
FOUNDATION ACCOUNT ESTABLISHMENT POLICY & PROCEDURES

CATEGORY: Donations, Program
Service Fees, Other
Income **POLICY #:** TBD

IMPLEMENTATION DATE: May 1, 2022 **UPDATE DATE:** September 1, 2022

PURPOSE

This policy ensures that Foundation accounts are established with philanthropic intent and uphold donor designations or restrictions, as well as California State University, Fullerton (CSUF), and Cal State Fullerton Philanthropic Foundation's (CSFPF) policies and procedures.

SCOPE

This policy provides guidelines for the establishment and governing of donated funds through Foundation accounts. Failure to follow this policy will result in delayed account setup, deferred earnings, and restrictive or revoked signature authority.

POLICY

1. **Foundation Account**
 - a. Foundation accounts allow for oversight and management of contributed funds from organizations, private foundations, alumni, emeriti, parents, students, staff/faculty, and university friends.
 - b. Each college, department, center/institute, or program may have one Foundation account to support the general programming and

operations. Such accounts will be named after the college, department, center/institute, or program.

- c. Additional Foundation accounts may be established primarily for:
- A college, department, center/Institute, or program in need of a particular designation or restricted for a specific effort or field of study.
 - A donor's philanthropic intent indicates a particular designation or restriction. Such accounts are usually executed through a gift agreement between the donor, Foundation, and University.

2. Account Types

- a. Each account is categorized by a single Account Type - *Program*, *Scholarship*, or *Endowment*, as defined below. Within the fundamental purpose, an account may have more specific designations or restrictions.
- b. Program Accounts
- Program accounts may be established for restricted and unrestricted purposes.
 - Each college, department, center/institute, or program may have one program account for general programming or operations. The program account will be named after the unit or program with the minimum dollar amount outlined in the Guidelines and Procedures for Naming Opportunities.
 - A program account may be used for donors with a specific intent in programming or field of study. An account may be named to represent the purpose of the donation or the donor's name with a minimum gift amount outlined in the Guidelines and Procedures for Naming Opportunities.
- c. Scholarship Accounts
- Scholarship accounts are restricted to distributing scholarships/awards to a currently enrolled CSUF student through Student Business Services. Only scholarship and relative

administration or management fees are allowed. No payments for wages, stipends, or other expenditures are permitted.

- Each college, department, center/institute, or program may have one general scholarship account. The scholarship account will be named after the college, department, center/institute, or program with the minimum dollar amount outlined in the Guidelines and Procedures for Naming Opportunities.
- All other scholarship accounts shall derive from a scholarship endowment or special circumstances, which will be evaluated on a case-by-case basis.

d. Build to Endow Account

- Used to accommodate fundraising initiatives that may require multiple years, but no more than five (5) years, to meet the minimum endowment threshold outlined in the Guidelines and Procedures for Name Opportunities. During the buildup period, expenditures may not be made. In the event the build to endow funds do not meet the minimum endowment threshold after five (5) years, the balance in the "build" fund will be moved to a corresponding current-use fund to be spent down.

e. Endowment Account

- Endowment accounts provide income in perpetuity for specified use and are often established through a gift agreement. A donor may name an endowed account with a minimum gift amount outlined in the Guidelines and Procedures for Name Opportunities.
- Each endowed account held by the Foundation retains a separate account, but all endowment funds are pooled together for investment purposes and managed by the Foundation in accordance with the CSFPF Investment Policy and Endowment Guidelines adopted by its Board of Governors.
- Per the CSFPF Investment Policy and Endowment Guidelines, the endowment pays a percentage of an endowment's average market value over the previous 20 quarters. The payout distribution from an endowment account will be deposited into a distribution account with the same purpose as the endowment account. The monies in the distribution account are then available for use.

