UMF FUND PRIMER

Fund Administration

Fund Establishment
- A new fund can be requested by any department within the University who will be accepting gifts to the University of Minnesota to support programs at the University
- A fund request form (on DMS under the Fund Management tab) must be completed and signed by the Department Head, the Dean, or their designee
- Fund will be opened after receipt of the first gift
- Low balance funds should be spent according to donor intent and then closed

Memorandum of Agreement (MOA)
- Documents donor intent for a fund
- Must be reviewed and signed by a Foundation Officer and the appropriate University Representative
- Signed document is legally binding, becomes the guiding document for the fund; all interested parties must agree to changes in writing

Imaged Documents (user is responsible for proper use and protection of information)
- Fund establishment documents
- Memorandum of Agreement
- Disbursement invoices and documentation

Investment Management
- Funds are invested by UMF1A (University of Minnesota Foundation Investment Advisors), a non-profit subsidiary established in 1998 to focus on long-term investment goals
- Investment pools are assigned based on fund type and Investment return is allocated monthly
- Earnings prorated by the average cash fund balance for the month in the pool

Authorized Signers
- Each fund must have at least two authorized signers, one of which must be the Dean, the Department Head, or their designee; however only one signature is required for transactions.
- An authorized signer can approve changes to the fund and approve requests for withdrawals from the fund

Fund Reporting
- Fund Reports are online
- Reports are real-time with the exception of gifts; which post overnight
- Secured access is granted at the college level, department level, or by individual fund
- Training is available periodically (dates are on the DMS front page, click on training schedule above Training Documents)

Gifts
- Only gifts that are consistent with the University’s overall mission will be accepted
- Gifts must fully comply with the Board of Regents policies and applicable federal or state law and give the University control, subject to legally expressed donor intentions, over decisions regarding how gifts are spent
- Gifts should be sent directly to the lockbox with a completed gift transmittal form along with all documentation received from the donor (requires specific gift transmittal training)
- Pledges must be documented in writing—online gift/pledge forms can be obtained from our web site (http://www.giving.umn.edu/givetoday/GiftForm.pdf) or the Development Officer for your unit

Disbursements

EFS Invoices
- Amount is transferred from a UMF fund to a University operating account when requested by an authorized signer.
- Cash payments are made to the University monthly on the first business day of the month
- Cutoff for the first of the month transfer is the 15th of the previous month
- PUF invoices are generated by the Treasury Accounting office at the University if the account is set not to reinvest. Collegiate staff is responsible for initiating the corresponding transfer on EFS

**Direct Payments to Vendors**
- Reviewed on a case by case basis
- Must be approved by UMF V.P. of Finance/CFO

**Other Key Facts**

**Donor Privacy Act**
- Donor name and gift amount is protected private data
- Caution is required when sharing private data (encrypt for internet transmission)
- Disclosure is required for compromised data

**Self-Dealing**
- Although donors may recommend grants from their donor advised funds, and include language to that effect in the MOA, such commitments are non-binding and may only be recorded by UMF as payments are received.
- In order to protect our donors, payment from a donor advised fund or family foundation will not be applied to previous pledge commitments. They will be recorded as new gifts.
- The IRS imposes strict penalties on the donor and the granting organization for violations.

**Fund Terminology**

*Available* - Equal to the accumulated payout less any disbursements from the fund. In a permanent endowment, this is the portion of the fund that can be spent.

*Payout (spendable payout)* - Amount made available to spend based on Board established spending policy. Current rate is 4.5% of the five year trailing average fund balance. Payout is calculated monthly and moved to the available portion of the fund (transfers happens whether there are investment gains or losses).

*Reinvest* - To move a specified amount of available back to the principal portion of a fund. Decisions to reinvest in a permanent endowment should be carefully evaluated as related dollars become permanently restricted.

*Underwater Fund* – An endowment fund whose principal value is less than the original gift.

**Acronyms**

**DMS** – Donor Management Systems  
**EFS** – Enterprise Financial Systems  
**MOA** – Memorandum of Agreement  
**PUF** – Permanent University Funds  
**UPMIFA** - Uniform Prudent Management Institutional Funds Act