ALL THINGS GIFT FUND MANAGEMENT

Presented By

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Agenda

01  About us
02  Investments and distributions to Fund 34s
03  Spending distributions out of Fund 34s
04  Spending in compliance with donor intent
05  Tools and resources
06  Best practices, tips & tricks
About us
About us

History
• CU’s institutionally related foundation (IRF)
• Founded in 1967 as a separate 501(c)(3) charitable organization

Role
• Financial portal for all philanthropic gifts for CU
• Invests, manages and allocates gift funds consistent with the purposes established by donors
• Distributions from the gift funds support a variety of programs and activities throughout the University
University of Colorado Foundation

Our Mission

We receive, manage and prudently invest private support for the benefit of the University of Colorado and support the University’s philanthropic endeavors through donor stewardship.

Our Vision

We promote private support for the University of Colorado through donor stewardship. We manage and grow the endowment. We ensure the appropriate use of funds. We engage volunteer leadership. We pursue the best governance practices.

Website: www.giving.cu.edu/cufoundation
CU Foundation teams

**Gift & Grant Management**
- Gift and grant related tasks and questions
- compliance@cufund.org

**Gift Compliance**
- Compliance related questions e.g. questions/concerns about purpose, terms of an agreement, proper coding
- compliance@cufund.org

**Gift Management**
- Donations, PO Box, receipting of gifts, sending of commitment reminders
- gifts@cufund.org | 303.541.1290

**Finance & Accounting**
- Endowment distributions, accounting, reporting, events tracking, investments
- accounting@cufund.org
02 Investments and distributions to Fund 34s
Investments

Long-Term Investment Pool (LTIP)

Short-Term Investment Pool (STIP)

Allocations of the gains/losses, dividends, income to the endowments

The OCIO model

Rate of Return and Asset Allocation

LTIP Quarterly Update:
https://giving.cu.edu/sites/default/files/pdfs/cuf20_summer_2020_ltip_report.pdf
Distributions

Endowment Spending Policy

Timing of the Distributions
• Announced in Spring
• Distributed in July

Communication of the distributions

Understanding the Assessment Fee on Endowments

Finding the distributions on the Gift Fund Statement
CU investments vs. policy benchmark

As of June 30, 2020, the LTIP’s 3-year annualized investment performance was +7.22%, its 7-year performance was +7.89%, its 10-year performance was +8.43%, and its 15-year performance was 7.41%. The 10- and 15-year returns were achieved with over 32% less risk than the policy benchmark.

*The Policy Benchmark, effective FY 2018, is a blend of 80% MSCI ACWI (equities) and 20% Barclays US Aggregate Bond Index (fixed income). Depending on the return period presented, historical benchmarks of 40% Russell 3000, 40% MSCI EAFE and 20% Barclays US Agg (FY 2009 – 2017) and 50% Russell 3000, 30% Barclays US Agg and 20% MSCI EAFE (fund inception – FY 2009) are components of the policy benchmark as applicable.
LTIP asset allocation as of June 30, 2020

The LTIP’s $1.9 billion is invested in a diverse portfolio of asset classes with a long-term strategic investment horizon. Here is the proportion of investment by asset class:

- Global public equities: 46%
- Real assets: 25%
- Global private capital: 13%
- Fixed income and cash: 9%
- Global hedge funds: 7%
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03 Spending distributions out of Fund 34s
Gift funds – Fund 34s

Contains a gift given to the CU Foundation for the benefit of the University by a donor who expects nothing of value in return.

Linked to a fund 34s on the University side.

CO provides only 2.6 percent of CU’s $4.5 billion operating budget - private support is an important and increasingly fundamental component of CU’s budget.
Examples of gift funds

Scholarships
- CU Boulder: Golden Buffalo Scholarship Fund
  - Athletics & Recreation
- CU Denver: Business School Building Fund
  - Enterprise & Entrepreneurship

Program Support
- UCCS: Anthropology Department Fund
  - Scholarships & Student Success
    - College of Letters, Arts and Sciences
    - Anthropology

Research
- CU Anschutz: Center for Women's Health Research Fund
  - Science, Research & Innovation
    - School of Medicine
    - Center for Women's Health Research

Campus Improvements
Who owns the gift funds?

