in the targeting of capitalizing donations, e.g. the fund capital can be transferred to a more generic school or university fund if the original target is not viable anymore.

The selection criteria of **new fundraising targets** include strategic and academic relevance, the feasibility for successful fundraising, and securing a wide range of options.

New fundraising targets may be initiated at any time by the Aalto University community. They are to be endorsed by a Vice President or a Dean (or Deans) and approved by the Director of ADCO and the President. The Vice Presidents and Deans may also propose new targets directly for approval. Each fundraising project is appointed with an academic owner in connection with the approval of the project.

Aalto University accepts donations of up to 10k€ online through the University's website. The options on the website are to reflect a wide and balanced range of opportunities, at the same time ensuring focused marketing and communication. The range of options offered on the website are determined by the Director of ADCO.

To align minimum donation amount requirements for donation-based professorships and similar standard off-the-shelf fundraising projects, the pricing of these projects is approved by the President and CFO.

7. Accepting donations

The requirements in accepting donations are described in the public **Fundraising Principles**.

In all donations of 10k€ or above adequate knowledge of the donor's background and the origin of the donation must be obtained prior to acceptance of the donation.

Aalto University may accept **non-monetary** donations as well as donations in form of **legacy** (will) with the approval of the President and CFO. However, such donations (equipment, shares, art, real estate, etc.) should be reviewed with special care to ensure that acceptance will not involve undesirable financial commitments or other obligations disproportionate to the usefulness of the donation. Consideration should be given in advance to matters such as the cost of maintenance, space requirements, insurance etc.

Donations that would endanger academic freedom or university autonomy in recruitment cannot be accepted.

The authorities related to accepting donations are described in section 10 of this policy, Authorizations related to fundraising and management of donation funds.

8. Deed of donation

When making a donation, the donor signs a **standard deed of donation** that defines the purpose, terms, amount, and payment schedule of the donation. The deed of donation is a written document signed by the donor. It is standardized and used for all donations. Donations of less than 10k€ are accepted online without a deed of donation with standard terms accepted by the donor as part of the online payment process.

9. Management of donated assets

Donations form an independent source of funding in addition to the other sources of funding, widening the funding base of the University and the Schools. For example, donation-based professorships are funded independently of professorships covered with basic funding.

Donations accepted by Aalto University are managed in the **donation funds** in the university balance sheet based on the terms defined in the deeds of donations.

The **donation fund structure** i.e. types of funds the University may have, as well as their key terms and conditions, is approved by the Board. The donation fund structure is described in **Annex: Aalto Donation Fund Structure**.

The donation funds are categorized to unrestricted and restricted funds. The **unrestricted donation funds** consist of donations received towards the overall long-term development of the University, including the matching capital received from the government. **Restricted donation funds**, also called special purpose funds², consist of donations with earmarking or limitations on their use given by the donor.

In addition, the funds are categorized to expendable, capitalizing or hybrid funds.

Expendable funds consist of donations raised for the current needs of the University with a

² 'sidottu rahasto' in Finnish

short usage horizon. The capital of these funds is maintained in the cash reserve of the University until used. **Capitalizing or endowment funds** consist of donations raised with a purpose of using the return of the capital while maintaining the value of the capital over time. The capital of these funds is invested in the capital markets as part of the university endowment portfolio. **Hybrid funds** consist of donations raised for earmarked use for pre-defined duration, during which the return of the capital and the capital itself will be used. The capital of these funds is invested in capital markets as part of the university endowment portfolio. An example of a hybrid fund is 20-year donation-based professorship fund that enables an opening of a 20-year tenure track professor slot.

Donations with value below 100k€ that are used within the financial year are not capitalized in donation funds but are booked directly as revenue towards the activities defined in the deed of donation.

10. Opening and closing of donation funds

When a new fundraising target is initiated or a donation accepted with specific terms and conditions, a new donation fund is opened. When opening a new donation fund, specific **fund regulations** that guide the management of the fund as well as **standard deed of donation terms** are pre-agreed and documented.

A donation fund is closed when the capital has been used up, so only expendable and hybrid funds are closed at their expiry.

Capitalizing funds cannot be closed but should the restrictions on their use become outdated or obsolete, their regulations may be changed or the fund may be combined with another fund that is close to the original purpose of the fund.

Opening and closing of donation funds within the fund structure are approved by the President and CFO.

11. Donation fund spending

The donated assets need to be systematically used for university operations, as defined in the terms given by the donors and spending rules as decided by the Board. The Board decides on the spending of the unrestricted funds, the President on the spending of the restricted university funds and the Deans on the spending of the restricted school funds, as part of the university annual budget process.

Capitalizing funds have several spending rules, as defined in the university Spending Policy in Endowment Strategy.

The **general spending rule**, used for **unrestricted capitalizing funds**, defines the maximum annual level of usage from the university endowment portfolio, within which the Board has flexibility to decide the actual usage, depending on the available funding from the other university funding sources and overall financial situation of the university. To preserve the value of the endowment over time, the endowment value is accumulated with investment return at a minimum with the rate of university inflation. With long term average annual real return expectation of 3%, the maximum annual spending rate is set at **2.5% of the portfolio value**.

