

## Natural Heritage Trust

<b>Policy Title:</b>	NHT Administrative Fees FY 25
<b>Purpose:</b>	To update the criteria for charging administrative fees for NHT services
<b>Effective Date:</b>	4/1/2024
<b>Legal/Regulatory Reference:</b>	Arts & Cultural Affairs Law Section 55.07

### Policy

The Natural Heritage Trust (NHT) is authorized to appoint the officers, employees, and consultants necessary to carry out its statutory mission, powers and purposes. The NHT does not receive operating or other subsidies from the state of New York. Accordingly, the NHT charges the following fees for the services it provides to its government and not-for profit partners and donors:

Service Function	Fee Structure	Fee Basis/ Timing of Assessment
Investment: Endowment & Capital Management	50 basis points	Account Balance-based/ Once annually on 3/31
Program Staffing Support	5%	Expenditure-based/ Quarterly
Grant Administration	<i>Tiered:</i> \$0 - \$100k = 5% >\$100k = 5,000 + 1% of Amount over \$100k	Based on award amount/ Quarter when project deliverable(s) complete & grant terms are satisfied
Donation Processing	<i>Tiered:</i> \$0 - \$100k = 5% >\$100k = 5,000 + 1% of Amount over \$100k	Revenue-based/ Quarterly
Non-staff Program & Project Support	<i>Tiered:</i> \$0 - \$100k = 5% >\$100k = 5,000 + 1% of Amount over \$100k	Revenue-based/ Quarterly
Inactive Account Management	\$50	Flat fee for account inactivity/ Quarterly
Other Miscellaneous Services (at NHT Executive Director discretion)	5%	Revenue-based/ Quarterly

## Procedure

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The fee schedule is reviewed and approved by the NHT Board of Directors as part of the NHT's annual operating budget process.

NHT Administrative staff prepare a quarterly fee report detailing each service charge calculation by project account and provide the report to the Account Holder with the account statements.

The NHT Executive Director or Chief Financial Officer review and approve the fee report before charges are assessed against NHT project accounts and may, at their discretion, waive or adjust a fee from the table with documented justification.

## Other Related Information

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[NHT Administrative Fee FAQ](#)

## Natural Heritage Trust

### Administrative Fee Policy Frequently Asked Questions

*Update effective April 1, 2024*

#### General

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**Q:** What do the NHT administrative fees cover?

**A:** The administrative fees are used to fund the core administrative functions necessary to operate the NHT. This includes the cost of business systems, software licenses, professional service contracts and staffing for these functions: accounting, audit, banking, compliance, investments and finance; human resource management; grant management; donor and grantor cultivation, communication management.

**Q:** Why is the NHT charging administrative fees now?

**A:** For decades, the NHT has charged administrative fees for some – but not all – of its services. The NHT believes it's important to have parity and consistency among all service areas, so that some programs and projects are not subsidizing the services of others.

**Q:** How are the fees calculated?

**A:** Each NHT Project Account is assessed separately. The calculation and frequency of administrative fee charge depends on the type of service provided by NHT as indicated in the Fee Schedule.

#### Updates

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**Q:** When does the new fee schedule start?

**A:** The first major change to the NHT administrative fee structure began April 1, 2023 and was updated again, effective April 1, 2024.

**Q:** What are the differences in fees from 2023 compared to 2024?

**A:** There are three main differences, each resulting in lower administrative fees to Account Holders:

1. The NHT annual fee for Investment account management is now inclusive of professional Investment advisory, custody and NHT administrative fee.
2. Although some NHT project accounts require multiple administrative services (payroll staff, grant administration, etc.) NHT will only assess one type of fee per project account.

3. The NHT lowered the cost for services that are revenue-based and have a Tiered Fee structure:

2023 Fee = 5% on \$250,000 + 1% over \$250,000 assessed per quarter

2024 Fee = 5% on \$100,000 + 1% over \$100,000 assessed per quarter

Example cost of a \$250,000 grant administered by NHT:

2023 Admin Fee = \$12,500

2024 Admin Fee = \$6,500

## Investment Management

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**Q:** What are “basis points” and what does that mean in relation to the Administrative Fee for my park/facility’s endowment?

**A:** Basis points are a unit of measurement equal to 1/100<sup>th</sup> of 1 percent.

50 basis points is equal to 0.50% (half of 1 percent). Every NHT endowment established in recent years has had a provision to charge 50 basis points once annually.

**Q:** Can you explain more how the investment management fees work?

**A:** There are only 16 parks/sites that have separately managed investment/endowment funds established with the NHT. The assets in these accounts are professionally managed with a licensed investment advisory firm (meaning NHT staff does not directly execute stock trades, settlements, etc).

The fees for those services are deducted automatically from the investment account each month by the investment advisory firm. The fees fluctuate monthly and are based on total NHT assets under management, which can change due to market conditions.

At fiscal-year end (March 31<sup>st</sup>) the total market value of each investment account on 3/31 is multiplied by 50 basis points. The NHT Administrative fee includes a credit for the total of the investment advisory fees for the year, thereby reducing NHT’s administrative fee to less than 50 basis points.

