Gift Fund Management Training

Presented by:
Office of University Controller
University of Colorado Foundation
Campus Controller
Why this Training?

• Offered in response to the state audit report issued in November 2005
• To provide reasonable assurance that gift funds are being spent
  – In a prudent manner
  – In compliance with all applicable rules, regulations, policies, procedures
  – In accordance with donor wishes
Who needs to take training?

• Anyone who is assigned to a fiscal role on a Fund 34 SpeedType
  – Fund 34 is the University’s Gift Fund
Important Dates

• The new Fund 34 policies, procedures, and system enhancements go into effect March 6.
• The deadline for completing training is May 31.
Part I
For ALL Fiscal Roles
Training Outline

- Provide an overview of three key gift processes
- Offer a brief look at common Foundation funds
- Identify what’s changing relative to policies, processes, and system enhancements
- Review Direct to University gifts
- Re-visit “Fiscal Roles and Responsibilities” per Administrative Policy Statement
CU Foundation (CUF)

- Entity charged with fundraising for the University
- Preference is to deposit gifts through CUF
- Gift instruments are made payable to University of Colorado Foundation
- See the Administrative Policy Statement “Gift Revenues” for more information
Direct to University (DTU)

- Donor wants the gift to go directly to the University
- Checks are made payable to the University of Colorado and deposited on campus
- See the Administrative Policy Statement “Gift Revenues” for more information

WE ARE NO LONGER PERMITTED TO CO-MINGLE FUNDS DEPOSITED THROUGH THE FOUNDATION WITH FUNDS DEPOSITED THROUGH THE UNIVERSITY IN THE SAME FUND
Gift In Kind (GIK)

- Gift In Kind arises when the University receives non-monetary gifts, including art, books, manuscripts, antiques, collections, equipment, software, or intellectual property to use in its operations.
- GIK is no longer processed through CUF, but rather by campuses in accordance with Administrative Policy Statement “Gift in Kind Transactions”.
- For GIK currently at CUF, open a SpeedType at University.
CU Foundation (CUF)

Foundation offers many types of funds - most frequently used by the University are:

• Current Expendable Funds
• Capital Funds
• Pure Endowment
• Quasi-Endowment
Current Expendable Funds

- Funds given to the CUF for current spending
- Do not receive interest distributions
- CUF Current Fund Account begins with 2
  - 04-21018
    - 04 = campus (UCCS)
    - 2xxxx = current expendable fund
Capital

- Funds given to the Foundation for the specific purpose of funding capital projects at the University
- Interest is allocated at a short-term rate while awaiting distribution
- CUF Capital Account begins with 2
  - 03-24018
    - 03 = campus (UCD)
    - 2xxxx = capital fund
Pure Endowment

• Value of the gift invested and held in perpetuity
• Only distributions from the endowment may be spent to support University activities
  – CUF sets up two funds: the Principal Fund and an Earnings Fund
    • Decision about how to handle earnings (spend or reinvest) is made by the University – not the CUF

continued
Pure Endowment \textit{continued}

- Pure Endowment Account begins with \textbf{50} or \textbf{58}
  - \textbf{02-50}127
    - \textbf{02} = campus (HSC)
    - \textbf{50}xxx = pure endowment

- Corresponding earnings account begins with a
  - \textbf{02-30}127
    - \textbf{02} = campus (HSC)
    - \textbf{3}xxxx = earnings

- Look at last three digits to identify the relationship
  - \textbf{02-50127} (endowment) \textbf{02-30127} (earnings)
CUF Fund Types
Quasi-Endowment

• Funds given to CUF by a donor *without* the restriction that the gift be held in perpetuity, but for which action has been taken by the Regents to hold the gift in perpetuity

• Therefore, the gift acts as an endowment
  – If want to liquidate, must get Board of Regents approval and must often get a letter from the donor
  Quasi Endowment Account begins with **54** or **59**
  – 01-54128
    • 01 = campus (UCB)
    • 54xxx = quasi endowment
CUF Q&A

• When I have gift money, and I’m working with CUF to set up an account, how do I know what type of account to set up?
  – Work with your respective Development Staff at the CUF [http://www.cufund.org/staffdir.php](http://www.cufund.org/staffdir.php)

• What’s this $10,000 minimum deposit I keep hearing about?
  – CUF’s first choice is to deposit gifts less that $10,000 into an existing fund with the same Gift Purpose as designated by the donor for the new gift. Contact CUF with special needs and requests.
CUF Q&A **continued**

- Each month I get financial reports for my University SpeedTypes and reconcile them. Should I be doing the same thing for my CUF accounts?
  - YES!!
  - Contact the CUF Accounting Department at 303-541-1231, or send an email to accounting@cufund.org to get CUF reports
What’s Changing with Gift Management at the University?

