

Frequently Asked Questions - BTE's

What is a BTE?

A BTE is a fund that is Building To (*the minimum*) Endowment level. Minimum endowment levels have been established for certain types of endowments. The current established minimums for endowments can be found at this website: <http://giving.ncsu.edu/supporting-nc-state/how-to-give/endowment-levels/>

Also, donors may specify an endowment level above the university minimum in their endowment agreement or memorandum of understanding (MOU). BTE's are allowed a five-year period to achieve the minimum required level.

How are BTE's invested?

BTE's in the foundations with balances less than the University endowment minimum are invested in short-term to intermediate investments to reduce market risk in the event the fund does not reach endowment level. Short-term investment earnings on these BTE's are used in lieu of a gift assessment fee, and are split 50/50 – with 50% of the earnings going to Central Advancement and 50% going to the college/unit, to be used to support advancement activities.

BTE's in the foundations with balances that are at least at the University endowment minimum are invested in the long-term investment pool. BTE's invested in the long-term pool are assessed annually in the same manner as fully funded endowments.

BTE's held by the NC State University Endowment Fund are invested in the long-term investment pool upon receipt, and are assessed in the same manner as fully funded endowments.

How do I know when a BTE fund has reached the required minimum?

FAI staff reviews BTE's in the foundations monthly to identify those that have achieved the required minimum balance. We notify the foundation development officer of the funds that have reached the minimum level and to advise that we will invest those funds in the foundation's long-term investment pool. We allow time for the development officer to respond in case the donor has requested a portion of the funds not be endowed and left for spending. If there is no response from the development officer, FAI will endow 100% of the balance in the BTE fund.

Distinguished professorship BTE's in the University Endowment Fund are reviewed periodically by the Office of Development Communications and Donor Relations to determine if the minimum level specified for a matching grant from UNC-GA has been achieved. The Chancellor's Office then sends a letter to the

Office of the President notifying them of the fund balance and requesting the matching funds. Other BTE's in the University Endowment Fund are reviewed annually to determine if the minimum endowment level has been achieved.

When can I spend from a BTE?

Spending is not permitted from funds building to endowment level. After a BTE fund has completed building to the university minimum or to the minimum set by the donor, the endowment follows the approved spending policy.

What happens if a BTE fund does not reach the required minimum within the 5-year period?

Depending on the language in the endowment memorandum of understanding, the BTE fund will either be reclassified to a regular, restricted fund or the balance will be transferred to the foundation's general fund. In either case, the balance will be spent as closely as possible in accordance with the donor's original intent.