Endowment Administrative Fee Examples (Estimated):			
Endowment Market Value as of 3/31	Total Fee Charged per year: 50 Basis Points	Investment Advisory Fees (12 month total)	NHT Administrative Fee 1 x per year
\$500,000	\$2,500	(\$1,000)	\$1,500
\$2,000,000	\$10,000	(\$3,500)	\$6,500
\$5,000,000	\$25,000	(\$7,500)	\$17,500

**Q:** Is there a fee charged on both the Investment Account and the associated Operating (Spendable/Distribution) Account?

**A:** No, there is only one fee charged between the two related accounts. However, for accounting purposes at fiscal year end, the amount of the annual NHT Administrative fee is first transferred from the investment account to the Operating account and then expressed as an expense to the Operating account.

**Q:** The original gift agreement that established my park/facility's endowment didn't have a provision for NHT to charge an administrative fee or has a different administrative fee. Will NHT charge the fee anyway?

**A:** No. If the gift agreement did not include an administrative fee or a different fee calculation, NHT will not start charging a new or different fee.

## Program Staff Services

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**Q:** Our agency is in the middle of a 5-year contract that has program staff services: the contract was signed before this increase to the administrative fee. Is the lower rate grandfathered in through the end date of the current contract?

**A:** No. The new fee for staffing services is effective with the first pay period beginning in April 2023. We encourage you to work with your Business Office to determine if the increase requires a contract amendment so any modifications can be processed timely.

**Q:** What does "Expenditure-Based" for program staff services mean?

**A:** Rather than charging a fee based on the contract budget, the fee will be based on actual expenditures.

In the example below, Position 2 was only filled for half of the year and only a portion of the travel budget was used. Therefore, the NHT would charge an administrative fee of \$5,500 rather than \$7,500.

Example Program		
	Budget	Actual
Staff Position 1 Salary:	\$ 50,000	\$ 50,000
Staff Position 2 Salary:	50,000	25,000
Fringe Benefits:	45,000	33,750
Travel:	5,000	1,250
Total:	150,000	110,000
<b>NHT Administrative Fee (5%):</b>	<b>\$ 7,500</b>	<b>\$ 5,500</b>

**Q:** Why aren't all of the administrative fees expenditure-based?

**A:** Because NHT allows account funds to carry over each fiscal year, NHT would be charging fees on funds raised and received before the new fee schedule was enacted. It is not the NHT's intention to retroactively charge administrative fees on accounts.

## **Donations, Programming & Grant Administration**

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**Q:** I would like to apply for a grant, and part of the program the grant funds will also require an NHT staff position. Will I be charged both a grant fee and a staffing fee?

**A:** No. The NHT will not double charge the account but will charge the higher of the two fees, where applicable.

**Q:** I applied for and was awarded a grant before the administrative fee was required. How do I cover the fee?

**A:** NHT has requested an administrative fee as part of the budgets on most grants it has administered in recent years. However, if the administrative fee was not worked into the original grant budget, NHT will not assess the fee against the account.

**Q:** The administrative fee for the for donations, grants and non-staff programs is listed as "Tiered." What does that mean?

**A:** Donations, grants and non-staff programs with quarterly revenue totaling less than \$100k, will be charged a 5% administrative fee. Donations and grants greater than \$100k will be charged \$5,000 + 1% of the amount over \$250k.

<b>Donations, Programming and Grants Tiered Fee Schedule Examples:</b>		
\$0-\$100,000	5%	
\$100,001+	\$5,000 + 1% of amount over \$100,000	
<b>Example Grant/Donation Amount:</b>	<b>NHT Admin Fee</b>	<b>Effective Percentage-Based Admin Fee</b>
\$5,000	\$250	5.00%
\$50,000	\$2,500	5.00%
\$100,000	\$5,000	5.00%
\$250,000	\$6,500	2.60%

<b>Example Grant/Donation Amount:</b>	<b>NHT Admin Fee</b>	<b>Effective Percentage-Based Admin Fee</b>
\$500,000	\$9,000	1.80%
\$1,000,000	\$14,000	1.40%
\$5,000,000	\$54,000	1.08%

**Q:** I have a Foundation/Funder interested in funding my program, but they won't allow me to charge an administrative fee as part of the program budget. Will the NHT waive the administrative fee on the grant?

**A:** No, the NHT is unable to waive the administrative fee. NHT is willing to meet with you and your Funder to explain our partnership and how the NHT operates. If the Funder is unwilling to include the NHT administrative fee as part of the program budget, the NHT may still accept and administer the grant IF the Account Holder authorizes use of NHT non-restricted/discretionary funds in another NHT account or has other available funds to pay the administrative fee.

## **Programs, Projects, Special Events**

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**Q:** What does "Non-Staff Program and Project Support" entail?

**A:** There are recreational, educational, cultural and special events NHT both raises funds for and charges a program or entry fee to the participant. NHT charges 5% for administering the funds for these programs and projects.