



What's New in Trust Funds

Annual Trust Fund Information Session
Presented by TFOC

February 14, 2018

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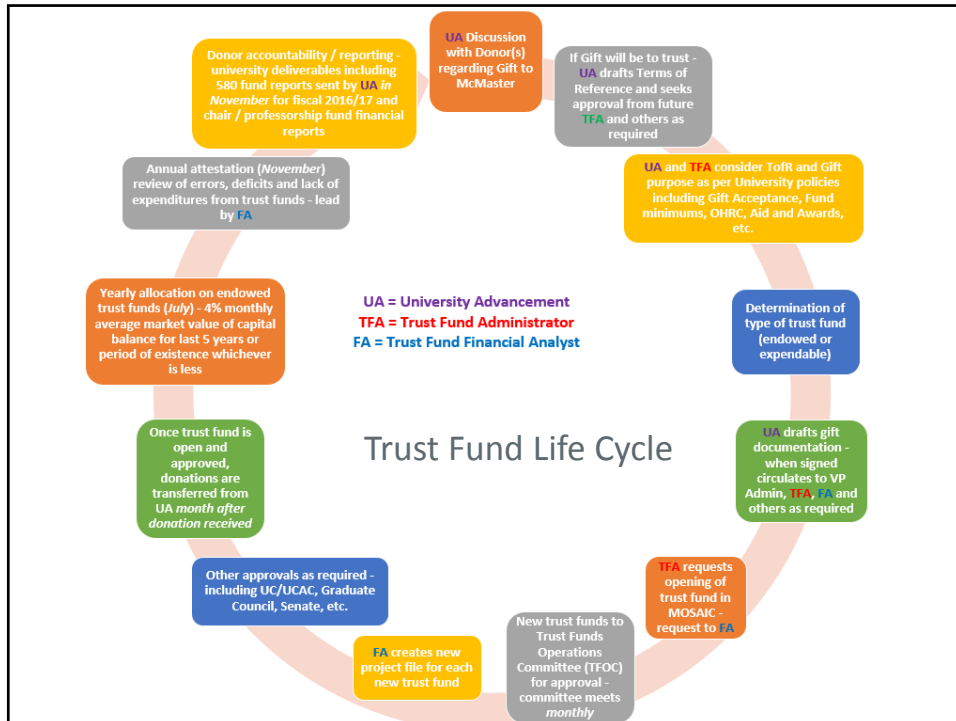
McMaster University 

Agenda

- Welcome / Introduction Nancy Gray
- Annual Cycle of a Trust Fund Claudia Russell
- Trust Fund Policies Greatest Hits Ryan Liddell
- Mosaic Quick Tips Sally Ramsammy
- New Spending Criteria Report Sam Petryk
- Market Update Steven Moore
- Questions

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Trust Fund Policies

- Two key policies related to trust funds at McMaster:
 - Operational Policy and Procedures for Trust and Endowed Fund Management
 - Expenditure Policy: General Trust Funds (Externally Restricted Endowments)
- Both policies accessible on the Financial Affairs website:

http://www.mcmaster.ca/bms/BMS_Policies_Procedures.htm

Trust Fund Operational Policy

- Includes helpful definitions
 - Types of trust funds (e.g. general perpetual, general long-term, spend down trust)
 - Components of trust funds (e.g. non-expendable, expendable, preservation of capital)



Trust Fund Operational Policy



- Lists general rules for trust funds, such as:
 - All donations to trust funds are processed through University Advancement.
 - Reference to other policies (e.g. naming policy, investment policy)
 - Guidelines for disbursement
 - Restriction on operating money being deposited to trust funds

Trust Fund Operational Policy

- Other important sections:
 - Purposes for trust funds (e.g. aid and awards, chairs/professorships, other)
 - Criteria to open a trust fund
 - Annual attestation
 - Roles and responsibilities of departments/staff that deal with trust funds

