



# UC San Diego

## Policy & Procedure Manual

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[Search](#) | [A-Z Index](#) | [Numerical Index](#) | [Classification Guide](#) | [What's New](#)

### GIFTS AND ENDOWMENTS

#### Section: 410-6

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Issuing Office: [Vice Chancellor – Chief Financial Officer](#)

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### POLICY ON FINANCIAL STEWARDSHIP OF DONOR GIFT FUNDS AND REPORTING TO DONORS

#### SCOPE

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This policy applies to all donor gift funds at UC San Diego, whether expendable or endowed, and whether the gift funds are held in the name of The Regents or the UC San Diego Foundation. The policy applies to all UC San Diego employees that are involved in the administration, use or oversight of gift funds.

#### POLICY SUMMARY

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##### BACKGROUND/PURPOSE

This policy sets standards and expectations for the proper fund administration, stewardship of the gift funds, and donor reporting for charitable gift funds whether the funds are held in the name of The Regents or the UC San Diego Foundation by the campus beneficiaries of those gift funds, academic and business leadership, and the financial/fiscal staff supporting those personnel.

Donors make charitable gifts with the intention that they will be used expeditiously for the purposes they intend. UC San Diego strives to ensure best practices in donor stewardship, in both donor recognition and fiduciary responsibility.

The fiduciary aspects of donor stewardship include:

- proper resource management in accordance with all UC and UC San Diego policies and guidelines pertaining to financial matters;
- compliance with the donor's documented intent and wishes with respect to uses of the gift;
- effective management of the resources represented by the gift; and
- accountability and reporting to donors

All charitable entities under California law are required to fulfill the terms of charitable gifts. As such, UC San Diego must assure that all uses of charitable gifts meet the intentions and any restrictions set by the donors as well as the standards set by UC and UC San Diego for proper financial management and controls.

#### DEFINITIONS

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**Accumulated Payout:** The balance of any unexpended Endowment Payout.

**Endowment:** A donor designated gift, where the principal is invested in perpetuity. Also includes Funds Functioning as Endowment (FFE), which are the result of an allocation of donor funds or the reallocation

# University of California San Diego Policy – PPM 410 - 6

## PPM 410 - 6 Policy on Financial Stewardship of Donor Gift Funds and Stewardship Reporting

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of campus funds with the intention that the principal will be invested in perpetuity or until such time as all or a part of the FFE designation is rescinded.

**Endowment Payout:** A calculated amount per The Regents or the UC San Diego Foundation policy-determined rate that is taken from the value of the principal of an Endowed Fund each year and provided for expenditure to meet the specified donor or campus use.

**Expendable Gift:** A non-endowed gift, given with the expectation that it will be fully spent.

## POLICY STATEMENT

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### FINANCIAL STEWARDSHIP

Charitable expendable gifts, endowments, and endowment payouts, whether held in the name of The Regents or of the UC San Diego Foundation, are property of the university and may only be used for activities in support of the university's public purposes and mission and in compliance with any properly documented restrictions imposed by the donor of the gift. Gift funds may not be used for private gain or personal purposes.

All university units to which gift funds are allocated are responsible for ensuring that gift expenditures have a proper charitable purpose and comply with all properly documented donor-imposed restrictions and UC and UC San Diego policy. Expenditure of all expendable gifts and endowment payout must be overseen in accordance with all UC and UC San Diego policies, guidelines, practices and procedures for proper financial management, procurements, and uses of university resources. As a general rule and best practice, charitable gifts should be expended prior to expending other university resources.

Faculty members to whom gift funds are allocated are also responsible for ensuring that gift expenditures initiated by them or on their behalf have a proper charitable purpose and comply with all properly documented donor-imposed restrictions and UC and UC San Diego policy. Allocation of gift funds to individual faculty members does not relieve departments of their responsibility to exercise oversight over the gift funds. Departmental oversight does not relieve individual faculty members of their responsibility to exercise oversight over gift funds allocated to them. As part of exercising their oversight responsibilities, departments may require faculty to submit expenditure plans and/or accountings of past expenditures for the department's review and approval.