The Foundation manages the gift funds, makes them available to the University to be spent for the public good.

No one person owns funds (there is no such thing as “my money”)

Who is responsible for spending?

Usually roles such as program managers, financial/budget officers and deans.
What is donor intent?

- Purpose for which a donor has given a philanthropic gift to the University.
- Example: To provide scholarships for undergraduate students in the Environmental Design Program at the University of Colorado Boulder.

Why do we have to follow it?

- University has a legal obligation to comply with donor intent
- Failure to follow donor intent can lead to legal and financial consequences for the University.
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04 Spending in compliance with donor intent
Gift compliance

Ensures that terms can be met BEFORE an agreement is signed.

Ensures that terms are being met AFTER a fund is established.

Ensures gift funds are administered in accordance with CU Foundation’s tax exempt status, IRS rules and regulations.
Why is gift compliance important?

- Trust
- Reputation
- Return of funds
- Loss of future funding
- Potential lawsuits
- Potential loss of non-profit status
“If you think compliance is expensive, try non-compliance.”

Former Deputy U.S. Attorney General Paul McNulty
Why is gift documentation important?

Donors
• Documents their intent
• Clarifies how funds will be administered
• Feels good, engaged, appreciated

University & Foundation
• Outlines how funds will be administered
• Manages donor expectations
• Avoids costly legal proceedings

Excessive and narrow restrictions often result in unspent funds as the purpose becomes obsolete, impossible or impractical to administer.
Gift compliance on Campus

**Campus Fund Managers**
- Spends gift funds in a timely manner in line with donor intent

**Campus Advancement**
- Donor cultivation and stewardship
- Works with campus partners (faculty, deans), GAD and Foundation Gift Services

**CU Gift Administration (GAD)**
- Drafts gift agreements
- Liaises between development, CU leadership and the Foundation
Foundation Compliance will not make changes to funds without the approval of the fund manager.

In turn, we would appreciate decisions not being made without keeping us in the loop.
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05 Tools and resources
Reporting

The Foundation’s Shift to AI

Closing of the FE Warehouse

Phase II of AI Reporting

Gift Fund Statement Reference Guide
*No Live Training Opportunities will be offered on Accounting Specific Reports.
Databases and reporting tools

Software / Database

FinancialEdge
• Owner: CU Foundation
• Includes Financial Information on gift funds

PeopleSoft
• Owner: Campus Controller
• Includes Speedtype activities

Advance
• Owner: CU Foundation / CU Advancement
• Includes giving, donor and alumni data

Reporting Tools

Advancement Intelligence
• Owner: CU Systems (UIS)
• Purpose: CU Advancement donor reporting; CU and CU Foundation Financial Reporting
Allocation / Fund Search
Gift Fund Statement

ARCS Foundation Fund

Purpose: To provide support for student scholarships in the College of Engineering and Applied Science at the University of Colorado Denver.

Program Principal: Dunn Martin L
Program Manager:
Speed Type: 63454368
Purpose Code: Scholarships Only
Fund Type: Current Expendable
Open Date: 12/21/04
Close Date:
Comments:

Next FY Distribution: Information Available March 1, N/A for Current Funds

Balances

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Activity

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<tr>
<td>Total</td>
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<td>($9,750.00)</td>
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Beginning Net Assets, 07/01/2020: $10,060.78
Ending Net Assets, 10/21/2020: $310.78
# Fund Purpose Report

## Psychiatric Mental Health Nursing Endowed Fund

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<thead>
<tr>
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<th>Value</th>
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<tr>
<td>Fund</td>
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<td>Purpose</td>
<td>Report</td>
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<tr>
<td>FE Purpose Code</td>
<td>Chairs/Professorships with Other Support</td>
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### Summary
- **Purpose**
  - Faculty Support
  - Chair Support
  - Professorship Support

