

# California State University, Los Angeles Foundation

## POLICIES AND PROCEDURES

**SUBJECT: Gift Management and Accounting Policy**

**Date: January 30, 2025**

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## Purpose

The Cal State LA Foundation (Foundation) is a non-profit 501(c)(3) California corporation established in 1985 to support and advance the philanthropic mission of California State University, Los Angeles (University or Cal State LA). To fulfill this mission, the Foundation actively promotes philanthropy and manages donated resources for the advancement of the University, not otherwise available or funded by the California State University system. Gifts made to the Foundation support student scholarships, programs and services that enrich academic opportunities at Cal State LA.

The purpose of this document is to provide an overview of how the management of these donated resources is reflected in the University's accounting system and to provide links to applicable policies and procedures.

## Gift Management and Recording

### 1.0 ChartFields

The Foundation uses the California State University, Common Financial System (CFS) PeopleSoft to record all financial transactions. In this system, ChartFields (CF) store the University's chart of accounts and provide the system with the basic structure to segregate and categorize transactional and budget data. Each ChartField has its own attributes for maximum efficiency and flexibility in recording, reporting, and analyzing its intended category of data. While a particular ChartField always represents only one category of data, it stores many values to be used to further categorize that same data. All transactions utilize a Business Unit, along with specific detail organized by ChartFields. The combination and linkage of the various ChartField types and values are commonly referred to as a "*ChartField String*."

**University Defined ChartField Matrix**

	Bus Unit	Fund	Account	DeptID	Program	Project	Class	Scenario
<b>Identifies</b>	Org Unit	Where	What	Who	Report	Report	Report	Budget
<b>Length</b>	5	5	6	6	5	6	5	>= 4
<b>Required</b>	Y	Y	Y	Y	N	N	Not used	N
<b>Table Name</b>	BUS_UNIT_TBL_GL	FUND_TBL	GL_ACCOUNT	DEPT_TBL	PROGRAM_TBL	PROJECT	CLASS_CF_TBL	BD_SCENARIO_TBL

### 1.1 ChartField Components

#### 1.1.1 Business Unit (Bus Unit)

A Business Unit represents an operational entity within the PeopleSoft application. Using Business Units enables the grouping of transactions for reporting purposes. *LAFDN* has been set up as the Business Unit for the Cal State LA Foundation in the CFS PeopleSoft system.

### 1.1.2 Fund and Fund Types

A Fund identifies the “Where” of the transactions, and its source and use of dollars are being held. It is required on all transactions and is the lowest level at which the system will generate a Trial Balance. If the fund has one owner authorizing transactions, then the Delegation of Authority (DOA) is indicated at the fund level.

#### Types of Funds

##### *A. Operating Funds*

Fund Numbering = xxxx1, xxx10
Type = Unrestricted
Reporting Group = GENOPF (General Operating Funds)

##### General Fund (00001)

This fund records the annual operating budget and actuals of the Foundation. The budget requires the approval of the Foundation Board of Trustees.

##### Annual Fund (00010)

This fund is used to record unrestricted donated revenues and related expenses associated with fundraising. The annual net proceeds can be spent on activity which supports the specific purpose including but not limited to:

- Operational costs (day-to-day expense, utilities, maintenance),
- Student support (scholarships/fellowships),
- Program development (academic programs, extracurricular activities, special projects),
- Facilities improvement (upgrading buildings, technology, equipment), and;
- Community engagement (enhancing outreach efforts and building community connections).

##### *B. Capital Construction Funds (Non-Endowed)*

Fund Numbering = 5xxxx
Type = Restricted/Expendable
Reporting Group = DCAPTL – Capital Construction

These funds are used to record the donated revenues and the expenses associated with specific capital projects (e.g., buildings, equipment, landscaping, etc.).

These funds do not accrue investment earnings, unless otherwise specified in an agreement.