• One-to-One Relationships Between CUF Account and University SpeedType
  – Addition of Gift Attributes to SpeedType
• Automated Transfer Process for CUF Funds
• Restrictions on Fund 34 SpeedType JEs
• Re-visiting fiscal roles per Administrative Policy Statement “Fiscal Roles and Responsibilities”

ALL OF THE CHANGES ARE DESIGNED TO PROVIDE REASONABLE ASSURANCE THAT GIFTS ARE SPENT ACCORDING TO DONOR’S WISHES.
One to One Relationship

• “One to One” relationship between Foundation (CUF) Account and Fund 34 SpeedType means that a Fund 34 SpeedType can receive funds from one CUF Account ONLY

• The Gift Purpose Code on the CUF Account and the Expense Purpose Code on the Fund 34 SpeedType MUST BE COMPATIBLE
  – Ensures both the CUF and the University understand the donor’s wishes
Automated Transfer Process

- CUF will transfer funds, using a wire transfer, from CUF Account to University’s Fund 34 SpeedType based upon actual expenses up to the amount available in the CUF Account.

$1,000 is automatically drawn from corresponding CUF Account.

Department spends $1,000 out of University’s Fund 34 SpeedType.
Restrictions on Fund 34 JEs

- JEs, short for “Journal Entry”
  - Typically used to correct transactions that have been recorded incorrectly in the Finance System
  - Also used to transfer cash from one SpeedType to another

- Purpose of the JE restrictions are to ensure that donor wishes are honored once funds are in a University SpeedType
  - The new the Gift Transaction Page in the Finance System checks for gift purpose compatibility on each and every line of a Fund 34 JE
  - Fund 34 JEs also require a Certification Statement attesting to the appropriateness of the charges
Fiscal Roles and Gift Fund Management - Fiscal Principal

- Principal administrator of a responsibility unit entrusted with fiscal responsibility for the unit
- Determine what to do with Endowment earnings
- Per APS “Fiscal Roles and Responsibilities”
  - Set a tone for ethical conduct and integrity
  - Be knowledgeable about and accountable for the fiscal transactions of the unit

continued
Fiscal Principal  \textit{continued}

- Provide guidance and direction to subordinate employees in carrying out their fiscal duties
  - Be familiar with financial rules & regulations, policies & procedures and serve as a resource for subordinate employees
  - Ensure subordinates understand their assigned fiscal responsibilities and are adequately trained
    - Two people (one who is certified) must participate in every transaction
    - C.R.S. 24-30-202 (3) holds employees personally responsible for their actions when processing fiscal transactions
  - Include an assessment of fiscal responsibilities in performance reviews
Part I - Summary

- Emphasize the importance of adhering to donor restrictions
- Offer an overview of the policy, process, and system changes resulting from the Gift Fund Management Process
- Provide a reminder about the importance of carrying out fiscal responsibilities associated with Fiscal Principal role
Part II

For Fiscal Managers, Fiscal Staff, and Additional Contacts
Part II

Focuses on how to get things done.

Looks at policies, processes, and Finance System changes including the

• One-to-one relationship between a CUF Account and the University’s Fund 34 SpeedType
  – There is a new Gift Attribute page in the Finance System that is designed to support this relationship.

• Automated Transfer Process

continued
Part II continued

- Restrictions on Fund 34 Journal Entries
  - Including the enhanced JE pages for Fund 34 transactions
- Handling of Direct to University (DTU) gifts
One-to-One Relationship

- **One-to-one relationship** between CUF Account and Fund 34 SpeedType
  - Fund 34 SpeedType can receive funds from one CUF Account Only
    - Exceptions are very rare, and must be approved by the campus controller

- Gift Purpose Code on CUF Account and Expense Purpose Code on University Fund 34 SpeedType MUST BE COMPATIBLE
  - A list of Gift Purpose Codes can be found at http://www.cusys.edu/controller/Gift-Attribute.htm

continued
One-to-One Relationship \textit{continued}

- Information about the CUF Account and Fund 34 SpeedType is on the \textbf{Gift Attributes Page} in the Finance System. Navigation is as follows:

1. Use the Navigation Bar to access the SpeedType Search Page
2. Enter SpeedType Number into the SpeedType Search Field
3. Click once on the Search Button to bring up the SpeedType Attribute Pages
The **Foundation** box is checked when the Fund 34 Speed Type is linked to a CUF Account.

