This session will *not* be recorded, but this PowerPoint can be found [here](https://medschool.ucla.edu/research/researcher-resources/administrative-support/department-medicine-office-research-administration/fund-management-training).

**Gifts and Endowments**

UCLA DEPARTMENT OF MEDICINE
OFFICE OF RESEARCH ADMINISTRATION
ZOOM TRAINING
Differentiating Grants, Contracts, & Gifts
Grants

• A grant is a type of financial assistance awarded to an organization for the conduct of research or other program as specified in an approved proposal. For an award to be considered a grant, it will contain the following elements:
  • Statement of work allows the PI significant freedom to change the emphasis within the general area of work as the project progresses
  • Deliverables are minimal, consisting typically of reports
  • Separate accounting procedures are required
  • Grants most often use the cost-reimbursement method of payment
Contracts

• A contract is an agreement to acquire services that primarily benefit the sponsor. For an award to be considered a contract, it normally must contain all of the following elements:
  • Detailed financial and legal requirements included with a specific statement of work
  • A specific set of deliverables and/or reports to the sponsor
  • Separate accounting procedures
  • Legally binding contract clauses

• Contracts, by their nature, are restrictive, meaning there is little flexibility on the part of the academic department to rebudget funds without prior sponsor approval. Invoicing on contracts can be more complex, especially if tied in with milestones or tasks that must be completed by the PI before an invoice can be submitted and/or paid.
Gifts

- Gifts, bequests, and donations are awards given with few or no conditions specified. Gifts may be provided to establish an endowment or to provide direct support for an existing program. Frequently, gifts are used to support developing programs for which other funding is not available. The unique flexibility, or lack of restrictions, makes gifts attractive sources of support.
General Characteristics of Gifts

- Donor receives nothing in return (i.e. services, goods, etc.)
- No contractual obligations (i.e. no proposals, progress/financial reports)
- Awarded irrevocably (i.e. balance is never returned to donor)
- Voluntary transfer
- No specified performance period
- It is very important to appropriately characterize funding as grant, contract or gift prior to set up/expense!
Gift Management & Types

- **Gift Accounting** is handled by UCLA Corporate Accounting
- Gifts to UCLA are received through:
  - UC Regents (aka Regental)
  - UCOP
  - UCLA
  - UCLA Foundation (aka Foundation)
Gift Policy

• UCLA External Affairs: Gift Training Manual – Fundamentals of Gifts at UCLA

• UCLA Contract & Grant Manual: Chapter 9, Gifts and Endowments

• UCLA Policy 921: Accepting Support for Research from Non-Governmental Organizations
Types of Gift Funds: Regental & Foundation
UC Regents

• The Regents of the University of California is the name of a corporation established under the laws of the State of California and charged under the Constitution of the State with administering the University as a public trust. As such, the Regents are empowered: “To take and hold, either by purchase or by donation or gift, testamentary or otherwise, or in any manner, without restriction, all real and personal property for the benefit of the University or incidentally to its conduct.” Although the University welcomes and appreciates all gifts, there are instances where acceptances of gifts may not be beneficial to the University.
UCLA Foundation

• The UCLA Foundation is a nonprofit public-benefit corporation for the purpose of accepting and administering the full range of private contributions for UCLA. From its inception, the aim of the Foundation has been to link the professional and business worlds with the academic needs that cannot be met through the state and other resources. The Foundation is empowered by its charter to receive gifts of all kinds as a fully qualified charitable trust. One of the fundamental goals of the Foundation is to identify sources of unrestricted funds that can be applied according to the special needs of the campus.
<table>
<thead>
<tr>
<th><strong>REGENTAL GIFTS</strong></th>
<th><strong>FOUNDATION GIFTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fee = 6.5%</td>
<td>• Fee = 6.5%</td>
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<tr>
<td>• New fund set up = <a href="#">online form</a></td>
<td>• New fund set up = <a href="#">online form</a></td>
</tr>
<tr>
<td>• Tax ID #: 95-6006143</td>
<td>• Tax ID #: 95-2250801</td>
</tr>
<tr>
<td>• Checks to: UC Regents</td>
<td>• Checks to: UCLA Foundation</td>
</tr>
<tr>
<td>• Deposit into: GRU - 4-116030-54805</td>
<td>• Deposit into: Do NOT deposit; forward to UCLA Foundation</td>
</tr>
<tr>
<td>• Form: <strong>Regental Gift Transmittal Form online</strong></td>
<td>• Form: <strong>Foundation Transmittal Form</strong></td>
</tr>
<tr>
<td>• Steps: 3 steps: 1) deposit check, 2) gift transmittal paperwork, 3) TOF processed by G/A for use</td>
<td>• Steps: 2 steps: 1) forward all documentation to UCLA Fdn, 2) MTF requested by FM for use</td>
</tr>
<tr>
<td>• Reporting: Campus ledgers</td>
<td>• Reporting: MTF or request detailed reports f/Development</td>
</tr>
</tbody>
</table>
Fees
Fees