### C. *Campus Programs (Non-Endowed)*

Fund Numbering = 8xxxx
Type = Restricted Expendable
Reporting Group = DSCMPG – Campus Programs

These funds are used to record donated revenues which will be used to support the mission of a Division, College, Department, Center/Institute, or Program. Funds may be transferred from a *Campus Program* fund to a Scholarship & Fellowship Fund, if it is in alignment with the donor's original intent, and must follow these conditions:

- Transfer to a Scholarship & Fellowship *Non-endowed* Fund is permitted per a request from individuals included on the Delegation of Authority (DOA).
- Transfer to a Scholarship & Fellowship *Endowed* Fund is permitted per a request from individuals included on the Delegation of Authority (DOA), and secondary approval from the Dean. If the Dean is making the request, it will need the Provost's approval. Requests must be in the form of a memo to the Executive Director of the Foundation providing reasoning and shall include purpose and long-term goals. The request will be presented to the Foundation Board for their review and approval. If Board approved, these will be quasi-endowed funds.
- Funds transferred to a Scholarship & Fellowship Fund must adhere to the spending criteria associated with the originating *Campus Program* fund.

Each College, Department, Center/Institute, or Program may have one *General Fund* established. There are no minimum donation(s) required for these funds. The fund will be named after the College, Department, Center/Institute, or Program.

Defined as follows:

- College/Department – See Campus Organizational Chart for a complete list.
- Center/Institute – See <https://www.calstatela.edu/orsca/centers-and-institutes> for a complete list of Cal State LA Centers and Institutes.
- Program – A distinct effort or field within a department, college, or division guided by a director (not a dean or department chair) who is assigned with fiscal responsibility for the sub-unit. New Program fund requests require supporting documentation or a Memorandum of Understanding to demonstrate plans for ongoing fundraising activity.
- Additional funds may be established when a donor makes a gift of \$25,000 or more. A new fund may be created when either the entire gift amount is fully received, or a donor makes a written commitment for future gifts of at least \$25,000. For written commitments, pledge schedules must be fulfilled within five years or less. The fund may be named to represent the purpose of the donation or named by the donor.

Funds are not budgeted. They are managed at a Fund Balance or Trial Balance.

***D. Scholarship & Fellowship Funds (Non-Endowed: Expendable, Annual, or Current Use)***

Fund Numbering = 7xxxx
Type = Restricted Expendable
Reporting Group = DSSCFS – Scholarships & Fellowships

These funds are used to record donated revenues which will be used to distribute scholarship/fellowship awards to a currently enrolled Cal State LA student. All payments in this category must be reviewed for compliance and awarded by the Office of Financial Aid and Scholarships. Scholarships/fellowships will be coordinated along with other financial aid and outside agency financial aid programs. No payments for wages are permitted.

Each College, Department, Center/Institute, and Program may have one general scholarship fund. There are no minimum donation amounts required to open these funds. The fund will be named after the College, Department, Center/Institute, or Program.

Defined as follows:

- College/Department – See Campus Organizational Chart for a complete list.
- Center/Institute – See [://www.calstatela.edu/orsca/centers-and-institutes](http://www.calstatela.edu/orsca/centers-and-institutes) for a list of Colleges, Centers, and Institutes for a complete list of all authorized Cal State Centers and Institutes.
- Program – A distinct effort or field within a department, college, or division guided by a director (not a dean or department chair) who is assigned with fiscal responsibility for the sub-unit. New Program fund requests require supporting documentation or a Memo of Understanding to demonstrate plans for ongoing fundraising activity.

Additional funds may be established when a donor makes a gift of \$25,000 or more. A new fund may be created when either the entire gift amount is fully received, or a donor makes a written commitment for future gifts of at least \$25,000. For written commitments, pledge schedules must be fulfilled within five years or less.

If a written commitment cannot be provided from the donor(s), there must be a demonstrated three-year pattern of giving and an assurance of ongoing fundraising activity at the required threshold. Such new fund requests will require supporting documentation or a Memorandum of Understanding.

The fund may be named to represent the purpose of the donation or named by the donor.

Additional funds may also be created when donors who established an Endowed fund wish to make a concurrent additional annual contribution to fund a student award during the “build” period.

Funds are not budgeted. They are managed at a Fund Balance or Trial Balance.

## ***E. Endowment Funds***

All Endowments will be set up with at least 2 Funds:

- Restricted/Non-Expendable – assets are invested to generate income; no spending allowed in this fund.
- Restricted/Expendable – spending allowed in this fund; sources of funding will be from earnings from the endowment or current use donation.

### **Endowment Types**

#### **Pure Endowment**

A donor established permanent restricted fund, subject to the endowment spending policy of the Foundation. Endowment ensures perpetual funding for programs or causes specified by the donor. Only investment returns can be accessed and used for cause.