The data in the **Foundation Gift** section populate automatically from the information recorded at the CUF.

**Foundation Gift**

<table>
<thead>
<tr>
<th>Foundation Fund:</th>
<th>0430045</th>
<th><strong>Fund Status:</strong></th>
<th>Active</th>
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<tbody>
<tr>
<td><strong>Fund Name:</strong></td>
<td>Leland Hastings Moore Memorial Library Endowment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gift Expense Code 1:</strong></td>
<td>L Library Material</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gift Expense Code 2:</strong></td>
<td>Gift Expense Code 2 is populated with a &quot;Y&quot; if the donor has designated the purpose of the gift to include entertainment, donor cultivation and/or personnel recruitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gift Description:</strong></td>
<td>To provide funds to purchase materials for the Kraemer Family Library collection at the University of Colorado at Colorado Springs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Comments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Available Balance:</strong></td>
<td>$6,901.40</td>
<td>This is generally the cash balance at the Foundation. It is updated weekly.</td>
<td></td>
</tr>
<tr>
<td><strong>Benefiting Unit:</strong></td>
<td>LIB Library</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Benefiting Dept:</strong></td>
<td>000 NIA</td>
<td></td>
<td></td>
</tr>
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</table>

**Gift Approvers**

- **Gift Approver:** Hug, Rita Marie
- **Alt. Gift Approver 1:** Manning, Leslie Ann

Any individual listed as a **Gift Approver** has the security to approve Journal Entries.
Opening a New CUF Account & Associated University SpeedType

One Stop Shopping

• Use one form to set up both the CUF Account and University Fund 34 SpeedType
  – Allows both entities to know assigned fiscal roles and gift purposes
  – Form can be accessed at http://www.cu.edu/forms/fin.html
CUF Development Officer* (sometimes the Organizational Unit)
gathers gift documentation and attaches it to Fund/SpeedType Request Form

Organizational Unit* completes its section of the Fund/SpeedType Request Form by providing contact information for the requestor, fiscal role information for the Program, SpeedType and Subclass; and a Program Name

CUF Accounting Department completes its section of the Fund/SpeedType Request Form by assigning a Fund Number, proposing a Fund Title, Assigning a Gift Purpose Code, and identifying the Campus, School/College, Organizational Unit, and Campaign or Project Code (if applicable).

Campus Controller* completes its section of the Fund/SpeedType Request Form by assigning the Expense Purpose Code (EPC). The EPC must be compatible with the Gift Purpose Code assigned by the CUF.

*At HSC some of these tasks are performed by OGC.
Making a Deposit to a CUF Account

• When gifts are received, make sure that the funds are deposited into a CUF Account having a Gift Purpose that is compatible with the donor’s wishes

  – Questions about making the deposit?
  – Contact CUF at accounting@cufund.org
One-to-One *Plus*
Parent-Child SpeedType Relationship

- The CUF Account – University Fund 34 SpeedType is always one-to-one relationship
- Sometimes, the Upon University Fund 34 SpeedType that is linked to the CUF Account acts as a “parent” and channels monies to a different Fund 34 SpeedType that is known as a “child” SpeedType.
  - For example, the Chemistry Department has a gift designated for “Chemistry Department Programs.” The chair allocates money from the Chemistry Department Programs “parent” SpeedType to three “child” SpeedTypes: Biochemistry, Organic Chemistry, and Physical Chemistry.
Illustration—Parent & Child SpeedTypes

CUF Account

CUF Gift Purpose Code
Must be compatible with
Fund 34 SpeedType EPC

University Fund 34 SpeedType PARENT

CUF Gift Purpose Code
must be compatible with
Fund 34 SpeedType Gift Purpose Code

Fund 34 SpeedType CHILD
Fund 34 SpeedType CHILD
Fund 34 SpeedType CHILD

Cash Transfers from the Fund 34 PARENT SpeedType to the Fund 34 CHILD SpeedType are monitored for compatible Gift Purpose Codes
Transfers Between Fund 34 Child SpeedTypes

It is permissible to make transfers between Fund 34 SpeedTypes, provided that the following conditions are met:

• Each Fund 34 SpeedType must have the same Gift Purpose Code
  – This applies to BOTH cash transfers and expense corrections
  – The Finance System monitors Fund 34 transfers for Gift Purpose Code compatibility

• Exceptions
  – Require Campus Controller approval
Cash Transfers and Expense Corrections from one Fund 34 CHILD SpeedType to a different Fund 34 CHILD SpeedType are monitored for the same Gift Purpose Codes.
Spending Gift Money
Automated Transfer Process

- CUF will transfer funds, using a wire transfer, from CUF Account to University’s Fund 34 SpeedType based upon actual expenses up to the amount available in CUF Account

SpeedType 2  34  56789 spends $2,000

$2,000 is automatically transferred from the corresponding CUF Account to SpeedType 2  34  56789
Fund 34 Parent-Child Automated Transfer Process

- CUF will transfer funds, using a wire transfer, from CUF Account to University’s Parent SpeedType based upon actual expenses up to amount available.

