



The graphic features a large yellow circle in the center containing the text "Trust Fund Information Session" and "Presented by TFOC". To the left, a smaller blue circle contains the date "February 7, 2019". To the right, a green circle shows a photograph of a building interior. The background is white with a pattern of yellow dots that form a curved path. At the bottom left, the text "BRIGHTER WORLD | mcmaster.ca" is displayed. At the bottom right, the McMaster University logo is shown.

Trust Fund
Information Session
Presented by TFOC

February 7, 2019

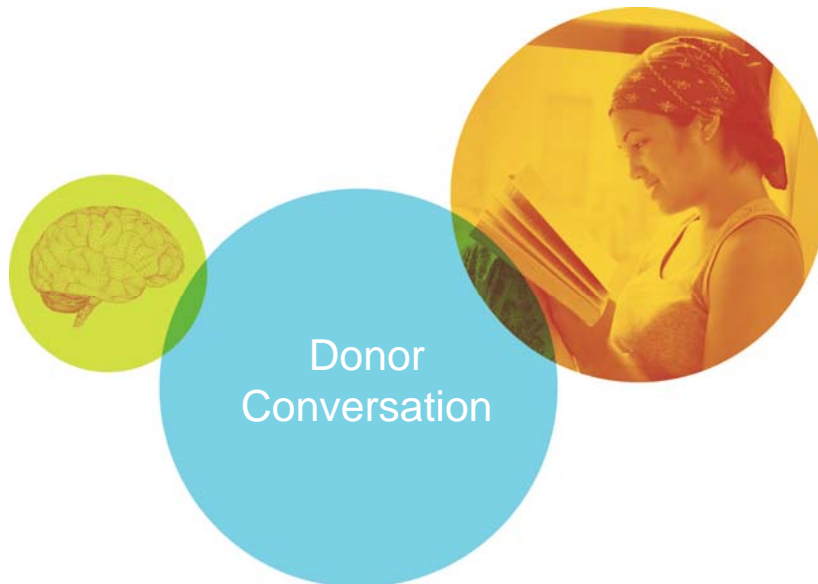
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Agenda

- Welcome Lou Mitton
- Donor Conversation Karen McQuigge, Bob Philip, Alyssa Lai
- Managing Donor Relations Susan Wright
- Administrator Best Practices Tracie Long, Sally Ramsammy
- Mosaic Reports/Internal Transfers Sam Petryk
- Market Update Steven Moore



Getting a Donor's Perspective

- **Bob Philip** is a member of the Class of 1959 and has been an engaged graduate as a participant, volunteer, donor, and cheerleader of McMaster since graduation. Bob was inducted into the Alumni Gallery in 1999 and was awarded the McMaster Alumni Association's highest volunteer honour, the Distinguished Service Award in 1997.

- Graduating in 2012, **Alyssa Lai** has continued her engagement with McMaster as a participant, volunteer, and donor with McMaster Alumni Association. Alyssa received the McMaster Alumni Association's Community IMPACT award in 2015 and returned to campus this fall as a member of the Socrates project as the project and communications coordinator.

- Moderator is **Karen McQuigge**, Director, Alumni & Annual Giving, University Advancement



University Advancement

- Vice-President's Office, Mary Williams
- Development (fancy word for fundraising)
 - Central team
 - Faculty offices
- Alumni & Annual Giving
- Advancement Services
- Stewardship & Donor Relations
- Communications and Public Affairs (includes Marketing)