#### **Quasi Endowment (Board Endowment; Fund Functioning as an Endowment (FFE))**

This fund is subject to the endowment spending policy of the Foundation. These funds may be spent down for specific approved expenses above and beyond the spending policy limits as per the agreement. Funds may be Board designated, donor designated, or come from other sources. A donor may establish a quasi-endowment, however campus entities may request to establish a quasi-endowment to the Foundation Board for their approval.

#### **Term Endowment**

A donor established fund, subject to the endowment spending policy of the Foundation. The principal must be maintained for a fixed period or until a specific event occurs (e.g., a 10-year term or until the fund reaches a certain value). Funds are to be spent down/exhausted over a specific period of years.

Endowments will be set up with one non-expendable fund and one or more expendable funds, per the following chart:

		<b>Funds</b>		
	<b>Types</b>	<b>Scholarships &amp; Fellowships</b>	<b>Campus Programs</b>	<b>Other</b>
<b>REPORTING GROUP</b>		DESCFS	DECMPG	DEOTHR
<b>Non-Expendable Fund Code</b>	<b>Quasi</b>	1QXXX	1QXXX	1QXXX
	<b>Pure</b>	1PXXX	1PXXX	1PXXX
	<b>Term</b>	1TXXX	1TXXX	1TXXX
<b>REPORTING GROUP</b>		DSSCFS	DSCMPG	DSOTHR
<b>Expendable Fund Code</b>	<b>Quasi</b>	2QXXX	3QXXX	4QXXX
	<b>Pure</b>	2PXXX	3PXXX	4PXXX
	<b>Term</b>	2TXXX	3TXXX	4TXXX

### **1.1.3 Account**

- Identifies “What” is the nature of the transaction.
- Required on all transactions.
- Used to identify the type of activity by classification into one of the following:

#### Balance Sheet Items:

(1) Assets, (2) Liabilities and (3) Fund Balance/Net Assets

#### Income Statement Items:

(5) Revenue and (6) Expense

- This ChartField value captures the detailed breakdown of a financial transaction that is entered into the system.
- Uses *LACMP* SetID list and is shared across all Business Units.

### **1.1.4 Department (DeptID)**

- Identifies “Who” is the department affected by the revenue or expense transaction.
- Required for all revenue and expense account transactions.
- Represents the detailed breakdown of the Business Unit organizational structure.
- Delegation of Authority (DOA): If the fund has been authorized for many Depts to use then the DOA is at the Dept level.
- Required for reporting.
- Uses *LACMP* SetID list and is shared across all Business Units.
- Combined with other ChartField values, can form the basis for departmental budgets that track revenue and expense.

### **1.1.5 Program**

- Tracking type – available campus-wide. Used to define a set of ongoing accounting activities for which revenue and/or expense needs to be tracked at a campus-wide level.
- May be used for special reporting needs at an organizational unit spanning more than one department, divisional area, division or campus.
- May track reimbursable activities.
- Does not have strict start and end dates.
- Uses *LACMP* SetID list.

### **1.1.6 Project**

Not used at this time.

### **1.1.7 Class**

Not used at this time.

### **1.1.8 Scenario**

Not used at this time.

## 1.2 Fund Reporting Groups

A Reporting Group is assigned to every fund. Inquiries and reports can be made using reporting groups.

Attribute Value	Description
GENOPF	General/Annual Fund
DESCFS	Endowment Scholarships & Fellowships
DECMGP	Endowment Campus Programs
DEOTHR	Other
DSSCFS	Scholarships & Fellowships
DSCMPG	Campus Programs
DSOTHR	Other
DCAPTL	Capital Construction

## 1.3 Combination Edits

Within the Common Financial System (CFS) is a function known as Combination Edits used to enforce criteria for filtering out unwanted transactions based on combinations of ChartFields and their values. ChartField combination editing compares each ChartField combination entered to the definitions and rules governing ChartField combinations that have been defined.

## 1.4 How to Request a New ChartField

The ChartField Request Form is used to request a new ChartField or to make a change to an existing one. For all new Fund requests, the requesting unit will also need to complete the Delegation of Authority Form in order to assign responsibility for access to the fund. See the Delegation of Authority Section for more information.

[ChartField Request Form Link](#)

# 2.0 Endowment Rules

## 2.1 Minimum Thresholds for Endowments

The current endowment minimum is \$25,000 net of administrative fees.