Trust Fund Operational Policy

- Outlines the roles and responsibilities of
 - The Trust Funds Management Committee (TFMC)
 - The Trust Funds Operations Committee (TFOC)

Meet the TFOC'ers



Expenditure Policy

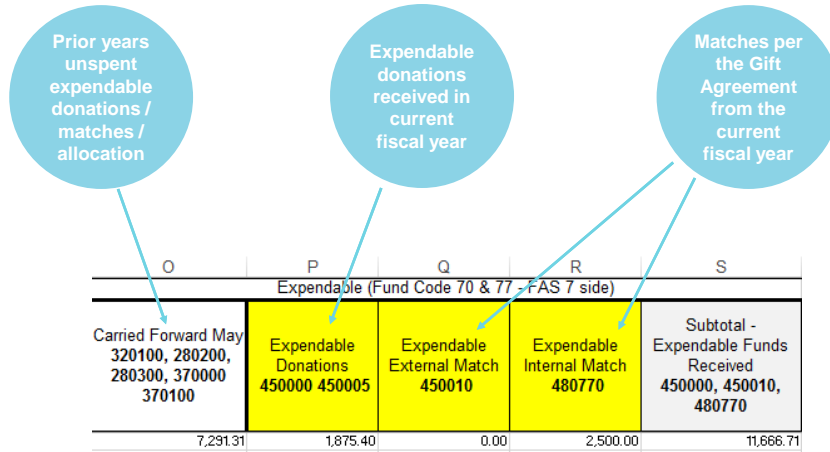
- Describes how the University manages its endowments from a financial perspective
- Explains the annual 4% spending allocation for endowments
 - Goal to maintain an even hand between current and prospective beneficiaries
 - Amounts allocated for spending in the subsequent fiscal year will be 4% of the monthly average market value of the original donation plus preservation of capital for the last five calendar years, or the period in existence, whichever is less.

Expenditure Policy

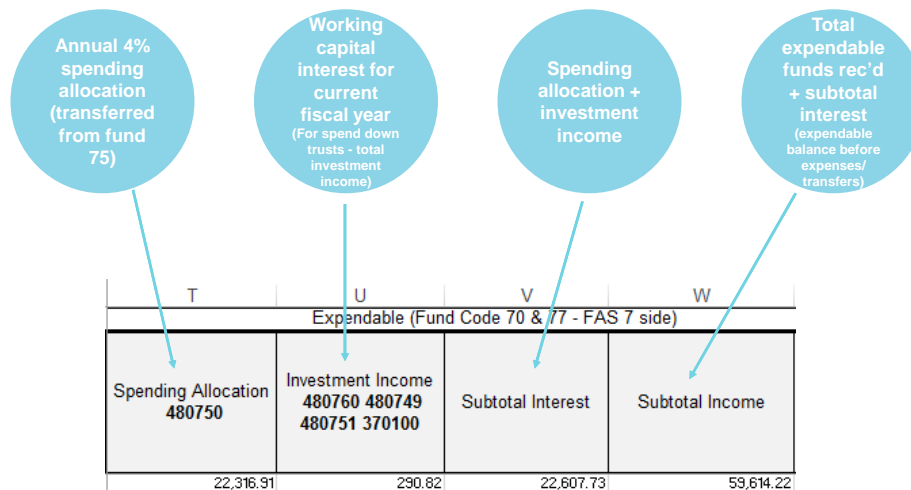
- Some exceptions to 4% spending allocation. For example:
 - Special policy override (“underwater” years)
 - Trust funds created in current or prior calendar year
 - Large donations made in increments



Reading your nVision Trust Dept Summary Report Expendable Columns

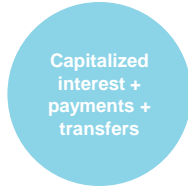
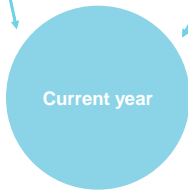


