

# Trust Fund Information Session

Presented by TFOC

November 28, 2023







McMaster University recognizes and acknowledges that it is located on the traditional territories of the Mississauga and Haudenosaunee nations, and within the lands protected by the “Dish With One Spoon” wampum agreement.

# Trust Fund Operations Committee (TFOC) Members

Lou Mitton (Chair)	Controller	Financial Affairs
Karen McGlynn	Director, Accounting & Financial Reporting	Financial Affairs
Dennis Tavares	Senior Manager, Project Reporting	Financial Affairs
Cindy Liu	Financial Analyst, Trust Funds	Financial Affairs
Pei-Pei Moore	Investment Operations Analyst	Financial Affairs
Laura Side	Manager, Finance and Administration	School of Graduate Studies
Liz Way	Senior Associate Registrar	Aid and Awards
Liz Maguire	Trust Fund Administrator	Aids and Awards
Stephanie Morrow	Senior Manager, Administration and Trusts	Faculty of Health Sciences
Kathleen Blackwood	Director of Finance and Administration	Faculty of Science
Alicia Jack	Manager, Stewardship and Gift Documentation	University Advancement
Alina Vorobeitchik	Manager, Advancement Records	University Advancement

# Agenda

9:00 AM	Welcome	Lou Mitton
9:05 AM	Kahoot quiz	Dennis Tavares
9:15 AM	Market Update	Steven Moore
9:25 AM	Mosaic Resources	Dennis Tavares & Cindy Liu
9:40 AM	Trust Fund Policy & Guidelines	Alicia Jack
9:50 AM	Administrator Best Practices	Liz Maguire
10:00 AM	Annual Spending Allocation	Cindy Liu
10:10 AM	Deciding what Trust to Open	Lou Mitton & Karen McGlynn
10:20 AM	Review, Changing and Closing a Trust	Stephanie Morrow
10:30 AM	Feedback Survey	Lou Mitton





# Who Gives a Kahoot! About Trust Funds?

Join at [kahoot.it](https://kahoot.it)  
and enter the PIN



# Market Update



# Mosaic Resources

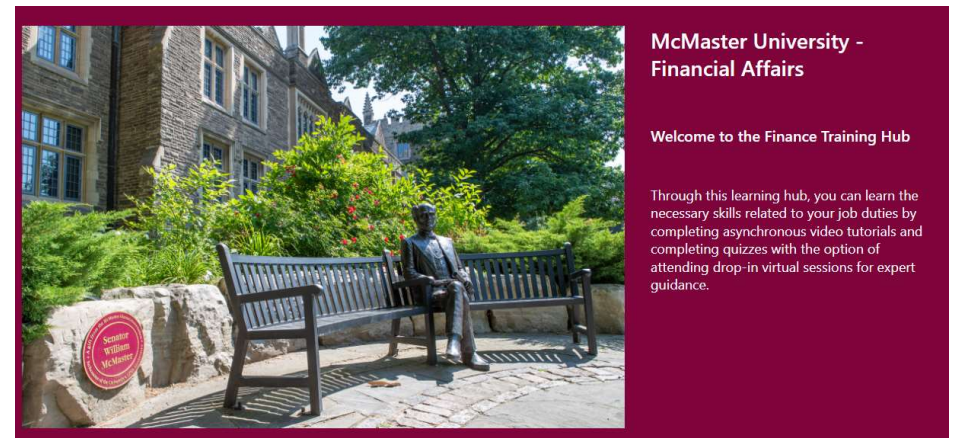
# Mosaic Resources

## New Financial Training Hub on Mosaic

A new FINANCE TRAINING tile in Mosaic under My Work and Administrative Home



The tile links to the Financial Training SharePoint





# Mosaic Resources

## New Financial Training Hub on Mosaic

- Each module has its own training program
- Training format: self-serve video tutorials with optional drop-in sessions
- Users are guided to choose the training applicable to their finance roles
- Eventually introducing more required training and pre-requisite courses, dependent on security access

The screenshot displays the Mosaic Financial Training Hub interface. At the top, a navigation bar includes links for 'Financial Affairs - Finance Training', 'Home', 'The Fundamentals', 'GL Journal Entry', 'Travel and Expenses', 'Non-PO Voucher', 'MacBill External Billing', 'MacBuy Procurement', 'Hyperion', 'Recycle bin', and 'Edit'. Below the navigation bar, there are options for '+ New', 'Page details', and 'Analytics', along with a 'Published 11' indicator.