## 2.2 Use of Budget

Budgets are not required in endowment funds. All Restrictive Expendable Endowment funds will be managed at a Fund Balance.

## 2.3 Distribution of Earnings

The annual distribution is subject to the spending policy of the Cal State LA Foundation. In January of each year, the average unit market value for the previous 60 months is calculated and serves as the basis for the spending allocation in the next fiscal year that starts in July. This is referred to as the Fiscal Year Disbursement Average (FYDA).



The number of units held by each endowment account is multiplied by the distribution rate approved by the Foundation Board of Trustees, based on the recommendations of the Investment and Finance Committee, to arrive at the annual spending allocation for that year. This amount is distributed to endowment holders on an annual basis.

The Investment and Finance Committee has set the distribution rate at a range of up to 5% with a target of 3.75% of the average unit market value.

An endowed fund is eligible for earnings distributions on July 1 and after at least 12 months of investing, in accordance with the Cal State LA Foundation Investment Policy Statement.

In the event the market losses decrease the unit value of an Endowment account below the cost basis, no distribution would be made to that account for that year, unless granted an exception by the Investment and Finance Committee or the Executive Director. Please see for more details the [Foundation Endowment Fund – Investment Policy Statement](#).

Distribution notification is made early in the calendar year to facilitate expenditure planning for the following fiscal year. However, these funds may not be spent until the new fiscal year begins. In addition, no other funds may be deposited into these “spending accounts.” The total expenditures in a fund may not exceed the spending amount allocated in a current year (plus any carryforward from previous years). In July, the distribution will be deposited into the fund and a budget will be posted to the fund/program combination. The budget in each fund becomes the spending authorization for the fund.

## **2.4 Investment Policy**

The Cal State LA Foundation’s investment policies are designed to protect the long-term viability of its endowment and seek a total return that provides for the annual spending policy disbursement, fees, and inflation protection. The Cal State LA Foundation utilizes the services of an investment manager and decisions related to endowment investment are made by the Investment and Finance Committee of the Board of Trustees. [Foundation Endowment Fund – Investment Policy Statement](#)

# **3.0 Expenditures**

## **3.1 Delegation of Authority**

The Foundation follows the campus’ [Signature of Authority policy](#). Signature authority is the permission to execute and approve transactions up to limits established by relevant University policies. Delegation of Authority is the formal recorded conveyance of authority from the California State University (CSU) Board of Trustees to the campus presidents and, if applicable, to designees.

Executive Order (EO) 1000 states that “The campus President is delegated authority and responsibility for effective oversight of all state funds held by the campus and all funds held in a fiduciary capacity.” As a result of EO 1000, Cal State LA has provided Signature Authority to certain individuals to approve various transactions based on their level of responsibility in the organization. Within each division, the dean or department head is responsible for the overall operations of the department and may assign signature

authority to certain employees in compliance with the Signature Authority policy. Signature Authority is granted by Business Unit, then by either Department or Fund.

The Delegation of Authority Form is used to request additions or updates to the Delegation of Authority (DOA) within CFS. This form is to be completed when:

- (1) adding a new Fund or Department to Delegation Authority,
- (2) updating existing Delegation Authority,
- (3) replacing and inactivating Delegation of Authority, or
- (4) inactivating Delegation Authority for a specified employee.

The routing of the form for approval is through email. All parties to the approval process should keep copies of the form. Institutional responsibility for obtaining and documenting this process resides with Financial Management/CMS.

[Delegation of Authority Administrative Policy](#)

### **3.2 Spending Guidelines**

Payment for all purchases, except payroll, will be made by the Foundation. With few exceptions, the Foundation follows the University's policies and guidelines pertaining to spending money on either goods or services. All *LAFDN* exceptions are noted within each of the University guidelines:

- [University Property](#)
- [Purchasing Delegation of Authority Guidelines](#)
- [Procurement and Contracts Requisition](#)
- [Petty Cash](#)
- [Procurement Credit Card Guidelines](#)
- [Direct Payment Guidelines- no link](#)
- [Travel Guidelines](#)
- [Hospitality Policy](#)
- [Auxiliary Accounts](#)
- [Gift Card Policy](#)

### **3.3 Capital Purchases**

All capital items charged to Foundation funds are purchased for the benefit of the University. Capital projects are managed by the University through the Facilities' Planning, Design, and Construction (PDC) sub-division and the appropriate Foundation funds are charged based on a project agreement negotiated between PDC and the fund owner. Equipment not connected with a capital project that is eligible for capitalization (acquisition cost is \$5,000 or more) is recorded at the time of purchase in the University's asset management system for accounting and for inventory purposes to the department ID used to make the purchase.