CUF Account

$3,000 transferred automatically to University in response to deficit in the Parent SpeedType.

Parent SpeedType 1 34 23452

Parent SpeedType does a cash transfer of $1,000 to each of three child SpeedTypes. Subsequent to the three cash transfers, the Parent SpeedType has a $3,000 deficit. This deficit triggers a $3,000 draw from linked the CUF Account.

Child SpeedType 1 34 56781 $1,000

Child SpeedType 1 34 78945 $1,000

Child SpeedType 1 34 09432 $1,000
Transfer Mechanics

• The amount of the transfer is calculated on Thursday evening based upon the expenses recorded in the University’s SpeedType.

• The wire transfers take place on the 
  – 1st, 2nd, 3rd Monday of each month, and
  – Last working day of the month
  – There may be some variance because of university holidays, bank holidays, etc.
  – The “wire transfer calendar” will be posted on the OUC web site

continued
Transfer Mechanics continued

- If there are insufficient funds in the CUF Account to cover the expenses incurred in the Fund 34 SpeedType, then the Fund 34 SpeedType will go into deficit
Automated Transfer Exceptions

• Transfers in excess of $500,000 will not be processed during the week requested
  – Allow one week for the transfer to be executed
    • You don’t need to do any special processing or complete any specific paper work for a large transfer. You just need to be aware of the longer turn-around.

• Transfers in amounts less than $100 will not be processed automatically on a weekly basis
  – They will be transferred at month-end
More Exceptions
Manual Transfer Process

• CUF Transfer Form is still required to
  – Liquidate an Endowment or Quasi-Endowment
  – Transfer CUF Account Funds to a SpeedType that is not in Fund 34
    • Fund 50 Loan Fund
    • Fund 71 Capital Construction Fund
  – Correct errors in deposits
  – When donor specifies certain criteria, such as specific signatures to initiate and approve spending
JE Restrictions - 1

The purpose of the Fund 34 JE Restrictions is to ensure that donor wishes are honored once the gift is in a University Fund 34 SpeedType

• Facilitated through a Gift Transaction JE in the Finance System
  – Fund 34 JE Header Page has a Certification Statement that attests to the appropriateness of the cash or expense transfer transactions being recorded by the JE
  – JE’s involving Fund 34 transactions cannot be saved until the Certification Statement is checked

continued
**Fund 34 JE – Header Page**

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<th>Journal ID:</th>
<th>0000475968</th>
<th>Date:</th>
<th>03/01/2006</th>
<th>Ledger Group:</th>
<th>ACTUALS</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Long Description:</em></td>
<td>Provide information about what, why, etc. Be specific. The long description needs to document what you are doing for the JE approver and also for auditors.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- I certify that all expenses are specific transactions that are appropriate to be charged to the sponsored project(s) or gifts (Fund 30, 31 or 34 FOPPS) receiving the charge and the information contained in the entry purpose (or long description field above) is true and correct, that costs charged onto a sponsored project or gift meet the direct cost and other costing criteria and are within the allowable timeframe for transfer (see campus policy for direct cost and other costing criteria and timeframe) or consistent with the donor restrictions. I have included enough information in the Journal Entry purpose (or long description field above) to allow costs to be tracked to the original expense. The Journal Entry purpose (or long description field above) includes the cause of the error and additional information as required by campus policy.