Stewardship & Donor Relations 101

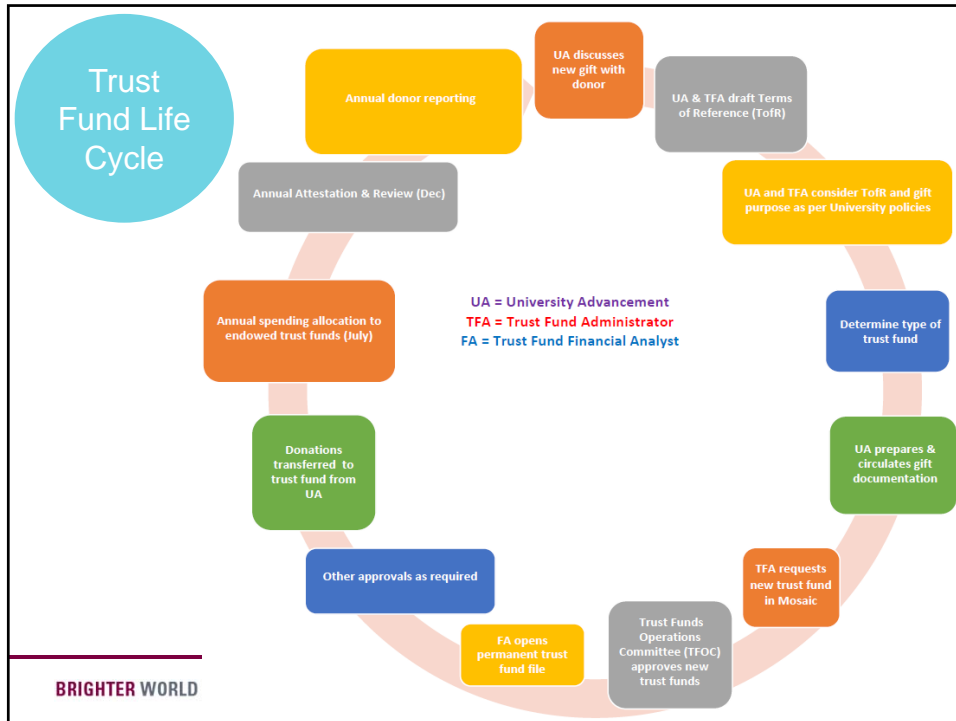
- Are donor gifts being used as intended by the donor?
- Stewardship plans for all \$1M donors
- It takes a village...
- Ensuring the right players are engaged at the right time to maximize relationship development.
- Holistic approach to donor engagement.
- Stewardship, when done well, will lead to the next gift (and likely larger gift)
- Enhance the funder experience – getting the money into action faster.
 - In 2018, almost \$12 million in donor funds were transferred into trust accounts (28% of gifts)

Our day to day function...

- Focus on the Principal level donors.
- Custom acknowledgements (thank you letters)
- Relationship building and strategy development support
- Key role in gift acceptance and documentation
- Donor events and activities
- Naming Policy management
- Donor Reporting and accountability
- Support for faculty stewardship initiatives
- Student awards/Trust fund management
- International giving – HK Foundation, Friends of McMaster, UK Trust
- Gift planning stewardship – bequest and estate stewardship
- BWRI – stewardship of private research support

Donor Reporting

- For the majority of donors who make larger, endowed gifts to McMaster, annual reporting obligations are outlined in signed gift documentation.
- We consider these reporting commitments to be an important part of our institutional stewardship obligations
- Donor report mailings are coordinated by Stewardship & Donor Relations, with copies of statements sent to fund administrators for review before mailing
- Reports are generated for endowed funds only, and only for trust funds >\$100k (unless otherwise requested)
- Annual statements are sent to “donor contacts” (about 395) – which there is an active contact. 640 reports sent for 2017/18 fiscal year
- “Donor contacts” are those persons identified as the best contact to receive any communication regarding a trust fund
- Reports are generally mailed / delivered in late fall
- In addition, we report on 122 endowed chairs funded by donors. These reports include a financial statement plus narrative from the chairholder.



Administrator Best Practices

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The graphic features three overlapping circles: a green circle on the left containing a brain, a large blue circle in the center with the text 'Administrator Best Practices', and an orange circle on the right containing a woman reading a book. At the bottom, there is a horizontal line with the 'BRIGHTER WORLD | mcmaster.ca' logo on the left, the number '12' in the center, and the 'McMaster University' logo on the right.

Relevant Policies & Procedures

- Operational Policy and Procedures for Trust and Endowment Fund Management
- Expenditure Policy External Restricted Endowments
- Expenditure Policy Internal Restricted Endowments
- University Aid & Awards Policy

Trust Fund Administrators are responsible for: (from Trust Fund Policy)

1. Establishment of trust funds
2. Administration of trust funds
3. Stewardship of donors



Establishment of Trust Funds

- Advice regarding terms and conditions
- Ensure funds are sustainable and administered per gift documentation
- Seek additional approvals where needed
- Obtain final approvals from appropriate University committees
- Obtain signed gift documentation with pledge schedule
- Submit requests to Trust Fund Financial Analyst to open new trust funds
- Promote award or other gift in appropriate University Calendar or publication

