

WHAT IS THE UPSTATE FOUNDATION?

The Upstate Foundation was founded in 1976 as a 501(c)3 not-for-profit corporation. The corporation is a public charity designed to receive and administer gifts and bequests exclusively for charitable purposes with a focus on (1) the provision of patient health care, (2) the education of health care providers, (3) scientific research, and (4) community health and well-being. The Upstate Foundation is an independent organization whose mission and charter focuses is on receiving and distributing philanthropic gifts for Upstate Medical University.

The Foundation has 25 full- and part-time staff members, who with a 41-member board of directors, manage over 1200 funds; conduct multi-year, million-dollar endowment campaigns; capital campaigns; administer alumni associations for the Upstate colleges of Nursing and Health Professions; implement named giving and planned giving programs; run annual campaigns for Upstate University Hospital, Upstate Golisano Children's Hospital and the Upstate Cancer Center; and sponsor several major fundraising events, and many third party events annually. In addition, the Foundation is home to the local chapter of the Children's Miracle Network Hospitals. The Foundation is largely self-supporting. Its assets managed total over \$222.9 million. Total contributions for 2022 were \$12.9 million; of this, only \$4,100 was unrestricted, meaning the contributions were not designated for a specific campaign, restricted fund or endowment.

DEVELOPMENT WORK AT THE FOUNDATION

Development officers at the Foundation work with donors in support of many Upstate departments. The identification, cultivation and stewardship of major donors are important aspects of their work. The Foundation has a centralized office in which the development officers serve the 11,000-plus workforce that comprises hundreds of departments at Upstate. The Foundation receives more requests for assistance with fundraising and other philanthropic endeavors than we are able to facilitate. Requests for assistance are prioritized; prioritization is in keeping with Upstate's overall goals.

FUND MANAGEMENT AT THE FOUNDATION

There are three kinds of funds at the Foundation: restricted funds, endowment funds and donor advised funds.

Restricted funds can be established for a minimum of \$1,000. A purpose is identified when a fund is opened, and money can only be spent for that purpose. A fund advisor is assigned to monitor the activity of the fund and authorize expenses. With restricted funds, the principal is guaranteed and an administrative fee is not charged. Any fund opened in support of an event or association may be charged a yearly processing fee based on activity level. Unlike endowments which are permanent, a restricted fund can be closed. If its balance falls below \$500, the fund advisor will be contacted to discuss closing the fund.

Endowment funds can be established for a minimum of \$10,000. Endowments are lifelong funds in which the principal sum (consisting of all donations over the lifetime of the fund) remains permanently invested through the Foundation and generates investment returns. A purpose is identified when an endowment is opened, and investment returns can only be spent for that purpose. A fund advisor is assigned to monitor the activity of the fund and recommend requested expenditures. Potential spending from an endowment must be supported by its lifetime investment earnings. The current maximum spending allocation as of 2022 is 4% of a rolling 36-month average of the total of the principal and earnings. The Foundation, through its board of directors, reserves the right to adjust this percentage, based on market activity, to protect the long-term value of endowments.

Donor advised funds can be established for a minimum of \$5,000 or \$10,000. A donor-advised fund established for \$5,000 functions similarly to a restricted fund except that the donor is the advisor recommending to the Foundation how funds are to be spent. A donor-advised fund that is established for a minimum of \$10,000 can be likened to an investment account dedicated solely to a donor's charitable giving. The principal is invested through the Foundation, generating investment returns. Both the principal and investment returns are available for spending based on the donor's recommendations. Although this type of donor-advised fund is not a lifelong fund like an endowment, a donor may appoint a successor to continue his or her legacy of giving. Gifts from donor-advised funds may only be made to supporting organizations that are established 501(c)3 charities recognized by the IRS.

As of 2022, endowments are charged a one percent annual administrative fee. The Foundation offers:

- timely payment services;
- less complex purchase process;
- investment oversight is provided by Callan Associates Inc., an independent investment consulting firm and our investment committee, comprised of members of our board of directors.

Again, the appeal of an endowment is its permanence. It will live in perpetuity at Upstate, benefiting future generations of faculty, staff and students committed to patient care, education and research.

FOUNDATION FINANCIAL FACTS, AS OF 12/31/2022

Assets Managed		
<u>Category</u>	<u>Assets</u>	<u>Individual Funds</u>
Endowments	\$99.4 million	350
Restricted Funds	\$32.3 million	715
Other Funds, Donor-Advised Funds	\$16.0 million	19
Agency Accounts	\$75.2 million	4
Total Assets Managed	\$222.9 million	1088

Foundation Endowment Funds			
<u>Category</u>	<u>Allocation</u>	<u>Manager</u>	
Domestic Equity	52%	Black Rock, Victory Fund, Alliance Bernstein	
Domestic Fixed Income	19%	Western Asset Core Plus Bond, TCW Core	
International Equity	21%	American Funds Europac, Acadian	
Real Assets	8%	PIMCO-IRMA	
<u>Rate of Return</u>	<u>5 years</u>	<u>7 years</u>	<u>10 years</u>
Net Return	4.69%	7.13%	7.52%
Composite Benchmark	4.44%	6.72%	6.99%

Foundation Sustaining Fund		
<u>Category</u>	<u>Allocation</u>	<u>Manager</u>
Domestic Fixed Income	100%	C.S. McKee
<u>Rate of Return</u>	<u>5 years</u>	
Gross Return	1.13%	
Composite Benchmark	0.83%	

OTHER KEY FACTS

- Assets managed have grown \$200 million over the past 20 years.
- Over \$18 million was paid out to fund the construction of the Upstate Golisano Children's Hospital and the Upstate Cancer Center from 2006 to 2014.
- Investment Committee, comprised of highly respected and experienced community leaders:
 - **J. Daniel Pluff**, chair, Foundation Investment Committee; executive director, wealth management, financial advisor, portfolio management director, senior investment management consultant, The Pluff Hooley Butler Group at Morgan Stanley
 - **John F. Brogan**, senior vice president of operations and chief financial officer, L. & J. G. Stickley, Inc.
 - **Stephen Y. L. Chow**, senior vice president, senior portfolio manager, Pinnacle Investments, LLC
 - **Richard E. Cote, Jr.**, financial services professional, Vision Financial Group
 - **Gary Grossman**, managing partner, Grossman St. Amour CPAs PLLC
 - **Scott M. Matukas**, executive vice president, Logicore Strategies