Purpose

Gifts and bequests are allocated, reallocated and administered to benefit the University of California consistent with the legal and fiduciary responsibility to fulfill the donor terms of the gift and bequest. This policy supplements and describes how UCSF implements the UCOP Administrative Guidelines for Allocation, Reallocation and Administration of Gifts and Bequests Received by The Regents and the Campus Foundation, issued September 11, 2006.

Definitions

Allocation

The administrative designation of fund terms that have not been specified by a donor, such as the location at which the funds shall be used, the purpose for which funds shall be expended, and the type of fund to be established (endowment, fund functioning as endowment (?FFE?), current or plant fund).

Gift

Includes outright gifts, pledges, and bequests, but excludes grants from private sources as defined in the guidelines for review of gifts/grants for research dated July 8, 1980 (http://www.ucop.edu/ucophome/coordrev/policy/7-08-80.html).

Location

The administrative unit within UCSF (e.g. medical center, school, department, division, organized research unit) responsible for expending the gift.

Purpose
The general and specific use for the funds as stated by the donor or as designated by administrative action. To respect the donor’s wishes and to enhance flexibility to administer gifts and bequests for the highest and best purposes, UCSF shall impose no unreasonable restrictions.

Reallocation

Refers to an administrative decision to modify a pre-existing allocation regarding the location, purpose and/or type of fund, consistent with the donor’s terms.

Type of Fund

For accounting and administrative purposes UCSF shall specify the type of fund for a gift or bequest using one of the following four designations: true endowment, fund functioning as an endowment, current fund, or plant fund.

Policy

A. Allocation and Reallocation of Gifts and Bequests for which Campus Location is Designated:

- **UP TO AND INCLUDING $50,000.** For gifts and bequests up to and including $50,000 for which a campus location is designated but no purpose and/or type of fund is specified, University Development and Alumni Relations (UDAR) shall notify the appropriate unit, solicit the written recommendation of the unit head regarding purpose and/or type of fund and work with either Foundation accounting, campus accounting or UCOP to ensure that the gift or bequest is transferred and deposited to the appropriate fund once the Vice Chancellor?UDAR (?VC-UDAR?) has reviewed and approved in writing.

- **OVER $50,000 AND UP TO AND INCLUDING $1,000,000.** For gifts and bequests over $50,000 and up to and including $1,000,000 for which a campus location is designated but no purpose and/or type of fund is specified, UDAR shall notify the appropriate unit, solicit the written recommendation of the unit head regarding purpose and/or type of fund, obtain the written concurrence of the senior campus leader of the unit (e.g. Dean, CEO), and forward that information, along with all relevant gift documentation, to the Office of Legal Affairs (?Legal Affairs?) and the Office of Financial and Administrative Services (?FAS?) and then to the Chancellor (or Executive Vice Chancellor (?EVC?) in the event the Chancellor has delegated such authority to the EVC) for final review and written approval.

- **OVER $1,000,000 AND UP TO AND INCLUDING $5,000,000.** For gifts and bequests over $1,000,000 and up to and including $5,000,000 for which a campus location is designated but no purpose and/or type of fund is specified, UDAR shall notify the appropriate unit, solicit the written recommendation of the unit head regarding purpose and/or type of fund, obtain the written concurrence of the senior campus leader of the
unit (e.g. Dean, CEO), and forward that information, along with all relevant gift documentation, to Legal Affairs and FAS and then to the Chancellor for final review and written approval.

- OVER $5,000,000. For gifts and bequests over $5,000,000 for which a campus location is designated but no purpose and/or type of fund is specified, UDAR shall notify the appropriate unit, solicit the written recommendation of the unit head regarding purpose and/or type of fund, obtain the written concurrence of the senior campus leader of the unit (e.g. Dean, CEO), and forward that information, along with all relevant gift documentation, to Legal Affairs, FAS and then to the Chancellor for final review and written approval and, if for current or plant use, to the President for ultimate approval.

### B. Allocation and Reallocation of Gifts and Bequests for which No Campus Location and No Purpose are Designated:

#### B.1. Up to and Including $100,000
- **UP TO AND INCLUDING $100,000.** Gifts and bequests up to and including $100,000 for which no campus location and no purpose are designated shall automatically be allocated to a Chancellor's discretionary fund for current use, unless an endowed fund was designated. If a purpose is designated, the procedure outlined in Section III, Paragraph A above for gifts of this magnitude shall be followed; however, if the purpose designated is one which takes place in more than one campus location, the Chancellor shall designate the preferred location.

#### B.2. Over $100,000 and Up to and Including $5,000,000
- **OVER $100,000 AND UP TO AND INCLUDING $5,000,000.** For gifts and bequests over $100,000 and up to and including $5,000,000 for which no campus location and no purpose are specified, the Chancellor shall designate to which Chancellor's fund or other campus fund, current or endowed depending on type of fund designated, the gift should be allocated based on then-campus funding priorities. UDAR shall circulate that decision to Legal Affairs and FAS and then to the Chancellor for final review and written approval. If a purpose is designated, the procedure outlined in Section III, Paragraph A above for gifts of this magnitude shall be followed; however, if the purpose designated is one which takes place in more than one campus location, the Chancellor shall designate the preferred location.