Administration of Trust Funds

- Manage the trust per approved terms and conditions
- Serve as principal signing authority
- Ensure appropriate allocation of funds in a timely way
- Identify and rectifying errors, deficits and lack of expenditure
- Update trust information
- Maintain complete donor files in department & Central files

Stewardship of Donors

- Support communication with donors
- Support donor recognition as appropriate
- Recommend action where revisions are required to the original terms of the donation

Establishment of Trust Funds: Best Practices

- Project type - sustainability over life of project
- Trust fund minimums
- Operational Policies and Procedures
- Legal conditions for charitable trusts
 - (e.g. donor may not select an award recipient)
- Conditions of the Ontario Human Rights Code.
 - Legal counsel may be consulted if terms of reference include grounds protected under the OHRC (e.g. age, gender, gender identity, citizenship, etc.)
 - OHRC Form Use
- Donor intent

Establishment of Trust Funds: Best Practices

- Sustainability
 - Some gifts are forever!
 - Restrictive wording or processes
 - Consider a preference statement or broad statement regarding allowable expenses (e.g. eligible expenses may include but are not limited to..."
- Administrative effort/complexities

Administration of Trust Funds: Best Practices

- Understand the gift documentation
- Administer according to the gift documentation
 - Meeting all terms of reference and requirements of the gift documentation (e.g. Spending Criteria, Donor Preference Statements)
- Maintain files and a documentation trail



Each trust is unique!


Example:

- Money in trust, different than operating or research funding
- A donor decided to give to McMaster University instead of another charity - honour and steward their donation

- A teaching award has a statement about the donor (memorial) that is to be read aloud by the presenter of the award in addition to the recipient of the award receiving a written statement about the individual

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Administration of Trust Funds: Best Practices

- Attestation and delegation
- Fiscal responsibility
 - Spending within expendable available
 - Spending according to gift documentation and applicable University policies
 - Expenditures have appropriate back up
 - Reconcile!

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Administration of Trust Funds: Best Practices

Review your trust funds regularly:

- Unable to make expenditures (e.g. restrictive terms, terms are no longer relevant)
 - Discuss with UA
- Insufficient expendable (payment missed, gift agreement ended, minimum donation not met, etc.)
 - Discuss with UA
 - UA may contact donor
 - Possible closure process (contact Sam Petryk-Finance)

Stewardship of Donors



- Important to Donor
 - Meant something to the donor to provide a gift to McMaster
- Important to us
 - Respect the donors wishes
- Support donor contact opportunities
 - Annual Endowed Trust Fund Statements
 - Preliminary and final
 - Recipient Reports
 - Donor thank you requests
 - Other

Need Advice? Phone a Friend ☺

UA

- Claudia Russell x27584 russelc@mcmaster.ca
- Alicia Jack x20016 sdintern@mcmaster.ca
- Relevant Development Officer

Finance

- Sam Petryk x24812 petrykss@mcmaster.ca

Awards

- Tracie Long x24528 traciel@mcmaster.ca
- Sally Ramsammy x24857 ramsams@mcmaster.ca

Faculty

- Kathleen Blackwood x23346 blackwo@mcmaster.ca



Useful Mosaic Reports

- All Trust Funds Summary Report (nVision report)
 - Finance – Reporting Tools – Ps/nVision – Define Report Book. Report ID begins with PCTR_ and then abbreviated dept (e.g. PCTR_SFAS). Can be run at any date.
 - Gives you the whole picture of a trust fund – endowed & expendable. With additional supplemental information.
- Spending Criteria Report (nVision report)
 - Finance – Reporting Tools – Ps/nVision – Define Report Book. Report ID begins with PCSC_ and then abbreviated dept.
 - Snapshot of expendable – spending allocation, expenses to date of fiscal year, spending criteria, trust fund terms

Useful Mosaic Reports

- Trust Detail Report (nVision report)
 - Finance – Reporting Tools – Ps/nVision – Define Report Book. Report ID is by project # (e.g. 10776652 = PC776652)
 - Detail by fund and account with previous and current month activity
- GL Inquiry with Drill
 - Finance – General Ledger – GL WorkCentre. Go to Reports/Queries tab. Run by period.
 - Provides JE line detail/voucher/expense report #. Useful for investigation into donations, expenses, etc.
- Any questions reading your reports or not sure what report will best suit your needs? Contact Sam Petryk (x24812, petrykss@mcmaster.ca)

