

GIFT FUND MAINTENANCE GUIDELINES

Gift funds should be reviewed quarterly or annually for the following:

- Deficit balances
- Zero balances
- Low Balance funds (under \$1,000)
- The same or similar gift fund purpose
- Accumulated payout for endowed funds (true endowment or quasi-endowment/fund functioning as an endowment)

Gift Funds with a Deficit Balance

All deficits should be resolved prior to fiscal year end (June 30th). For UCLA Foundation campus linked funds, if there is an available balance in the UCLA Foundation gift fund, please submit a MTF to utilize funding. When no additional funding is expected for an overdrawn gift fund, please adhere to UCLA Accounting policies and procedures for resolving deficits. Contact the Gift Accountant in General Accounting (Susan Ngo, sngo@finance.ucla.edu) for further guidance, if needed.

Gift Funds with a Zero Balance

Gift funds with a zero balance can be closed if the following conditions are met:

- No additional gifts are expected for the fund. This includes pledges with a balance due.
- The fund purpose is obsolete.

If the fund has a delinquent pledge, the Department can contact their Development representative to work with the donor or see if pledge can be cancelled.

Gift Funds with a Low Balance

Gift funds with a balance less than \$1,000.00 can be consolidated if the following conditions are met:

- No additional gifts are expected for the fund that is to be closed. This includes pledges with a balance due.
- The two funds have the same entity.
- The two funds are the same fund type.
- The two funds have the same fund purpose description or have the same fund purpose category

If the fund has a delinquent pledge, the Department can contact their Development representative to work with the donor or see if pledge can be cancelled.

If the Department does not have another fund that meets the above criteria or the fund's balance is greater than \$1,000.00, then the request to consolidate gift funds will be reviewed by the Associate Director or Director of Fund Management Director for alternative solution on a case by case basis.

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Gift Funds with the Same or Similar Gift Fund Purpose

Gift funds with the same or similar gift fund purpose may be consolidated, but will require additional review by the Fund Management staff. Approval of these requests will be made by the Associate Director or Director of Fund Management on a case by case basis. Each request will be reviewed for the following:

- Review each gift fund's information to determine if consolidation is feasible.
 - Some requests may require donor permission.
 - Donor's permission is mandatory for a true or quasi-endowment/fund functioning as an endowment established by a donor.
 - Administrative approval from the campus unit is required for quasi-endowments/fund functioning as an endowment not established by a donor.

- Gift funds may be consolidated if:
 - No additional gifts are expected for the fund that is to be closed. This includes pledges with a balance due.
 - The two funds have the same entity.
 - The two funds are the same fund type. (Exceptions to this are only made when a donor has provided written permission)
 - The two funds have the same fund purpose description or have the same fund purpose category.

If the fund has a delinquent pledge, the Department can contact their Development representative to work with the donor or see if pledge can be cancelled.

Accumulated Payout for Endowed Funds

Payout is distributed to UCLA Foundation true endowment and quasi-endowment gift funds quarterly. Payout is distributed to Regent true endowment and fund functioning as an endowment (FFE) annually in August. Per the UC Office of the President - Institutional Advancement's ***Principles of Endowment Administration*** (<http://www.ucop.edu/institutional-advancement/files/principles.pdf>) a campus has the fiduciary responsibility for the appropriate and timely expenditure of the payout from endowed funds and funds functioning as endowments (quasi-endowments) held by both The Regents and the Campus Foundation. Excessive accumulation of payout must be avoided.

Accumulation of payout for a true endowment may be justified if it is:

1. Allowed per the terms of the gift.
2. Being done for a specific purpose consistent with the terms of the gift.
3. Agreed to in writing by the donor and the entity.

Endowment payout may be added to endowment principal when:

1. The donor has expressly requested that it be done.
2. The donor's terms establish an endowment for a specific purpose that requires greater annual payout than is currently being produced by the endowment corpus, but which, with the addition of accumulated payout, would eventually produce an adequate payout stream to support the fund's stated purpose.

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Review the available balances for all true endowment and quasi-endowment/fund functioning as an endowment gift funds. If reinvestment of payout is allowable per the terms of the fund, then fill out a **Return of Payout to Principal Authorization Form** and submit it to AskFundManagement@support.ucla.edu.

There may be times, however, when, due to a variety of circumstances, such expenditure is not possible. In these situations, Institutional Advancement and the Office of the General Counsel, Office of the President, will assist the campus in review of an endowment fund's terms. In these circumstances, please contact the Associate Director or Director of Fund Management for further assistance.