Process Name: Posting Endowment Revenue
Date: October 12, 2005
Time: 3:00 pm
Location: UC Executive Conference
Participants: Cesar Valenzuela, Tanya Romero, Nieves Kolesar, Laura Lannom,
Session Lead: Tanya Romero, Laura Lannom

Narrative/Description:
Interest revenue- Accountant performs Texpool and Common Fund bank reconciliations that shows interest earned. Accountant also receives monthly JE from VPBA office showing other interest income. Interest income may also come from BR feed (interest on CDs that is received in check form). All interest is posted into an interest clearing account. Accountant verifies propriety of clearing account balance, then prepares an entry to clear this account utilizing a spreadsheet that allocates the interest based on ending endowment balance. This spreadsheet is also maintained and used to determine what percentage of the interest income goes to the scholarship account vs. the endowment account. Spreadsheet is emailed to OIT for upload. OIT loads to RISC, changes format, puts into script for upload in the nightly cycle. Next day, Accountant reconciles interest clearing account to ensure upload was correct.

CD matures- when they mature, we may get proceeds in hand to reinvest elsewhere, or may leave the cash to reinvest.

Gains and losses- Investment gift is received (stock, land, CDs, stuffed animals). Gift gets assigned a fair value by VPBA office and/or donor. Gift value is recorded in ADS by Advancement. If gift is not subject to immediate resale, it’s held as required by donor. If it is to be sold immediately, Board approval is obtained if necessary and sell is completed. VPBA prepares JE to record transaction and resulting gain or loss.

Commonfund Market Incr/Decr- Accountant receives market value information from VPBA office, determines whether the adjustment is an increase or decrease. Accountant prepares allocation spreadsheet based on average of current and previous month’s endowment balance. Spreadsheet is emailed to OIT for upload. OIT loads to RISC, changes format, puts into script for upload in the nightly cycle. Next day, Accountant spot checks a few accounts to ensure upload posted properly.

Electronic Inputs: interest and fair value upload spreadsheets
Manual/Paper Inputs: bank statements, market value statements, donor letters, ADS receipts
Key Decision Points (list all): Whether gift can be sold immediately or must be held, whether matured CDs will be reinvested or not, fair value of gifts
Related Policy(s): Investment policies, Public Funds Investment Acts, TSUS and SRSU Investment policies
Interface to Other Systems: ADS
Web Features: none
Electronic Outputs: none
Manual/Paper Outputs: JEs, reports
Customer(s): donors, SRSU
Regulatory Items: Investment policies, Public Funds Investment Acts, TSUS and SRSU
Investment policies
Frequency/Volume: monthly for allocation, gifts could come daily
Potential Break Points: system down, delays in getting necessary approvals, method of recording any non-monetary gift thru ADS causes reconciliation problems
Automation: upload of fair value and interest allocations
Issues: Market value adjustments are posted based on 2 previous months because current month endowment balances are not available at the time of posting. Interest allocation must be maintained in a spreadsheet along with the percentages to be allocated to scholarship. Changes in the endowment allocation directives may be difficult to keep maintained in this spreadsheet and there is no place or method in FRS to perform this allocation. There is no method in FRS to allocated fair value adjustments and this is being done manually in a spreadsheet.