Internal Transfers to Trust

- Recently updated policy/memo for increased clarity
- Operating funds from the budget allocation framework & research funds generally cannot be transferred into trust funds
- Prevents non-trust funds from being transferred to trust to increase the trust balance
- Does not apply to transactions that result in no dollar impact on a trust fund (e.g. corrections, reallocation of expenses between funds, etc.)
- 4 exceptions to the rule:
 1. Match was agreed on in signed gift documentation
 2. Memorial donations up to \$1,000
 3. Amounts received as broadly designated donations, consistent with intent of the trust
 4. External proceeds of an event

Guidelines for Closing an Expendable Trust Fund

- Recently developed guidelines – **full guidelines can be found in Mosaic Support & Documentation, under Project Costing**
- Can request that a trust fund be closed if it is at \$0 balance or the remaining balance is insufficient for meaningful expenditures

Steps:

1. Administrator contacts University Advancement - Claudia Russell (to confirm no expected donations, ongoing pledges, etc.)
2. If balance is \$0.01-100, administrator can transfer to fund with similar terms or General Endowment
3. If balance is over \$100, memo request to TFOC
4. Once balance is \$0, email Sam Petryk for the trust fund to be closed



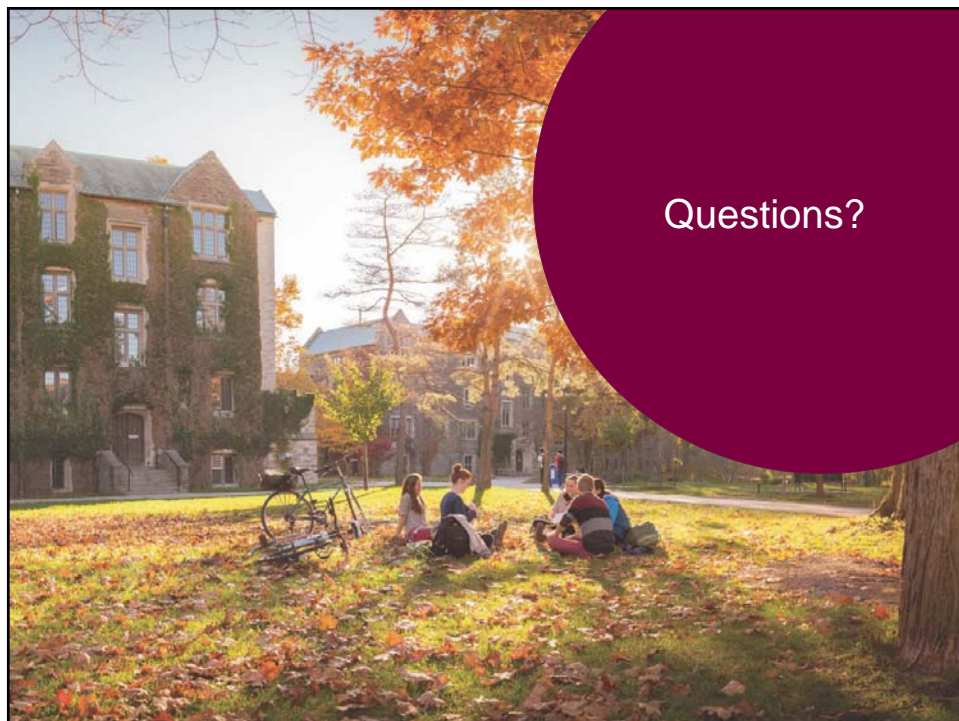
Market Update

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This slide features a central blue circle with the text "Market Update". To its left is a smaller green circle containing a brain icon, and to its right is a larger yellow circle containing a student reading books. The footer includes the text "BRIGHTER WORLD | mcmaster.ca" on the left, the "McMaster University" logo on the right, and the page number "31" in the center.



Questions?

This slide features a photograph of a university campus in autumn, with students sitting on a lawn covered in fallen leaves. A large purple circle on the right side of the image contains the text "Questions?".