Reading your nVision Trust Dept Summary Report Expendable Columns



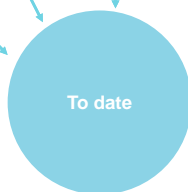
Reading your nVision Trust Dept Summary Report Expendable Columns

X	Y	Z	AA	AB
Capitalized Interest 480780	Current Year Payments - All Expense Accounts	Transfers to other Funds 480700	Subtotal Expenses	Total Expendable
0.00	-157,369.01	-173,817.00	-331,186.01	1,032,789.35



Reading your nVision Trust Dept Summary Report Non-Expendable Columns

D	E	F	G	H
Non-Expendable (Fund Code 75 - FAS 0 side)				
Non-Expendable Donations 370005, 370010, 370020, 370030	Non-Expendable External Match 370035, 370015, 370025	Non-Expendable Internal Match 370050	Non-Expendable Capitalized Interest 370080	Subtotal - Non-Expendable Capital Balance
67,000.00	26,000.00	0.00	0.00	93,000.00



GL Activity Query with Drill Down Running the Query

- Finance – General Ledger – GL Workcenter, Reports/Queries tab

MCM_GL_ACTIVITY_V9 - G/L Activity Inquiry with Drill

Unit

Fund (Optional)

Account (Optional)

Dept (Optional)

Program (Optional)

Project (Optional)

From Period

To Period

Year

Tips:

- ✓ If you are looking at expense activity only, enter fund as 77 to simplify results
- ✓ To period 12 of current fiscal year will give you activity to date
- ✓ If you get an error message, try clearing your cache/browser history and rerunning

[View Results](#)

Download results in: [Excel SpreadSheet](#) [CSV Text File](#) [XML File](#) (6 kb)



GL Activity Query with Drill Down Query Results

[Click here to go to the journal entry detail](#)

Unit	Year	Period	Date	Journal ID	Account	Dept	Fund	Program	Project	Amount	Descr
1	MAC01	2018	1 05/08/2017	SFA0210423	710055	10034	77		10779168	5000.010	Student Adm/Student Financials
2	MAC01	2018	1 05/31/2017	0000215411	480760	10034	77		10779168	-5.490	To distribute working capital
3	MAC01	2018	2 06/16/2017	0000217524	480760	10034	77		10779168	-5.490	To distribute working capital
4	MAC01	2018	3 07/05/2017	0000220148	480750	10034	77		10779168	-7670.629	To distribute annual allocatio
5	MAC01	2018	3 07/20/2017	0000222452	480760	10034	77		10779168	-1.330	To distribute working capital
6	MAC01	2018	4 08/14/2017	0000225777	480760	10034	77		10779168	-7.730	To distribute working capital
7	MAC01	2018	5 09/01/2017	SFA0228624	710055	10034	77		10779168	1666.660	Student Adm/Student Financials
8	MAC01	2018	5 09/15/2017	0000230460	480760	10034	77		10779168	-7.730	To distribute working capital
9	MAC01	2018	6 10/13/2017	0000234755	480760	10034	77		10779168	-6.351	To allocate working capital in
10	MAC01	2018	7 11/23/2017	0000241359	480760	10034	77		10779168	-6.356	To distribute working capital
11	MAC01	2018	8 12/14/2017	0000244690	480760	10034	77		10779168	-6.361	To distribute working capital
12	MAC01	2018	9 01/05/2018	SFA0247201	710055	10034	77		10779168	1666.670	Student Adm/Student Financials