### Notes/Full Description
The Foundation shall use the Donor’s gift to establish The Psychiatric Mental Health Nursing Endowed Fund for the benefit of the Anschutz Medical Campus. Funds may be used for the creation of the Graduate Program, the Chair, the Professorship, and the Fellowships. The College shall reconstitute a Graduate Program in the Psychiatric Mental Health Nursing. It is currently contemplated that the Graduate Program will enroll a minimum of 12-15 students and will commence in the fall of 2009. The College shall establish The Psychiatric Mental Health Nursing Chair. The holder of the chair shall be certified in psychiatric mental health nursing. The holder of the chair shall be responsible for the administration of the Graduate Program. The College will establish the Psychiatric Mental Health Nursing Professorship. The holder of the Professorship will be certified in psychiatric mental health nursing. The College shall establish the Psychiatric Mental Health Nursing Fellowships. Selection of the students for the Fellowships shall be made by the Dean of the College based on the recommendations of a selection committee designated by the Dean. The College shall select a minimum of 5 Fellowship recipients each year. Distributions from the fund shall be designated 2/3 to support the Chair, 1/6 to support Professorship, and 1/6 to support Fellowships. Distributions shall be used to pay for salary, benefits, research and/or education expenses of the Chair and Professorship and to pay for tuition, fees, research, or education expenses of the Fellowship Recipients.

### Award Criteria
- **Summary**
  - Selection Committee: Designated by the Dean
- **Additional Criteria**
  - Selection of the individual to hold the Chair/Professorship shall be made by the Dean of the College based on the recommendations of a selection committee designated by the Dean. Selection of the students for the Fellowships shall be made by the Dean of the College based on the recommendations of a selection committee designated by the Dean.

### Deliverables
- **CU Foundation Report**
  - Annually
- **Additional Criteria**
  - The Foundation shall provide an annual financial report to the Donor within 90 days after the end of each fiscal year of the Foundation. Each financial report shall contain a balance sheet showing the assets and liabilities and the income and expenses, including realized and unrealized gains and losses of the Fund, an accounting of disbursements comply with the provisions of this Agreement.

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*Report Prepared on Jul 18, 2019*
Familiarize yourself with the tools in Advancement Intelligence

- Make sure you can log into AI
- Once in AI locate the reports mentioned here
- Practice running the Fund Purpose Report
- Practice using the Allocation/fund search

Goal

- Ensure you have access to AI including permissions to run these reports
- Ensure you can access reports and know how to use them when the time comes to use them
Action Steps: Throughout the Year

Run the Fund Purpose Report for your funds at least annually.
Spend funds timely – Run your Gift Fund Statement monthly.
Address untouched and/or large balances.
Reach out to Compliance@cufund.org if:
  • purpose is outdated or impractical.
  • purpose, acceptable expenditure is unclear.
Reach out to Advancement

Any discussion that involves donor(s)

- Donor(s) want to establish a new fund
- Donor(s) want to make changes to an existing fund

Set-up a new fund for fundraising purpose

Meet your Advancement Liaisons!

Melissa Lukesic- melissa.lukesic@ucdenver.edu
Megan Welch- megan.welch@ucdenver.edu

CU Denver Advancement website
Reach out to Foundation Gift Compliance

Any program changes that result in fund use updates
Inquiries about fund spending, purpose, donor intent
Changing of fund titles, purpose codes
Existing administrative terms are burdensome / not best practice
Concerns about underutilized funds
Questions about fund categories/types of funds
Reach out to Foundation Accounting

Any questions about our investments
Any questions about fees assessed on endowments
Any questions about your distributions
Any questions or issues with our financial reports
If you need or want help with any financial discussion that involve donor(s) and/or other stakeholders
Self-service

Training Materials, glossaries etc.

https://giving.cu.edu/fundmanager
Thank you

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