

Gift Fund Overview

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Presenters

- **University Accounting & Financial Reporting (UAFR):**
 - **Anne Larimore**
- **UIF Gift Administration:**
 - **Susie Brown**



Agenda

- UAFR vs UIF Roles
- Definition of Gift Funds
- Processing of and the Cycle of Gifts
- Proper Use of Gift Funds
- Gift Fund Transfers
- Returning Funds to the Foundation
- Fundraising Proceeds & Expenses
- Resources



UAFR vs UIF Roles

- **UAFR:**
 - Creates new Banner gift funds
 - Assigns NACUBO coding on the program code tied to new Banner Gift Funds
 - Updates coding on Banner Gift Funds after UIF approval
 - Assists with monitoring and addressing donor intent compliance issues
 - Annual Donor Intent Review
 - Prepares the annual Gift-in-Kind report
 - Gathers fundraising cost data and reports the information to the Foundation for annual reporting
 - Reconciliation of the gift revenue sweeps from UIF to Banner
 - Review for deposits which may have been made incorrectly to gift funds



UAFR vs UIF Role

- **UIF:**

- UIF is a separate not-for-profit 501(c)(3) corporation whose sole responsibility is to encourage and administer private gifts to further the University's mission.
- Review, accept, deposit and process all gifts received on behalf of the University of Illinois. All information is processed through TED (Tracking and Engagement Database) for receipting.
- Train campus personnel on handling and processing gifts.
- Serve as a resource on policies and procedures regarding gift processing.
- Provide stewardship assistance to all campus units.
- Ensure donor intent is clarified and conveyed.



Definition of Gift Funds

- Per [Section 11.2](#) of Policy:
 - “A gift is a voluntary contribution made to the University, for which the contributor receives no bargained-for benefit, and requires nothing in exchange beyond an assurance that the intent of the contribution will be honored.”
- Some entities refer to gifts as “grants;” see [OBFS Policy Section 11.2](#) and work with UIF Gift Administration and Grants & Contracts to determine how the money should be classified.



Definition of Gift Funds

- Even if the donor outlines restrictions on how the funding is to be used, the contribution is considered a gift so long as the donor receives no consideration.
- Units are encouraged (but not required) to provide stewardship reports to donors indicating how gift funds were used.
- Donor gifts with restrictions are used at the full discretion of the recipient for the purposes defined by the gift fund.
 - E.g., donor cannot specify which student will receive a scholarship from their donation (they can only specify the criteria)
- Unused funds are not returned to the donor.



Types of Giving

- **Outright**
 - Current Use
 - Endowment
- **Deferred**
 - Charitable Remainder Uni-trust (CRUT) or Charitable Remainder Annuity Trust (CRAT)
 - Charitable Gift Annuity (CGA) or Deferred Gift Annuity (DGA)
 - Pooled Income Fund (PIF)
 - Charitable Lead Uni-Trust (CLUT) or Charitable Lead Annuity Trust (CLAT)
 - Retained Life Estate



Forms of Gifts Accepted

- Cash/Foreign Currency
- Checks
- Wires
- Credit Cards (AMEX, MasterCard, Visa, Discover)
- Securities
- Gifts-in-Kind



Cycle of a Gift...

- Gift Transmittal Form and documentation
- Cash Desk and Gift Processing
- Tracking and Engagement Database (TED)
- Tax receipts and recognition letters
- Foundation Accounting System – Financial Edge – creates transaction to sweep and post to Banner



Cycle of a Gift – New Fund Needed

- If a new UIF gift fund is needed, write the proposed name of the fund for “Fund Title” and indicate “NEW” for the “UIF Gift Fund Number.” Complete the UIF or Banner Fund Create Request Form and forward to NewAccounts@uif.uillinois.edu.
- Use the Comments section for additional information.



Cycle of a Gift – New Fund Needed

- To ensure timely processing, always include documentation with your new fund request.
 - Correspondence, solicitation or fundraising materials that outlines the purpose of the requested fund.
 - Copy of a fund agreement, statement of understanding, pledge agreement (draft or final copy).



Gifts – Other Considerations

- If gift is being matched...Gift Administration completes matching gift forms, verifies pending matches and notifies donor once match is received.
- If gift is a tribute...Honorary/Memorial notifications are sent to honoree or next of kin.



Gifts – Other Considerations

- Is this for a new or existing major pledge?
 - Gift Administration will book pledge if needed and send the donor a confirmation and pledge statements.
- If gift is for an endowment, the gift will buy into the endowment pool on the first day of the following month. The prorated income, as a result of any mid-year gifts, is swept over to Banner for spending.