Line Descr	User	Source	Line #	AP Link	Exp Rep Link	Last Updated
1 Student Adm/Student Financials	RUSSOM	SFA	254			05/10/2017 9:20:20AM
2 WC INT MAY	PETRYKSS	UNT	275			06/02/2017 9:55:14PM
3 JUNE WORK CAP INT	PETRYKSS	UNT	1040			06/16/2017 9:39:10PM
4 2017/2018 ANNUAL ALLOCATION	PETRYKSS	UNT	2723			07/07/2017 2:19:38PM
5 JULY WORK CAP INT	PETRYKSS	UNT	619			07/20/2017 9:49:27PM
6 AUG WORK CAP INT	PETRYKSS	UNT	1340			08/14/2017 8:00:52PM
7 Student Adm/Student Financials	SP_FSPRDOP1	SFA	287			09/05/2017 10:59:57AM
8 SEPT WORK CAP INT	PETRYKSS	UNT	1341			09/15/2017 9:24:51PM
9 OCT WORK CAP INT	PETRYKSS	UNT	1315			10/16/2017 11:23:05AM
10 NOV WORK CAP INT	PETRYKSS	UNT	1314			11/24/2017 10:20:30AM
11 DEC WORK CAP INT	PETRYKSS	UNT	1313			01/08/2018 1:48:20PM
12 Student Adm/Student Financials	SP_FSPRDOP1	SFA	281			01/08/2018 9:29:00PM

[Click here to go to voucher detail](#)

[Click here to go to expense report](#)



GL Activity Query with Drill Down Downloading to Excel

Unit

Fund (Optional)

Account (Optional)

Dept (Optional)

Program (Optional)

Project (Optional)

From Period

To Period

Year

[View Results](#)

Click here to download query results to Excel. All of the links to Mosaic will still work!

Download results in: [Excel Spreadsheet](#) [CSV Text File](#) [XML File](#) (6 kb)

View All

	Unit	Year	Period	Date	Journal ID	Account	Dept	Fund	Program	Project	Amount	Descr
1	MAC01	2018	1	05/08/2017	SFA0210423	710055	10034	77		10779168	5000.010	Student Adm/Student Financials
2	MAC01	2018	1	05/31/2017	0000215411	480760	10034	77		10779168	-5.490	To distribute working capital
3	MAC01	2018	2	06/16/2017	0000217524	480760	10034	77		10779168	-5.490	To distribute working capital



What is Spending Criteria?

- Explains how the donations received are to be spent according to the gift agreement
- Provides a quick reference statement for administrators when they are reviewing trust funds for upcoming awards/expenditures
- For internal use only

What is Included in the Spending Criteria?

- Most commonly found in spending criteria:
 - # of awards annually
 - Value of awards (or 'Initial value')
 - Total amt to be disbursed annually
 - # of years / range of years
- Can include other details regarding spending agreed upon in the gift documentation

What if There is No Spending Criteria?

- Often the case with general perpetual (endowed) trust funds, non-award trust funds
- If the gift documentation does not specify details regarding expenditures/award amounts, spending criteria is “N/A”
- **N/A** = No spending criteria. Spend at the discretion of the Trust Fund Administrator.

Spending Criteria Report Objectives

- Prevent over/under spending of trust funds
 - Trust law
 - Donor relations
 - Accounting corrections to the project
- Provide administrators with the information they need to spend according to the gift documentation in 1 simplified report



Examples of Spending Criteria

I. THE GIFT

_____ has generously made a Gift of \$12,500 to McMaster University (hereinafter the "Gift"). This Gift will be provided in the form of cash according to the following schedule:

\$2,500	January 2014
\$2,500	January 2015
\$2,500	January 2016
\$2,500	January 2017
\$2,500	January 2018

II. PURPOSE

The purpose of the Gift is to establish _____ **Scholarship in Commerce** at McMaster University. Pending the approval of the Undergraduate Council Awards Committee at McMaster University, the terms of reference for the scholarship will be as follows:

Established in 2013 by _____
 _____ To be awarded to a student in a Commerce program with high academic achievement and who, in the judgment of an Awards Selection Committee, has volunteer involvement in the community-at-large. Preference will be given to students who have volunteered in Hamilton-Halton Region.

Not open to students in their graduating year.

