Gift Management at Cal

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Workshop Objectives

- Private philanthropy support of Cal
- Policies and systems
- Roles and responsibilities
- Use of funds and changing circumstances
Berkeley's Revenue Sources

Federal, includes federally-sponsored grants and contracts (excluding Pell grants), plus grants for Berkeley faculty at the LBNL, and Federal ARRA stimulus state substitution funds. State Support in 2004 includes funds that were initially generated on the Berkeley campus. Beginning in 2009, we have disaggregated these sources. In 2010 and 2012 State funds are those attributable to State Educational Appropriations alone. Students includes Educational Funds and Non-Resident Tuition only. Philanthropy includes all gifts and pledges for the UC Regents and the UC Foundation and investments (STIP, TRIP). ($ in millions)
Total Giving ($ Millions)
in Gifts & Pledges

- Foundation
- Regents

Year: 01-02, 02-03, 03-04, 04-05, 05-06, 06-07, 07-08, 08-09, 09-10, 10-11
Total Giving ($ Millions) in Gifts & Pledges

- Regents
- Foundation
Sources of Gifts FY 2010-11
Total Raised: $315,845,908

- Campus Related Orgs.
  - $368,220
  - 0.1%
- Corporations
  - $96,026,889
  - 30.4%
- Individuals
  - $121,298,963
  - 38.4%
- Foundations
  - $77,474,069
  - 24.5%
- Other Nonprofit
  - $20,677,767
  - 6.5%
Gifts from Individuals FY 2010-11
Totals Raised: $121,298,963

- Alumni: $94,597,874 (78.0%)
- Parents: $4,724,659 (3.9%)
- Faculty: $3,166,923 (2.6%)
- Staff: $273,812 (0.2%)
- Other Individuals: $18,535,695 (15.3%)
Purpose of Gifts FY 2010-11
Total Raised: $315,845,908

- Department Support: $103,683,057 (32.8%)
- Research: $68,201,433.15 (21.6%)
- Student Support: $25,086,434 (7.9%)
- Campus Improvement: $42,897,073 (13.6%)
- Unrestricted: $19,463,790 (6.2%)
- Other Purposes: $52,220,440 (16.5%)
Type of Gifts FY 2010-11
Total Raised: $315,845,908

Cash: $195,192,774
Securities: $19,361,145
Real Property: $1,948,600
Nonmonetary: $40,080,863
Pledges: $59,262,526
Current Gifts

- Equity, Inclusion, and Diversity Initiative: $16 million gift from the Evelyn and Walter Haas Jr. Fund

- Magnes Collection of Jewish Art & Life – over $3 million in donations

- Mellon Graduate Student Excellence Fund - $6 million endowment
Enduring Support: An Endowed Chair

- The first major gift to the campus came in 1872 from UC Regent Edward Tompkins.

- The $50,000 endowment established the Agassiz Professorship of Oriental Languages and Literature.
Enduring Support: Program Funding
POLICIES AND SYSTEMS
External Policies & Regulations

- Internal Revenue Code; tax court decisions; IRS regulations
  - Define what a gift is
  - Guidance on gift receipts
  - Substantiation requirements for quid pro quo gifts
- Corporate guidelines
  - Matching gifts
- State laws
  - Contract law and probate code (UMIFA)
  - Proposition 209
Fundraising Industry Standards

- Council for Advancement and Support of Education (CASE)
  - Management and reporting standards
- Council for Aid to Education (CAE)
  - Voluntary Support of Education Report
University of California & Campus Policies

- University of California Development Policy
  - Delegation of Authority to Solicit and Accept Gifts
  - Delegation of Authority to Return Gifts
  - Policy on Naming University Properties, Programs, and Facilities

- UC Berkeley campus policies and procedures
  - Campus Gift Fee Policy
  - Ways of Giving Procedures
  - Research Policy (SPO)
Policy of Gift Acceptance

- To ensure that gifts are reviewed and accepted according to University and campus guidelines and federal and laws
- Involves the benefiting department and College Relations (development staff) and University Relations
  - Benefiting unit agrees with the terms of the gift
  - University Relations, as the delegated authority from the Chancellor, formally accepts gifts on behalf of the University
Campus Policies that Govern Gifts

The Campus Gift Fee

- It is the policy of the campus to offset a portion of the costs of fundraising by assessing a gift fee. This policy went into effect in July, 2006.

- Current gift fee rate is 2.5%:
  - allocated to unrestricted funds controlled by vice chancellors and deans with the intention of supporting local fundraising efforts
  - can only be waived by Chancellor approval
Campus Policies that Govern Gifts

Faculty Research Administrative Fee

- Current administrative fee on Faculty Research Gifts is 10.5%
  - 7.5% allocated to the administering unit
  - 2% allocated to central campus units involved in research administration
  - 1% to investment in future research via the Berkeley Futures Fund and Cost Sharing Fund
  - A gift is defined as a “research gift” when it is designated as unrestricted funds to support the research of one or more faculty members or research programs.

- In order to avoid misunderstanding, donors should be advised about these fees.
What systems are involved?

- BFS has both Foundation and Regents gift data
ROLES & RESPONSIBILITIES
Who manages gifts?
How do you know it is a gift?

- A contribution is bestowed voluntarily and irrevocably
  - donor intends to make charitable contribution
- No expectation of tangible compensation
- Donor does not impose contractual requirements, e.g. progress reports, financial reports
- No provision for audits by University Administrator
- Donor does not expect unspent income to be returned
Gift Acceptance

What kinds of things do you need to consider?

- Will we be performing this program (scholarship, fellowship, research) for years to come?
- Is this for an endowed fund or operating?
Gift Acceptance

What kinds of things do you need to consider?