Restricted capitalizing funds are funds where the capital needs to be preserved over time. These funds will follow a **fixed nominal return rule** that is set based on long term return expectations of the endowment portfolio. The fixed nominal return rule for these funds is set at 5% where the fund's donation capital is protected against inflation with a fixed inflation adjustment of 2.5% and **2.5% of the fund value** is available for use.

Hybrid funds are funds where both the return of the capital as well as capital itself is used during the duration of the fund. These funds will follow a **fixed nominal return rule** that is set based on long term return expectations of the endowment portfolio. The whole fixed nominal return is available for use. The fixed nominal return rule is **5% of the fund value**.

Expendable donation funds are used towards the purpose defined in the fund regulations during their short-term spending period.

The **spending amount** from donation funds to university activities is approved by the Board as part the annual budget. The spending by the general spending rule is directed to university activities as basic funding in the university internal funding model, decided by the Board. The spending by the fixed nominal return is directed to various university activities as part of the Schools' and other academic units' budgets.

12. Authorizations related to fundraising and management of donation funds

The approval principles as defined in Limits of Approval Policy apply also to the fundraising and donation fund related approvals. The authorities are defined as follows:

Approval	Authorized approver
Donation fund structure – types of funds AUF may have	Board
Donation fund usage – rules for using the capital and return of different types of donation funds	Board
Approval of targets and opening and closing of funds	
Approval of a new fundraising target	President and ADCO Director jointly
Pricing of standard fundraising targets (e.g. professorships)	President and CFO jointly
Opening of a new fund, incl. fund regulations, within the approved fund structure	President and CFO jointly
Changing existing fund regulations in case they have become outdated or obsolete, or combining of an outdated fund	President and CFO jointly
Approval of fundraising offering that may collect online donations	ADCO Director
Acceptance of donations	
Monetary donations to existing active funds with standard deed of donations	President, CFO, ADCO Director, Deans
Monetary donations of <100k€ with standard deed of donations (outside of funds)	President, CFO, ADCO Director, Deans

Donations with terms deviating from standard deed of donation	President and CFO jointly
Online donations <10k€, incl. regular giving	ADCO Director
Non-monetary donations	President and CFO jointly
Donations in the form of legacy	President and CFO jointly
Spending of donation funds	
Spending of unrestricted funds, as part of annual budget process	Board
Spending of restricted funds, as part of annual budget process	President, CFO, Deans
Other authorities	
Financial management of donated assets	CFO
Fundraising permission from the Police Administration	CFO

13. Impact and Financial reporting

Overall reporting principles are described in the public **Fundraising Principles**. Aalto University is committed to providing timely, transparent, and detailed information on the academic use of endowment returns and on the financial situation of the endowment fund according to best foundation university practices.

The purpose of the **Annual Review for Donors** is to communicate the vital impact that the donors have on the university activities.

The financial reporting of the fundraising activities, asset management and use of donation funds is guided by the accounting related legislation as well as **Ministry of Education and Culture Codex on Financial Administration of Universities**. The main channels of financial reporting towards the general public and donors are the **Annual Report of Aalto University Funds**, key figure section of the **Annual Review for Donors** as well as **Annual Board Report and Financial Statements**.

The **Annual Report of Aalto University Funds** covers key information on the overall development of donation funds, received donations by donor segment and donation type, endowment management, spending of donation funds as well as the status of different donation funds and their usage.

Annex 1: Aalto University Donation Fund Structure

Type of Fund	Key Terms and Conditions	Aalto University equity line item(s)
Aalto University General Donation Funds, capitalizing	<ul style="list-style-type: none"> Includes donations received towards the overall long-term development of the University, including the matching capital received from the government. Usage by general spending rule, as part of the university approved budget. 	Foundation capital, Capital reserve, Accumulated endowment returns fund
Aalto Wide Donation Funds, capitalizing	<ul style="list-style-type: none"> Includes donations received towards the long-term development of a university wide activity (not earmarked to single study field or school). Usage by fixed real return rule, as part of the university approved budget. 	Special purpose funds, capitalizing
Aalto Wide Donation Funds, expendable	<ul style="list-style-type: none"> Includes donations received towards the current needs of a university wide activity (not earmarked to single study field or school). Usage as part of the university approved budget. 	Special purpose funds, expendable
Study Field and School Donation Funds, capitalizing	<ul style="list-style-type: none"> Includes donations received towards the long-term development of a single study field or school. Usage by fixed real return rule, as part of the school approved budget. 	Special purpose funds, capitalizing
Study field and school specific funds, expendable	<ul style="list-style-type: none"> Includes donations received towards the current needs of a single study field or school. Usage as part of the school approved budget. 	Special purpose funds, expendable
Outside of funds: Expendable donations of minor value (<100k€)	<ul style="list-style-type: none"> Includes donations received towards the current needs of a single study field or school using standard deed of donation. Usage during the same financial year. 	None