UIF Websites

- UIF Online
 - Access
 - Forms
 - Fund Database and Reports
- UIF Homepage
 - Endowment Levels
 - Tax-related forms and letters
- iLearn



Gift Sweeps - UIF

- Current Use
 - Weekly sweeps
- Endowment Income
 - Monthly sweeps
 - Related Banner CFOP
 - Minimum Endowment Level
 - Governing Document on file
 - Fund Agreement
 - Statement of Understanding
 - Other (Letter of Purpose, Will/Trust)



Gift Sweeps to Banner

- UIF sweeps revenue to the following account codes:
 - 303240, “UIF Gift Revenue – Endowment Income”
 - Represents investment income from UIF Endowments (UIF Fund 7xxxxx)
 - Full budget entered in August, income is swept in 1/12th increments each month
 - 303241, “UIF Gift Revenue – Current Use”
 - Signifies current use gifts (UIF Fund 3xxxxx)
 - Swept weekly
 - 303242, “UIF Gift Rev – Fundraising Proceeds”
 - Indicates non-gift money (UIF Fund 5xxxxx)
 - Swept weekly



New Banner Gift Fund

- Complete the [Banner Fund, Program, Index Code Request Form](#) and forward to NewAccounts@uif.uillinois.edu
- NACUBO
 - <https://www.obfs.uillinois.edu/accounting-financial-reporting/uafr-reference-materials/>
- FZMFUND



Proper Use of Gift Funds

- Once gift revenue is swept to the related Banner fund, it is available for use.
- Expenses charged to gift funds must be in compliance with donor intent restrictions.
 - See UIF Online Database (<http://online.uif.uiillinois.edu/>) for donor intent restrictions by fund
- Gift expenses can be audited and investigated after posting, so be sure to document the purpose of the expenses on the related Banner Document number.
 - Also, be sure to use the appropriate expense account code (you can look up the appropriate account code using the new [OBFS Account Code Search Tool](#))



Gift Fund Transfers

- Gift Fund Transfers are covered in detail in [UAFR Gift Fund FAQs](#).
- Transfers are typically made within the same fund type.
 - Cannot change the type of money via a JV (once a gift, always a gift)
- Transfers should either:
 - Be between funds with similar donor intent restrictions, or
 - Come from an unrestricted gift fund.



Gift Fund Transfers

- Transfers should not be completed using expense account codes.
- Use the 417001 account code and a 104 rule code on the gift fund transfer:
 - Debit (+) the fund that the money is being transferred out of;
 - Credit (-) the fund the money is going into
- Document the reason for the transfer and the contact information of the person completing the JV in FOATEXT.
- Refer to the [UAFR Gift Fund FAQs](#) for further details.



Gift Fund Deposits

- Deposits of donations should be made through UIF, not University Cashiering (USFSCO).
- An exception is made for the following examples:
 - Rebates or refunds from a vendor for goods or services purchased from the vendor
 - Reimbursement of accidental personal usage of system resources by employee
- Include the Banner document number of the expense that is being reimbursed on the University Cashiering Form.
- Make sure to deposit the reimbursement to the same CFOAP to which the original expense posted.



Processing Gift Adjustments

If gift money is accidentally deposited into a Banner fund without going through Foundation:

- Send the applicable gift transmittal form and CFOAP where the gift was deposited to UAFR.
- Entries are posted by UAFR to move the money to the correct C-FOAP
- UAFR notifies UIF of the adjustment for them to make a corresponding entry for their records



Returning Funds to UIF

- Gift funds may be returned for sweeps that were accidentally swept in error.
- Gift funds can be re-invested at UIF in the endowment pool.
 - Minimum five year time horizon suggested
- Complete a [Transfer Request Form](#) located on UIF's website.



Gift Fund Balance in Banner

- FGIBDST
- How unspent balances roll forward into the next fiscal year



Tracking Fundraising Expenses

- UIF tracks all the fundraising expenses to determine how efficient departments are at raising donations
- Per [Section 11.6](#) of Policy
 - “Fundraising and development expenses are defined as the expenses incurred in cultivating and soliciting gifts from donors of all types, including individuals, corporations, foundations or other private organizations.”
- Examples of charges that are required to be classified as fundraising and development:
 - Development Office payroll and operating expenses
 - Expenses incurred in publicizing and conducting fundraising efforts
 - Expenses incurred in cultivating and soliciting gifts
 - Expenses incurred in sending thank you letters or token appreciation gifts to donors



Tracking Fundraising Expenses

- Typically charged to state, institutional (such as ICR), or gift funds.
- If using a gift fund, then a separate gift fund code needs to be established to collect fundraising costs
- If using a program code, then a separate program code should be established to collect fundraising costs.
- The fund or program code title must contain the word “Fundraising.”
- The assigned NACUBO function should end in a 99 (e.g., 191399 on a gift fund)
- The A-21 attribute code should be “UFR.”