Value: \$2,500

- Spending criteria = 1 award at \$2,500 annually from 2014/15 to 2018/19

Examples of Spending Criteria

I. THE GIFT

_____ has generously made a Gift of \$25,000 to McMaster University (hereinafter the "Gift"). This Gift will be provided in the form of a cheque by March 31, 2012.

II. PURPOSE

The purpose of the Gift is to establish _____ **Academic Grant**. Pending the approval of The Undergraduate Council Awards Committee at McMaster University, the terms of reference for the academic grant will be as follows:

Established in 2012 by _____ be awarded to a student entering the Commerce program as a full-time student in the DeGroote School of Business with a high final admission average and demonstrates financial need. The grant is tenable for up to four years provided the recipient remains a full-time student and maintains a minimum Sessional Average of 9.5.

Awarded every four years.
 Value: \$8,000 (\$2,000/year)

- Spending criteria = 1 award of \$8,000 every 4 years. Award disbursed at \$2,000 annually.

Examples of Spending Criteria

I. THE GIFT

██████████ have generously made a gift of \$65,000 to McMaster University (hereinafter the "Gift"). This Gift will be provided in the form of cash and/or securities according to the following schedule:

September 30, 2017	\$25,000
September 30, 2018	\$10,000
September 30, 2019	\$10,000
September 30, 2020	\$10,000
September 30, 2021	\$10,000

II. THE PURPOSE

The purpose of the Gift is to establish ██████████ **Fund for Concussion Research**. Pending the approval of the Trust Fund Operations Committee at McMaster University, the terms of reference for the fund will be as follows.


Established in 2017 by ██████████ To be used for development and discoveries of advances in the treatment and prevention of concussions. Expenditures from the Fund will be guided at the discretion of the Director and respective research faculty in concussion research within CanChild. Specifically, the fund will support costs (e.g. faculty/staff, supplies, equipment) related to the most innovative projects underway in this area of research.

- Spending criteria = N/A

Spending Criteria Process for New Trust Funds

1. UA creates a spending criteria based on the gift documentation
2. Spending Criteria is stated in Claudia Russell's "Request to Open Fund" email & gift documentation cover memo
3. Spending Criteria is included in administrator's new trust fund application
4. Financial Analyst, Trust Funds, inputs Spending Criteria into Project Costing Approval tab during the process of opening the project

Signed Gift Agreement



GIFT AGREEMENT BETWEEN

██████████
("the Donor")

AND

McMaster University
("the University")

I. THE GIFT

██████████ has generously made a gift of \$5,000 (CAN) to McMaster University (hereinafter the "Gift"). This Gift/Pledge will be provided in the form of cash according to the following schedule:

\$1,000 (CAN)	December 2017
\$2,000 (CAN)	December 2018
\$2,000 (CAN)	December 2019

II. THE PURPOSE

The purpose of the Gift is to establish The ██████████ MBA Academic Grant. Pending the approval of Graduate Council at McMaster University, the terms of reference for the award will be as follows:


Established in 2017 by ██████████ MBA (Class of '83), in memory of her mother, ██████████ London, who was an outstanding educator and understood the importance of education as well as hard work to succeed in life. To be awarded to students entering a full-time MBA program who demonstrate financial need and high academic achievement/standing. Preference will be given to students who have demonstrated leadership in undergraduate studies or in the community at large.

Note: One award of \$1,000 to be granted annually for five years

III. FURTHER TERMS

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Sample Gift Documentation Cover Memo

Memo

To: Roger Couldrey, Vice-President, Administration (original copy of Gift Agreement)
Sally Ramsammy, Director of Finance, School of Graduate Studies
Lisa Barty, Manager (Academic) MBA, DeGroote School of Business
Senior Advancement Analyst, University Advancement
Samantha Petryk, Financial Analyst, Financial Services

From: Claudia Russell, Senior Development Officer, Office of Stewardship & Donor Relations

Date: January 9, 2018

Re: Signed Gift Agreement for the establishment of The ██████████ MBA Academic Grant

Please find attached a signed Gift Agreement for a pledge of \$5,000 from ██████████ to establish The ██████████ MBA Academic Grant.