• Gift Processing Fee = 6.5%

• Brinks Pickup Fees = $19.50 both on & off-campus on-call pick-ups

• Credit Card Fee
  • E-Commerce – gifts processed via various giving websites
    • Visa/Master Card = 2.65%
    • American Express = 2.28
    • Discover = 3.30%
  • Lockbox – gifts received on paper donation forms
    • Visa/Master Card = 2.65%
    • American Express = 2.28
    • Discover = 3.00%
How to Set Up a New Gift Fund
Setting Up New Regental or Foundation Funds

• Confirm with PI which s/he would like to set up

• Complete online form

• Follow instruction at the top of the form
Regental Gifts
Current Expenditure Gift Funds: Regental (Tax ID # 95-6006143)

- Gift checks are made out to: UC Regents.

- Regental gifts are deposited to the Gifts Received Undistributed (GRU) Account/Fund 4-116030-54805.

- ALL gifts are subject to a 6.5% administrative fee, which is deducted off the top.

- Gifts released from the Gift Received Undistributed (GRU) account are recorded as revenue to Regental funds.
How to Process Regental Gift Checks

• Make a copy of the check!

• Deposit check into GRU (Gift Received Undistributed) via CASHNet or hard copy deposit slip to Main Cashier’s Office
  • 4-116030 -54805 (see sample on next slide)
  • Do NOT deposit directly into PI’s gift fund

• Complete Regental Gift Transmittal Form online
  • Full instructions are located on the top of the online form
  • DOM – Submit all requested internal documents to DOM Executive Admin Office for Yanina’s signature. Do NOT submit directly to Data Services.
    • DOM Additional Gift Certification Form for gifts > $10,000 not from an individual
  • Make a copy of all forms for your files!!

• File Gift Transmittal in pending folder until you see TOF into your gift fund #. Print TOF & attached to front of packet & file.
DOM Specific: Depositing Donor Gift Checks

• Moving away from FM/PI receiving gift checks directly

• Address to ask Donor to send check, replace XXXX with Division specific box # which MSO can provide:
  
  - UCLA Cashiering Department
  - Box 95XXXX
  - 757 Westwood Plaza, Ste. #1119
  - Los Angeles, CA 90095-xxxx

• Things to consider: Donor letter
Deposit Samples

Depositing Donations for Current Expenditures

<table>
<thead>
<tr>
<th>Loc</th>
<th>Account</th>
<th>CC</th>
<th>Fund</th>
<th>Project</th>
<th>Fin Class</th>
<th>Source</th>
<th>Description</th>
<th>Reference</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>116030</td>
<td>54805</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Donor's name-Check No.</td>
<td>AXXXXX</td>
<td>1,000.00</td>
</tr>
</tbody>
</table>

Donor's Name and check no.

Reference No.: Letter corresponding month of gift deposit followed by the fund number

A = July
B = August
C = September
D = October
E = November
F = December
G = January
H = February
I = March
J = April
K = May
L = June

• Live demo
Foundation Gifts
Current Expenditure Gift Funds: UCLA Foundation (Tax ID # 95-2250801)

- Gift checks are made out to: UCLA Foundation.

- Gifts are originally deposited by UCLA Foundation into a Foundation fund for investment then transferred to campus when requested.

- ALL gifts are subject to a 6.5% administrative fee, which is deducted off the top.

- Gifts are transferred to the University FAU via the processing of a Monetary Transfer Form (MTF).

- The transferred Foundation monies are recorded as revenue to the linked Campus fund.
  - Foundation fund # = 5 digits + either letter “E” = endowment or “O” = current expenditure at the end
  - There is a 1:1 relationship between Foundation fund # & Campus fund #
How to Process Foundation Gifts

• Do NOT deposit check.

• Complete Foundation Transmittal Form

• Full instructions located on page 2 of the form
  • Make sure to make a copy the check, transmittal form and all documentation attached to the transmittal form for your files.