All university employees with responsibility for or oversight over gift funds are required to ensure that all gift expenditures are for a bona fide university purpose.

All expenditures of gift funds are subject to audit, and all university employees with responsibility for or oversight over gift funds are required to cooperate with any audit of gift expenditures.

### DONOR STEWARDSHIP AND REPORTING

All units with gift funds and the faculty members, financial managers, and university leadership in such units are responsible for developing and providing timely and impactful stewardship reports to donors on the use of and expenditure of their gifts.

With respect to all endowed gifts regardless of size, the UC San Diego Office of Donor/Fund Stewardship produces an annual endowment fund report and requests impact narratives on the uses of the Endowment Payout annually as of each June 30 from the benefitting unit, faculty member, or university administrator. Stewardship narratives are requested annually of all units for the endowed fund reports.

With respect to expendable gifts in general, the UC San Diego Office of Donor/Fund Stewardship will assist any unit in developing a report in accordance with a standardized format and narrative. In the case of expendable gifts or pledges of \$1 million or more, the Office of Donor/Fund Stewardship must obtain a stewardship report from the benefitting unit each June 30 until the gift funds are fully expended. Unexcused failure to produce required reports is a violation of university policy. To obtain a waiver from

# University of California San Diego Policy – PPM 410 - 6

## PPM 410 - 6 Policy on Financial Stewardship of Donor Gift Funds and Stewardship Reporting

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reporting requirements, approval from both the cognizant Vice Chancellor and the Vice Chancellor –Chief Financial Officer (CFO) is required.

### RESPONSIBILITIES

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- A. **Faculty and Financial Personnel:** Ensure proper and timely expenditure of gift funds and reporting to donors.
- B. **Vice Chancellors and Deans:** Review plans for expenditure in conjunction with financial personnel and assist with policy adherence.
- C. **UC San Diego Office of Donor/Fund Stewardship:** Provide assistance with stewardship reporting to donors; obtain stewardship reports on endowed funds and expendable gifts of \$1 million or more annually. Advise leadership and Vice Chancellor/CFO related to units not in compliance for action.
- D. **Campus Budget Office and Audit Management Advisory Services:** Assist in review and problem resolution as necessary for adherence to policy.

### PROCEDURES

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- A. Adhere to all university business policies and requirements for expenditure of expendable gift funds and endowment fund payout.
- B. Department faculty and financial personnel should access the Advancement STAR system as well as the UC San Diego Accounting system to obtain information on UC San Diego Foundation and UC San Diego Regents-held expendable gifts, endowed fund values and accumulated annual payout.
- C. Faculty and department personnel should develop internal processes for regular gift fund reviews and impactful reporting to donors.
- D. Training needs, questions, should be referred to the Donor/Fund Stewardship Office of Advancement Services for assistance. Issues of non-compliance will be referred to the academic leadership of the unit, the Vice Chancellor/CFO, and UC San Diego Audit and Management Advisory Services for review and investigation as necessary.
- E. Appropriate campus leadership shall review quarterly information provided by the Office of Donor/Fund Stewardship with regard to all gifts funds under their specific area and units.

### FORMS

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None

### RELATED INFORMATION

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- A. [UC Institutional Development](#) and [Development Reference Guide](#)
- B. [UC Principles of Endowment Administration](#)
- C. [Administrative Guidelines for Allocation, Reallocation and Administration of Gifts and Bequests Received by The Regents and the Campus Foundations](#)
- D. [UC San Diego Administrative Responsibilities Handbook](#)

**University of California San Diego Policy – PPM 410 - 6**  
**PPM 410 - 6 Policy on Financial Stewardship of Donor Gift Funds and Stewardship Reporting**

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E. [UC San Diego PPM 410-5 Policy on Timely Expenditure of Endowment Payout and Expendable Gifts](#)

**FREQUENTLY ASKED QUESTIONS (FAQ'S)**

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- A. Stewardship, Transparency, Accountability, and Reporting (STAR) [STAR Dashboard](#) link and information
- B. Office of Donor/Fund Stewardship gift fund information Blink pages [Gift Fund Stewardship information](#)

**REVISION HISTORY**

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2021-05-25      New Policy issued.