This gift will be received as per the pledge schedule. A first payment was received in December 2017.

A specific trust fund should be opened with Sally Ramsammy as administrator.


Spending Criteria: One award of \$1,000 to be granted annually for five years 2018-2022

Should you have any questions regarding the attached please feel free to contact me at ext. 27584.

JThanks,
Claudia

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Spending Criteria in New Trust Fund Application

Does the donor contact(s) require an annual financial statement?

Please provide the advance ID numbers for the donor contact(s) to this trust fund

Advance ID

List up to five, separate by a comma

***Please write the Spending Criteria (found in the gift documentation cover Memo) into the More Information text box below**

Remember to attach appropriate documentation in the "Attachments" tab

I.e. Gift documentation signed by the donor and/or appropriate university representative, terms and conditions specific to this fund

More Information

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Spending Criteria in Project Costing

General Information | Project Costing Definition | Primavera | Manager | Location | Phases | Approval | Justification | User Fields

Project 20006096 Description [REDACTED] MBA AG

Event Project Event Find | View All First 1 of 1 Last

Details Approval Sequence Source Find | View All First 1 of 1 Last

Approval Authority

Role Type User ID

Approval Status

Description

Description:

Long Description:


My Projects | Project Valuation | Project Team | Project Activities | Go To | More

If you have questions/comments about the spending criteria inputted for your trust funds, contact Claudia Russell or Sam Petryk

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Spending Criteria Report Content

1. Current year's spending allocation
2. Current year's total expenses
3. Total expendable balance
4. Project type
5. Designation code (i.e. purpose of the trust fund)
6. Administrator dept
7. Status
8. Date opened
9. Matched fund code (matching sources, if applicable)
10. Spending criteria 
11. Project terms

Financial
Info

Additional
Info

Running the Spending Criteria Report

- To navigate to report: Finance → Reporting Tools → PS/nVision → Define Report Book.
- The first time running the report, go to “Add a New Value”. Run Control ID = name for the report (e.g. SPENDING_CRITERIA)
- Click Add
- Report ID will begin with PCSC_dept (e.g. (PCSC_SFAS). Type in PCSC_ and click magnifying glass to search for your dept.
- Can be run as of any date

Running the Spending Criteria Report

Report Book

Run Control ID SPENDING_CRITERIA Report Manager Process Monitor **Run**

Run Parameters

As Of Date Specify 01/30/2018

Tree Effective Date Default Ignore Runtime Errors

Retention Days

Report Requests Personalize | Find | View All | First 1 of 1 Last

Seq	Business Unit	*Report ID	View	Run
1	MAC01	PCSC_GRD	View	<input checked="" type="checkbox"/>

Select All Deselect All Flip All

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Running the Spending Criteria Report

Process Scheduler Request

User ID PETRYKSS Run Control ID SPENDING_CRITERIA

Server Name Run Date 02/02/2018

Recurrence Run Time 2:34:25PM Reset to Current Date/Time

Time Zone

Process List

Select	Description	Process Name	Process Type	*Type	*Format
<input type="checkbox"/>	Research Project Statement	MCM_RPTB	nVision-ReportBook	Default	Default
<input checked="" type="checkbox"/>	nVision Report Book	RPTBOOK	nVision-ReportBook	Default	Default

OK Cancel

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Running the Spending Criteria Report

- Go to Report Manager, Administration tab to download your report. Click Refresh if you do not see your report there – it will take a few minutes to generate.

Demo & walk through report

Spending Criteria Report Takeaways

- Spending criteria mirrors signed gift documentation and terms of the trust fund
- Simplified version of nVision Dept Report with addition of spending criteria & trust fund terms
- Include the spending criteria in all new trust fund applications (in the More Info box)
- For questions/comments about spending criteria, contact Sam Petryk or Claudia Russell