The main content area features several training modules:

- The Fundamentals**: REQUIRED FOR ALL FINANCE USERS →
- Transaction Creation Training**: Journal Entries, Vouchers, PO, Expenses →
- Transaction Approver Training**
- PLACE HOLDER - View or Access Financial Data and Reporting**

Below the training modules, there are two sections:

- Module Specific Training Pages (Asynchronous Videos and Guided Learning)**: A grid of buttons for various modules: Travel and Expenses, GL Journal Entry, AP non-PO Voucher, HST and VAT, MacBILL, Trust Fund, MacBUY, Hyperion, BI Financial Reporting, and BI Research Reporting.
- All Support and Documentation Materials**: A table listing materials with columns for Name and Modified.

Name	Modified
AP	August 10
Cash Receipts	August 10
General	October 30
GL	January 31

# Mosaic Resources

## nVision Reports

Finance → Reporting Tools → PS/nVision → Define Report Book



### All Trust Funds Summary Report

Report ID begins with PCTR\_ and then abbreviated dept (e.g. PCTR\_FHS).

Can be run at any date.

Gives you the whole picture of a trust fund – endowed & expendable. With additional supplemental information.



### Spending Criteria Report

Report ID begins with PCSC\_ and then abbreviated dept (e.g. PCSC\_SFAS).

Snapshot of expendable – spending allocation, expenses to date of fiscal year, spending criteria, trust fund terms.



### Trust Detail Report

Report ID is by project # (e.g. 10776652 = PC776652)

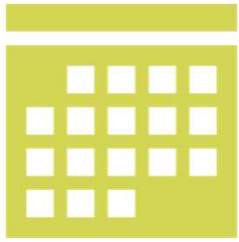
Look Up Report ID

Business Unit	MAC01
Report ID	begins with <input type="text"/>
Description	contains <input type="text" value="10776652"/>

Detail by fund and account with previous and current month activity.

# Mosaic Resources

## General Ledger (GL) Inquiry



### Ledger Inquiry

Finance → General Ledger → Review  
Financial Information → Ledger

Check off “Show YTD Balance” and set  
Period range (1 to 12)

Displays period and YTD balances

Can Sum By Fund Code and Account for  
more detail, in addition to Project #

Quicker than running nVision reports



### GL Activity Inquiry with Drill

Finance → General Ledger → GL  
WorkCentre.

Go to Reports/Queries tab and run by  
period

Provides JE line detail/voucher/expense  
report # and links

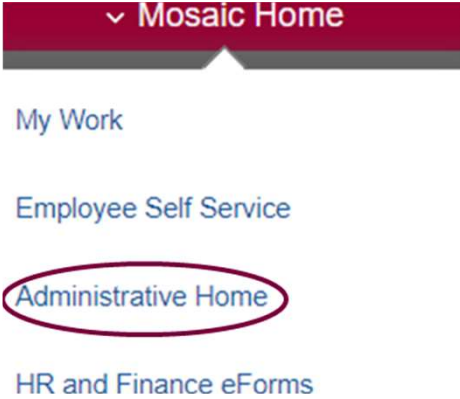
Useful for investigation into donations,  
expenses, etc.

# Mosaic Resources

## Financial Reporting Hub

Access all these reports from one screen


Select from drop-down




▼ Mosaic Home

- My Work
- Employee Self Service
- Administrative Home
- HR and Finance eForms

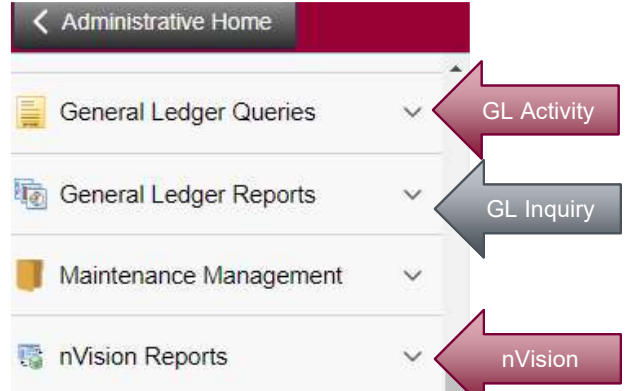
Click on the tile



Financial Reporting Hub



Select from left-hand panel



< Administrative Home

- General Ledger Queries ▼ GL Activity
- General Ledger Reports ▼ GL Inquiry
- Maintenance Management ▼
- nVision Reports ▼ nVision



# Mosaic Resources

## Journal Entry (JE) Walkthrough

When is a  
Journal Entry  
required?