- Are there non-personnel (equipment) costs and is there funding to support it?
- Are there personnel costs involved?
Gift Acceptance

- Donor's Wishes
- Corporate Guidelines
- Unit Needs
- State/Federal Laws
- Campus Policies
- UC Policies
Two Fiduciaries

The Regents of the University of California

- Provides oversight
- Sets policy
- Manages endowments

UNIVERSITY OF CALIFORNIA, BERKELEY
FOUNDATION

- Local entity
- Vehicle to involve alumni and friends
- Advises Chancellor
- Manages endowments
The UC Regents and UC Berkeley Foundation

Endorsement on the check or gift agreement determines through which entity a gift will be processed and administered.

If it is not explicit that a gift is to UCBF, then it defaults to the Regents.
The UC Regents and UC Berkeley Foundation

The Regents

1. Previously established Regents funds
2. Research gifts for a specific faculty member
3. Gifts-in-kind not to be sold, e.g.:
   Equipment
   Museum/library acquisitions
   Vehicles and boats
4. One-time-only gifts for current expenditure
5. Real estate to be held for campus use or not for immediate sale

UC Berkeley Foundation

1. Previously established Foundation funds
2. Campuswide annual solicitations
3. Gifts-in-kind to be sold:
   Jewelry
   Coins
   Precious metals
4. Life-income gifts (unless the donor prefers The Regents)
5. Real estate for immediate sale
6. Memorial/honorific gifts
7. Non-publicly traded securities
8. Special handling and certain methods of payment, e.g., on-line giving, EFT
9. Donor hosted events
What funds can receive gifts?

All types:

- Current use – restricted or unrestricted
- Plant
- Loan
- Planned gift funds
- Endowment
  - True endowment
  - Fund functioning as an endowment
  - Term endowment
Types of Gifts

- Cash, checks, money orders
- Credit cards
- Foreign currency
- Gifts-in-kind
  - equipment
  - artwork
  - books
- Corporate matching gifts
- Bequests from estates
- Pledge and pledge payments
- Real property
- Securities and bonds
- Wire transfers
- IRA distributions
Receipts

- Gift Management receipts all gifts once they are reviewed and accepted on behalf of the campus.

- This is the document a donor can use if they wish to take a tax deduction.
Where is the money?

- **Online Gift Form**
  - Gifts in process

- **CADS CADSWeb**
  - Fundraising totals by fund
  - Fundraising totals by department
  - Donation totals for a donor

- **UC Regents BFS/BAIRS**
  - Monitor gifts deposited & still in suspense
  - Regents Fund Reports

- **UCBF BFS/BAIRS**
  - Monitor gifts deposited & still in suspense
  - Foundation Fund Reports
USE OF FUNDS AND CHANGING CIRCUMSTANCES
Fund Terms or Gift Agreements
Fund Terms or Gift Agreements

- Your guide on how to use the funds
- Purpose
- Fiduciary to manage the fund
- Type of fund
- Is it being paid now or over a period of time?
Fund Terms or Gift Agreements

Purpose to be clear and as broad as possible:

“A current use fund to be used to provide general care of the hyenas in the Hyena Colony at the University of California, Berkeley.”

“A current use fund to support undergraduate students who are experiencing an unexpected financial hardship during the time they are pursuing their degree at the College of Natural Resources.”
Fund Terms or Gift Agreements

- Gifts usable and practical in perpetuity
  - to fulfill our fiduciary responsibility
  - fully utilized in accordance with donor terms

“A current use fund to be used by the Dean of the Haas Business School to support an academic leader for the Initiative for Socially responsible Business Leadership… Funds will be used to provide for the Fellow’s salary, benefits, and related research and teaching expenses during the initial period of the program.”
Changing Circumstances

- Programs cancelled, priorities change, research is evolving...

- Unexpended Payout
Use of Funds – Specific Issues

- Conflict of interest – What if a faculty member donates to his/her own research?
- What about when a faculty member leaves the University?
- Returning a gift to a donor
Use of Funds – What can you do?

- Clear understanding of the terms
- Increase the monitoring of gift funds and how they are used in your department, school, or college
- Attend training
- Ask questions
Gift Management at Cal

- Private philanthropy always been a part of Cal’s story
- Each of us have a role to play in managing gifts
- Managing gifts well creates trust with our donors, ensures fiscal responsibility
- Diversification of revenue – increased flexibility
Questions and Answers
CONTACT INFORMATION AND RESOURCES

Gift Management
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Fund Administration
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Gift Administration
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Gift Management Main Office
2000 Center Street, 1st Floor, Berkeley, CA 94720
Benefiting Unit
Draft the proposal, make the solicitation, and receive the gift
Deposit the gift
Submit gift information to Gift Management
Acknowledge and thank the donor
Spend according to agreed-upon use
Report to donor

Cashier's Office
Deposit the gift and move it into the suspense account based on the information prepared/submitted by the unit

Gift Management
Accept gifts on behalf of the University
Establish new funds (current use, endowment, plant, etc.) with the UC Regents and the UC Berkeley Foundation
Record in CADS (Cal Advancement Data System) donations
Distribute Regents donations to general ledger accounts
Report on behalf of the campus to Office of the President fundraising results
Provide institutional and donor reports
Administer and interpret gift policy and ensure campus compliance

University Relations Financial Services
Establish new funds and attributes in BFS and notify departments of Fund Number assignment
Distribute gift fees quarterly to Deans and Vice Chancellors
Administer Foundation gift funds and distribute to departments
Assess gift fees on Foundation endowments
Generate financial journals in BFS

Office of the President
Administer and manage endowments
Set gift policy for Regental and Foundation gifts