Covering Fundraising Expenses

- Once the fundraising expenses have posted to the applicable fundraising C-FOP, then funding will need to be provided to cover the costs.
 - If a State or ICR program code was used, request a budget adjustment.
 - <https://www.obfs.uillinois.edu/budgeting/budget-adjustment-requests/>
 - If a gift fund was used, process a funds transfer from your unrestricted gift fund using the 417xxx account code and 104 rule code.



Processing Fundraising Sales

- Sometimes units engage in fundraising sales (such as fundraising dinners and galas, etc.) to generate additional donations.
- Marketing materials should reflect what cause and/or department donors are supporting at the time of their purchase.
- All proceeds for these types of fundraising sales should be deposited through UIF on a gift transmittal form where the appropriate amounts of gift and non-gift revenue is denoted.



Processing Fundraising Sales - Example

- A department hosts a fundraising dinner to generate additional donations for a building renovation.
- The unit purchases the dinner for \$25 per person from a local catering company.
- The ***fair market value*** of the dinner is \$25 per person.
- The unit plans on selling tickets to the fundraising dinner for \$100 per attendee.



Processing Fundraising Sales - Example

- The expenses to purchase the catering dinners from the local catering company should post to a fundraising gift C-FOP.
- Make sure to advertise that the fundraising dinner proceeds will be supporting a building renovation.
- Complete a gift transmittal form to deposit through the Foundation
 - \$25 denoted in the “Non-Gift Portion” box
 - This will sweep to account 303242 on the Banner gift fund
 - \$75 denoted in the “Gift” box
 - This will sweep to account 303241 on the Banner gift fund
 - Complete a funds transfer (417xxx) in the amount of the non-gift revenue (or use unrestricted gift fund) to cover the catering expenses on the fundraising gift C-FOP



Fundraising Sales - Example

- Your unit will be selling t-shirts to raise money for scholarships.
- The cost of the t-shirt from a local t-shirt company is \$5 per t-shirt, the fair market value is \$15 per t-shirt, and your department is selling the t-shirts for \$25 per t-shirt.
- \$15.00 is considered non-gift and \$10.00 would be a tax-deductible contribution. Your department should notify donors that only \$10 of their money will be considered a tax-deductible donation.
- This would be reflected as \$15 under account 303242 and \$10 under account 303241 on your Banner gift fund set up for scholarships.



Sales Tax Considerations

- Sales tax should be collected on all fundraising sales of tangible items (e.g., t-shirts).
- Note the exact amount of sales tax collected on your gift transmittal form in the *Comments* section.
- The sales tax portion would be included in the *Non-Gift Portion* box of the gift transmittal form.
- For further details, see the *Collect and Report Sales and Use Tax* under Section 22 of OBFS policy.
 - Roger Fredenhagen, 217-333-7156



Resources

Gift Fund FAQ's

<https://www.obfs.uillinois.edu/cms/One.aspx?portalId=77176&pageId=89958#GiftFund>

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[Banner Account Codes](#)

[UFAS to Banner Crosswalks](#)

[Year-End Procedures](#)

Accounting & Financial Reporting Frequently Asked Questions

Browse FAQs by Category:

Funds:

[State Funds](#) - [EAA Funds](#) - [ICR Funds](#) - [Self-Supporting Funds](#) - [Gift Fund](#)

Other:

[Finance Payroll Benefit](#) - [Journal Voucher \(JV\)](#) - [Guide to Terminating FOAPAL Segments](#) - [Non-Monetary Exchange](#) - [Property Accounting](#)





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Resources

- Policies and Procedures – Section 11
<https://www.obfs.uillinois.edu/bfpp/section-11-gifts-endowments>
- UIF Online
<https://online.uif.uillinois.edu/Online/default.aspx>
 - Fund Database – donor intent restrictions
 - Very important to sign up for access to be able to properly manage your gift funds!



Questions

- **OBFS University Accounting**
 - 217-333-4568, uas@uillinois.edu
- **John Laroe**
 - 217-333-9133, jmlaroe@uillinois.edu
- **Anne Larimore**
 - 217-300-1793, koester1@uillinois.edu
- **Who To Ask**
 - <https://www.obfs.uillinois.edu/accounting-financial-reporting/who-to-ask/>



Questions?

- **UIF Gift Administration**
 - 217-333-0675, giftadmin@uif.uillinois.edu
- **Susie Brown**
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- **Cassi Wildman**
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