• Have both check and Foundation Transmittal Form delivered to Gift Services (10889 Wilshire Blvd, 10th Fl, Campus 160348).

• Check the MTF “View Fund Balances” screen in a week or so or contact Foundation Office for report to ensure check has been processed.
Gift Fund Management Tool: **Financial Web Report** – Consolidated Gift Fund Management

- Live demo
Monetary Transfer Form (MTF) System: for Foundation Gifts

- Live demo
Miscellaneous Topics
Don’t Forget the 700-U!

• For both Regental & Foundation gifts

• Statement of Economic Interests for Principal Investigators

• Required if
  • Donor is a company or foundation, i.e. not an individual
  • Gift is earmarked specifically for research for a specific PI

• Disclosure requirements
Gift Fund Consolidation

• Purpose: To consolidate multiple same type (Regental/Foundation) of gift funds with similar purposes with small balances into one various donors fund to alleviate administrative burden of gift fund management.

• Ensure you check with PI prior to consolidation!

• Scenarios:
  • PI has left UCLA. Funds typically get reassigned to Division Chief or another faculty member performing similar research.
  • Gift funds have small balances, FAUs have minimal spending and no additional donations are expected.

• Other gift fund maintenance guidelines
Endowments
Types of Endowments

• A collection of assets invested to produce income; under the law, no part of the corpus endowment (i.e. principal) fund may be expended, but must remain inviolate.

• True Endowment – Funds existing in perpetuity. Principal cannot be invaded; only income is available for expenditure purposes.

• Quasi Endowment – Funds Functioning as an Endowment. Gift or bequest where a donor does not explicitly instruct that it be used as either a current gift or an endowment. At its own discretion, the University has created a fund functioning as an endowment.
UCLA Endowment Minimums

• Dean’s Chair - $5 million
• Endowed Chair w/ salary support - $5 million
• Executive Chair in Medicine - $3 million
• Endowed Chair w/o salary support - $2 million
• Professional Development Term Chair - $1 million
• Postdoctoral Fellowships - $1 million
• Recruitment/Distinguished Service/Teaching Term Chair - $500,000
• Teaching Awards - $250,000
Endowment Fund Management

• Gift Services formally accepts using gift transmittal forms and forwards to General Accounting

• Gifts are transferred (journaled) to UCOP for investment in General Endowment Pool, or other investment vehicle (STIP, etc.)

• Account 119820 Detail Provides:
  • The Current Year Income
  • The Permanent Budget
  • Budget adjustments to match actual income received
  • Interest on Interest deductions
Short Term Investment Pool (STIP)
What is **STIP**?

- **Definition:** Income earned on campus balances from private gifts, private grants and endowment income, a.k.a. interest

- **STIP on Gifts**
  - Only Regental or Foundation gifts accepted prior to September 1, 1989 where the donor specified PI will keep STIP will the PI receive the STIP
  - Otherwise, STIP credits default to the Chancellor’s account

- **STIP on Endowments** *(income only on principal)*
  - Regental Endowments
    - Income from investment is distributed to campus [annually in July](#)
    - Income is adjusted for actual & for Interest on Interest in ~August
  - Foundation Endowments
    - Income from investment is credited on a [quarterly basis](#) and available for distribution
    - This can be looked up in the MTF system in “View Fund Balance”

- **Negative STIP** occurs when an account that normally accrues STIP is in overdraft (OD)! Keep these accounts out of OD!
Links from Today’s Class

• Gift Services Home Page
  • Regental & Foundation Gift Transmittal Forms
    https://island.fim.ucla.edu/eabusiness/giftadmin/

• Depositing a Gift Check
  • https://www.finance.ucla.edu/corporate-accounting/depositing-a-gift-check

• UCOP C&G Manual – Gift & Endowment Chapter

• DOM Fund Manager Manual Chapters
  • Gift Received Undistributed
    http://ora.med.ucla.edu/workfiles/postawardmanual/Gifts-Received-Undistributed.pdf
  • Monetary Transfer of Funds (MTF)
    http://ora.med.ucla.edu/workfiles/postawardmanual/MTF.pdf
  • Gift Fund Consolidation
    http://ora.med.ucla.edu/workfiles/postawardmanual/Gift-Consolidation.pdf
Survey Link
http://goo.gl/forms/C3gdjsL5y1

We appreciate if you would take a few moments to complete a short 5 question anonymous survey to help us improve your training experience. Thank you!