- The distribution account funds should be spent in accordance with the gift agreement/account purpose or reinvested in the endowment within the fiscal year following the payout.
- All other requests to establish endowment accounts will be evaluated on a case-by-case basis.

f. **Quasi-Endowment Account**

- Quasi-endowment accounts function similarly to an endowment account and are treated much the same but not necessarily endowed in perpetuity.
- A college, department, center/institute, or program may establish a quasi-endowment in the unit or program's name with the minimum dollar amount outlined in the Guidelines and Procedures for Naming Opportunities.
- A quasi-endowment may be established at the request of a donor or account signatories to generate payouts to a distribution account. However, the account must meet the minimum Quasi-endowment threshold outlined in the Guidelines and Procedures for Naming Opportunities and documented in a gift agreement.
- Principal and earnings may be utilized at the discretion of the unit. An account's signatory may request the payout to be reinvested into the quasi-endowment account unless prohibited by a donor agreement.

3. Foundation Income Earnings

- a. Any income earners generated by the various account types, except for endowment and quasi-endowment, are used to support the operations of the Foundation.

4. Delegation of Authority

- a. The Foundation follows the campus' Delegation of Authority guidelines. Delegation of authority permits specific individuals (such as the President, Provost, Vice President, Dean, or Division/Unit Head) to designate their authority to others holding an MPP or senior staff position (typically identified as Chairs, Directors, Financial/Budget Managers, or Department Heads) with a fiduciary responsibility to execute and approve transactions

up to limits established by relevant CSFPF and CSUF policies. Delegation of Authorities and Designees shall be recognized by the Foundation as Account Authorized Signers.

- b. A minimum of two (2) Account Authorized Signers must be assigned to each account, but no more than four (4) individuals may have signatory authority.
- c. Foundation Account Services must be notified via email when an Account Authorized Signer is to be removed due to separation or changes in position with the University. Additionally, after an account is established, any Account Authorized Signer changes moving forward will require an Account Authorized Signer Update Form to be completed and submitted to Foundation Accounting Services at foundation@fullerton.edu.

5. Oversight of Foundation Accounts

- a. All Account Authorized Signers are responsible for account oversight and must ensure the account is managed by following donor intentions, IRS guidelines, and policies and procedures of CSFPF and CSUF.
- b. The Foundation will provide access to account reporting on the CSFPF website for all Account Authorized Signers and designated Account Report Access reviewers to oversee incoming revenue, expenditure transactions, reconciliations, reporting, and audits.
- c. Approval of misused Foundation funds may result in the suspension or removal as an Account Authorized Signer.

6. Fees

- a. Costs to administer gift administration, investment management, accounting, auditing, and compliance costs, are covered by the following fee structure:
 - Endowed Funds – An administrative fee of 1.25% is applied to an endowment's average 20 quarter-end market value.

7. Foundation Account Setup

- a. A Foundation Account Request form is required to establish a new account or make changes to an existing account held with Foundation.

- b. The Foundation Account Request Form must be completed in its entirety and include any of the following:
 - A Memorandum outlining the account's purpose in detail and specificity any expenditure limitations.
 - Any correspondence between the University and a donor.
 - Restricted accounts must have substantial documentation (usually in the form of donor correspondence or gift agreement.)
- c. The Foundation Account Request Form and supporting documentation must be submitted to Advancement Services at GiftAdmin@fullerton.edu for review. Once approved, Advancement Services will forward the form and documentation to CSFPF Account Services for final approval and account setup. In addition, the Account Authorized Signers will be notified of the account number for immediate use.

8. Dormant Account and Account Closure

- a. Account Setup Agreement Request will be reviewed within a five (5) year period.
- b. Foundation accounts that are inactive for two consecutive years may come under CSFPF review or legal counsel. CSFPF Accounting Service will notify the college, department, center/institute, or program that holds the account.
- c. In the event an account is closed, all funds and property must remain with the Foundation or University. Disposition of funds may include consolidating funds to a similarly restricted Foundation account unless existing restrictions prohibit such a transfer. A minimum of two account signers must request and confirm an account closure via email to Foundation Accounting Services at foundation@fullerton.edu

9. Document Retention

- a. A permanent file will be created and kept by the Foundation, including all original documents, Foundation Account Request form, supporting documentation or correspondence, gift agreements, and any subsequent account updated thereafter.

POLICY REFERENCES:

Cal State Fullerton Philanthropic Foundation Investment Policy

Cal State Fullerton Philanthropic Foundation Endowment

[CSFPF Investment Policy](#)

[CSFPF Endowment Guidelines](#)