**Journal Contact**

- Robert Craig
- Phone: 303/492-
- Campus Box: 436 S
- Dept: Vpbf-Controller Operations

<table>
<thead>
<tr>
<th>Source:</th>
<th>SC2</th>
<th>Central Accounting-appr L1</th>
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<tbody>
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<td>ACTUALS</td>
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<td>Reference Number:</td>
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<tr>
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<td>Robert Craig</td>
<td></td>
</tr>
<tr>
<td>Certification Date:</td>
<td>03/01/2006</td>
<td></td>
</tr>
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</table>
Fund 34 JE **Lines Page** performs edits as the JE is being built

- examines both expenditure and cash transfer JE transactions
- looks at Gift Purpose Code compatibility between the SpeedTypes involved in the JE
- populates the **Reference Field** on each JE line with the offset SpeedType and Gift Purpose Code
Fund 34 JE – Lines Page
JE Restrictions - 3

• Gift Transaction JE limits the JE to two unique SpeedTypes
  – May have multiple lines, but can only involve two SpeedTypes
    • If you want to build journals with more than two unique SpeedTypes, then you should use the regular JE pages.
    • Campus Controller approval is required when a Fund 34 JE impacts more than two SpeedTypes.

• Uploads and susbsytem feeds (including PETs) are considered to be approved
CUF Good Practice Reminders for Fiscal Managers and Additional Contacts

• Always check the Gift Purpose Code before making a purchase or preparing a Journal Entry

• Always check the available balance in CUF Account before initiating a purchase in the associated Fund 34 SpeedType
  – Balance is found on Gift Attributes Page of the SpeedType component in Finance System
  – Balance is generally the available **cash** in the CU Account
  – Updated every Thursday

continued
Balance will say $0 if

- Status of CUF Account is Inactive
- Funding source of CUF Account consists of earnings from an endowment that was established after 2/9/2005 and does NOT have a Fund Agreement on file at CUF
- Funding source of CUF Account consists of earnings from an endowment that was established after 2/9/2005, does have a Fund Agreement on file at CUF, but whose value falls below a minimum amount designated by the CUF
Direct to University (DTU) Gifts

- Donor prefers to make the gift directly to the University rather than to the CU Foundation
  - Gift instrument made payable to “University of Colorado”

- The next two slides will cover
  - Making a DTU deposit when a Fund 34 SpeedType already exists
  - Creating a new Fund 34 SpeedType to accept DTU deposits
Making a DTU Deposit when a SpeedType Already Exists

**Organizational unit** deposits check into gift clearing SpeedType for respective campus

http://www.cu.edu/policies/Fiscal/AlcoholPurchase-Provision-Gift-Clearing.pdf

**Organizational unit** sends the following to the Treasurer*:

- Original donor letter, copy of cash receipt, Fund 34 SpeedType to receive the gift, any additional documentation relative to gift purpose

**Treasurer** verifies that Gift Purpose Code of the Fund 34 SpeedType is compatible with donor intent

**Treasurer** transfers gift out of clearing SpeedType and in to organizational unit’s Fund 34 SpeedType

* At HSC, send these to OGC.
Organizational unit deposits gift instrument into campus gift clearing account* and completes Request to Set Up Gift Fund and/or University SpeedType Form.

Organizational unit sends original donor letter and Gift Fund Set Up Request Form to campus accounting office.*

Campus accounting office reviews donor letter, determines correct EPC for new Fund 34 SpeedType, and processes request.

Treasurer transfers gift out of clearing SpeedType and in to organizational unit’s Fund 34 SpeedType.

* At HSC, send the gift instrument and donor documents to OGC.
MORE Good Practice Reminders for Fiscal Managers and Additional Contacts

• Monitor all Fund 34 transactions by doing a pre-purchase screening and a post-statement review
  – Ensure wishes of the donor are reflected in each and every transaction
  – Make sure applicable rules & regulations, policies & procedures are being followed

• Think of JE’s as being the “exception” rather than “the rule”
What About Alcohol?

- Alcohol is a supplemental designation on a Fund 34 SpeedType (Gift Purpose Code 2)
  - For example, a SpeedType can be designated with a Gift Purpose Code of “M” (discretionary funds for programmatic support of a campus, school, department or unit) and “Y” (entertainment, donor cultivation, personnel recruitment i.e., alcohol)
  - Finance System will have a hard edit if you try to transfer funds from a SpeedType that is not designated for alcohol to a SpeedType that is designated for alcohol
  - Finance System will give you a warning message if you try to transfer funds from a SpeedType designated for alcohol to one that is not
Gift Fund Management training is designed to

- Provide reasonable assurance that gift funds are being spent
  - In a prudent manner,
  - in compliance with all applicable rules, regulations, policies, procedures,
  - and in accordance with donor wishes

continued
Summary - 2

• Introduce you to the following policies, processes, and system enhancements associated with the project
  – One-to-One matching CUF Accounts – University SpeedTypes as supported by the Gift Attributes Page
  – Automated transfer process
  – Restrictions on JEs
  – Fiscal role review

• Questions????