#### B.3. Over $5,000,000
- **OVER $5,000,000.** For gifts and bequests over $5,000,000 for which no campus location nor purpose are specified, the Chancellor will designate to which Chancellor's fund or other campus fund, current or endowed depending on type of fund designated, the gift should be allocated based on then-current campus funding priorities. UDAR will circulate that recommendation to Legal Affairs and FAS and then to the Chancellor for final review and written approval. If a purpose is designated, then the procedure outlined in Section III, Paragraph A above for gifts of this magnitude shall be followed; however, if the purpose designated is one which occurs in more than one campus location, the Chancellor shall designate the preferred location.

### C. Current Use Justification

- **$100,000 AND UNDER.** For gifts and bequests up to and including $100,000, the combination of overall current operating needs, the relatively low annual payout on endowments of $100,000 and less, and the administrative costs associated with establishing, maintaining and monitoring multiple endowments of relatively small amounts shall be sufficient justification for allocating such gifts and bequests for current or plant use.

  - **OVER $100,000.** For gifts and bequests over $100,000 allocated to current or plant use.
use, the allocation record shall include a specific justification for such use.

D. Withdrawals from Funds Functioning as Endowment

- **UP TO AND INCLUDING $1,000,000.** Authority to approve an annual withdrawal from principal of a fund functioning as an endowment (FFE) with a market value up to and including $1,000,000 resides with the Chancellor (or the EVC in the event the Chancellor has delegated such authority to the EVC). Requests for withdrawals in excess of 10% of market value shall be reviewed by Legal Affairs and FAS prior to submission to the Chancellor or EVC.
- **OVER $1,000,000 AND UP TO AND INCLUDING $5,000,000.** Authority to approve an annual withdrawal from principal of a FFE with a market value over $1,000,000 and up to and including $5,000,000 resides with the Chancellor. Requests for withdrawals in excess of 10% of market value shall be reviewed by Legal Affairs and FAS prior to submission to the Chancellor.
- **OVER $5,000,000.** Authority to approve an annual withdrawal from principal of a FFE with a market value over $5,000,000 lies with the Chancellor provided such withdrawals amount to 5% or less of market value. Authority to approve annual withdrawals in excess of 5% of market value rests with the President.
- **GENERAL RULE.** To allow a recently established FFE time to appreciate in the general endowment, withdrawals of principal from a FFE can only be made after the FFE has been established a minimum of three years. Requests to withdraw principal from a FFE established three years or less will be approved only under special circumstances.

E. Presidential Approval and Gift Acceptance

- **CURRENT OR PLANT USE.** Any gift or bequest in an aggregate amount of over $5,000,000 and allocated to a current or plant fund (rather than a true endowment or FFE), must be approved by the President.
- **WITHDRAWALS FROM FFEs.** Any withdrawal in a single year of more than 5% from the principal of a FFE with a market value of more than $5,000,000 must be approved by the President.
- **GIFT ACCEPTANCE.** The President must authorize acceptance of any gift or bequest in an aggregate amount of over $5,000,000.
- **PRESIDENTIAL APPROVAL.** Requests for Presidential approval of an allocation, authorization to withdraw principal from a FFE and/or authorization to accept a gift or bequest shall be coordinated by UDAR in conjunction with the Office of the Chancellor.

F. Review by Offices of Legal Affairs and Finance and Administration

All gifts and bequests over $50,000 shall be reviewed by Legal Affairs and FAS prior to submission to the EVC or Chancellor for approval. The role of Legal Affairs is to confirm that the proposed allocation is in keeping with the bequest provision and UCOP and campus allocation policies. The role of FAS is to verify that the proposed allocation is in compliance with UC and campus financial policies and prudent fiscal management.

G. Recordkeeping

UDAR shall be the central office of record for allocations and reallocations of gifts and bequests, and shall maintain the supporting allocation and reallocation documentation. In addition, it shall coordinate the completion of and maintenance of endowment record sheets
for endowments allocated and approved at the campus level.

H. Monitoring

FAS shall annually initiate and oversee a review of the balances in gift and endowment funds to promote the appropriate and timely expenditure of funds derived from gifts and bequests.

I. Donor Recognition

UDAR shall be responsible for all elements of donor recognition and acknowledgment, taking into consideration the expressed or perceived wishes of the donor and the use and magnitude of the gift or bequest.

J. Establishment of FFE Based on Non-Gift Funds

Any request to use non-gift funds (such as departmental reserves from fee revenue) in any amount to establish or augment a FFE must be reviewed and approved by Legal Affairs and FAS before referral to the Chancellor or EVC for approval. For Presidential approval, the Chancellor must recommend the use of non-gift funds to a FFE. No legislatively-appropriated funds (1990 funds) are eligible for deposit in an endowment or a FFE unless specifically authorized by the Legislature or appropriate State office. All non-gift funds are subject to the same level of review and may be used to establish a true endowment only if the Chancellor or the President concurs that the institutional interest is better served by a true endowment rather than a FFE.

Related Policies

- 100-14 - Endowed Chairs and Professorships [4]

References

- Letter dated September 11, 2006 from President Dynes to Chancellors [6] regarding delegating authority to allocate and reallocate gifts to the Chancellor
- Letter agreement dated August 20, 1990 to then Chancellor Julius R. Krevans, M.D. from David H. Melnick of Mount Zion Health Systems, Inc. regarding allocation of gifts and bequests to Mount Zion Hospital

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