## **4.0 Cash Handling/Management**

It is the policy of the Cal State LA Foundation to establish and maintain an adequate system of internal controls for the handling of cash (and cash equivalent) receipts. As a result, the Cal State LA Foundation follows the University's policies and guidelines. [Cash Handling/Management](#)

## **5.0 Fees**

To cover the costs of gift administration, investment management, accounting, auditing, and compliance costs, the Board of Trustees has adopted the following fee structure:

- Gift Fees – A 5% administrative fee computed on all deposits will be charged to all gifts except annual scholarship gross contributions below \$25,000 within a fiscal year.
- Event Fees – All revenues associated with a fundraising event will be charged 5% at the time of receipt. All fundraising events must have University Advancement approval.
- Endowed Funds – A 5% administrative fee computed on all deposits will be charged to all gifts. The amount of \$26,250 is necessary to establish an endowment on initial payment, unless otherwise established in a pledge plan. The Endowment Fund may be subject to an endowment management fee, (up to 1.5%). This assessment shall be in addition to program spending and direct cost associated with the Endowment Fund investment program.

## **6.0 Fundraising Events**

- All University fundraising events must be approved by University Advancement. The Fundraising Event Approval form shall be submitted no more than 90 days prior to the event date to the Director of Advancement Services or designee.
- The Internal Revenue Service (IRS) requires specific disclosure language to be included on all materials promoting a fundraising event and on tax acknowledgement receipts sent to donors. University Advancement will assist in creating this statement and in maintaining appropriate gift records. Tax receipts should only be sent out through University Advancement and no other entity on campus.
- When using the University name, logo, or trademarks, including marketing and solicitation materials, departments should consult with the Office of Strategic Communications.
- The Purchasing Office will be contacted regarding venue contracts. Appropriate insurance must be in place prior to the event.

### **6.1 Raffles**

All raffles will be administered by Cal State LA, University Auxiliary Services, Inc.

### **6.2 Controlled Games**

All controlled games will be administered by Cal State LA, University Auxiliary Services, Inc.

## **Fund Matrix**

### **RESTRICTED**

#### **NON\_EXPENDABLE**

Quasi Endowment	1Qxxx
Pure Endowment	1Pxxx
Term Endowment	1Txxx

#### **Reporting Group / Fund Balance Account Close Rule**

##### **DESCFS - Endowment Scholarships & Fellowships**

1. Revenue Accounts = 503801, 503806, 506000, 570496, 580090 Close to 303784
2. All other Revenue & Expense Close to 303791

##### **DECM PG - Endowment Campus Programs**

1. Revenue Accounts = 503801, 503806, 506000, 570496, 580090 Close to 303786
2. All other Revenue & Expense Close to 303792

##### **DEOTHR - Other**

1. Revenue Accounts = 503801, 503806, 506000, 570496, 580090 Close to 303788
2. All other Revenue & Expense Close to 303795

#### **EXPENDABLE**

Spend Scholarship & Fellowships	2Qxxx 2Pxxx 2Txxx
Spend Campus Programs	3Qxxx 3Pxxx 3Txxx
Spend Other	4Qxxx 4Pxxx 4Txxx
Scholarships & Fellowships	7xxxx
Campus Programs	8xxxx
Capital Construction	5xxxx

#### **Reporting Group / Fund Balance Account Close Rule**

##### **DSSCFS - Scholarships & Fellowships**

1. All Revenue & Expense Close to 303791

##### **DSCMPG - Campus Programs**

1. All Revenue & Expense Close to 303792

##### **DSOTHR - Other**

1. All Revenue & Expense close to 303795

##### **DCAPTL – Capital Construction**

### **UNRESTRICTED**

Operation Funds	00001 and 00010
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#### **Reporting Group / Fund Balance Account Close Rule**

##### **GENOPF (General Operating Funds)**

1. All Revenue & Expense Close to 305700-Unrestricted Net Assets