- To transfer internal matching funds to a trust
- To transfer funds to an endowed chair/professorship (Fund 20)
- To transfer funds to an internally sponsored research project (Fund 55/85)
- To reallocate salaries or other expenses (within Fund 77 or between Funds)

# Mosaic Resources

## Journal Entry (JE) Walkthrough

### Account to use:



480770

Expendable Internal Match

To transfer internal matching funds to a trust as per the trust gift agreement



480700

Trust Fund Transfers

To transfer funding between a trust and any other Fund



500000-899999

All Expense Accounts

To charge/reallocate expenses directly to/from a trust (fund 77) in accordance with the terms of reference for the trust

# Mosaic Resources

## Journal Entry (JE) Walkthrough

Finance → General Ledger → Journals → Journal Entry → Create/Update Journal Entries

### Tips and Best Practices

#### Journal Header

- Long Description: Should clearly articulate the purpose of the entry
- Attachments: Include source documents, supportive calculations, and/or other items necessary to substantiate the accuracy and appropriateness of the entry. Should be clear and easy for others to understand/follow.

Header | Lines | Errors | Approval

Unit: MAC01 | Journal ID: NEXT

Long Description

254 characters remaining

\*Ledger Group: ACTUALS

Ledger:

\*Source: ONL

Reference Number:

Transaction Code: GENERAL

Currency Defaults: CAD / CRRNT / 1

Attachments (0)

Reversal: Do Not Generate Reversal

# Mosaic Resources

## Journal Entry (JE) Walkthrough

Finance → General Ledger → Journals → Journal Entry → Create/Update Journal Entries

### Tips and Best Practices

#### Journal Lines

- Use the same account number on both sides of the entry (CR & DR)
- Include all required fields in the chartfield:

Unit	Fund	Account	Dept	Program	PC Bus Unit	Project	Activity	An Type	Source Type	Affiliate
MAC01	77	480700	XXXXX		MAC01	XXXXXXXX	TRUST_FUND	GLR/GLE	MATER	


- Helpful to add a reference and line description:

Reference	Journal Line Description
<input type="text"/>	<input type="text"/>





# Mosaic Resources Questions?



# Trust Fund Policy & Guidelines

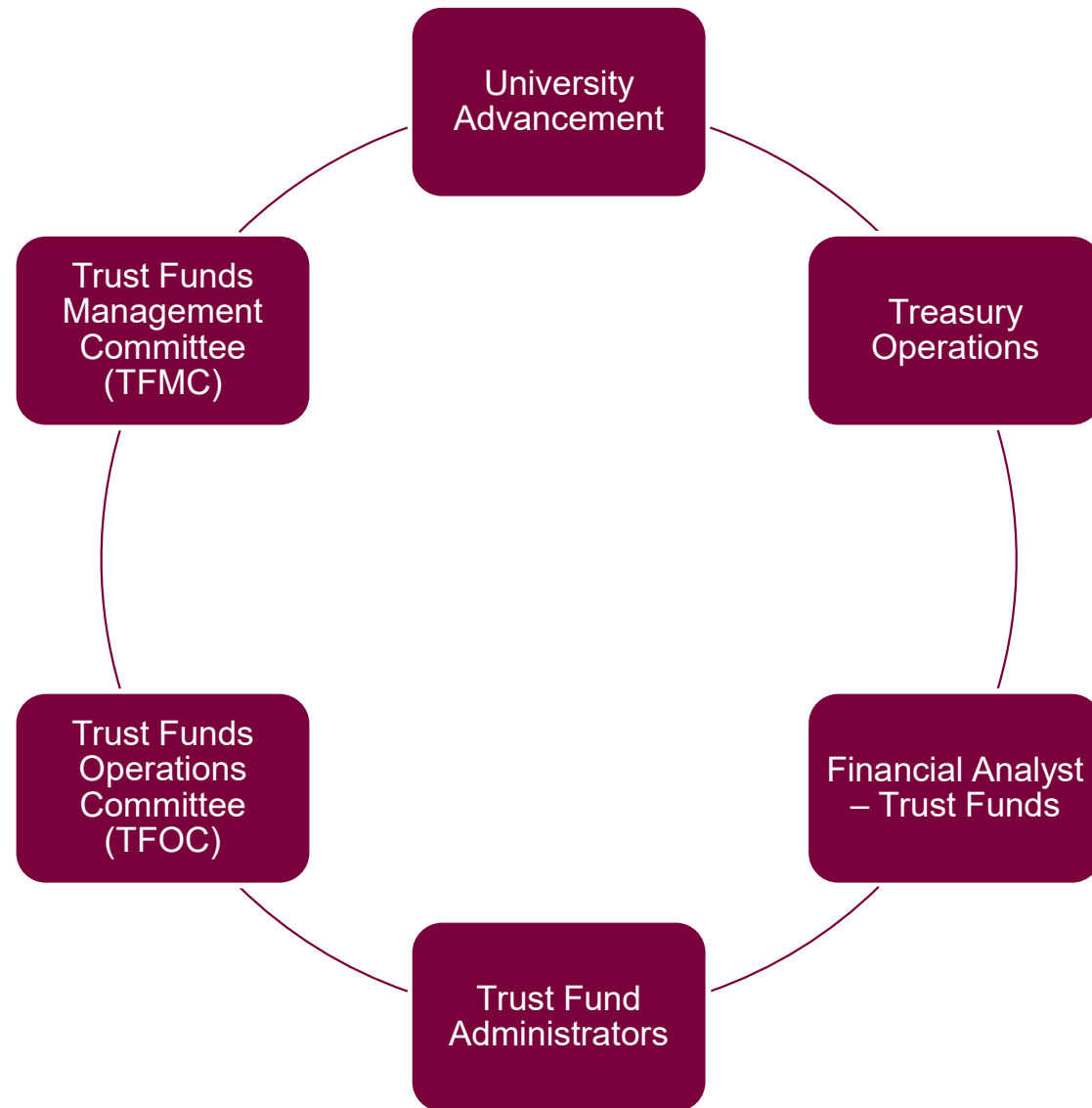
# Trust Fund Policy & Guidelines

## TF-01 Policy & Guidelines Review and Changes



# Trust Fund Policy & Guidelines

## Roles & Responsibilities





# Trust Fund Policy & Guidelines

## Roles & Responsibilities



### University Advancement

- Due diligence for all gifts to trust funds prior to gift acceptance and final documentation.
- In consultation with funders, trust fund administrators and others from the respective Faculty/unit as appropriate, developing gift documentation and terms of reference for trust funds.
- Working with funders regarding any proposed revisions to the original terms of reference of gifts, in consultation with the respective trust fund administrator.
- Recording and acknowledging receipt of all gifts to the University, including tax receipting for gifts and acknowledgement/thank you letters to the appropriate funder contact.
- Compiling all documentation required to open trust funds, supplying copies of will excerpts and pertinent documents to the Financial Analyst, Trust Funds, for centralized files and to the trust fund administrator.

# Trust Fund Policy & Guidelines

## Roles & Responsibilities

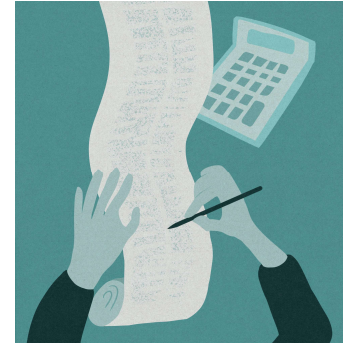
### Treasury Operations

- Handling incoming calls, correspondence, and transactions related to gifts of securities.
- Remitting cheques related to gifts to University Advancement.
- Providing University Advancement with information for tax receipts for gifts of securities.
- Maintaining original documents and correspondence related to gifts of securities.
- Overseeing and investing funds in consultation with the Investment Pool Committee, aligned with the University's Statement of Investment Policies and Objectives – Investment Pool
- Obtaining legal advice related to securities issues and transactions, as required
- Determining the total income to distribute to trust fund projects.



# Trust Fund Policy & Guidelines

## Roles & Responsibilities



### Financial Analyst, Trust Funds (Financial Affairs)

- Reviewing documentation completeness for new trust fund requests and, depending on the amount of the fund, referring to the Trust Fund Operations Committee.
- Maintaining the trust fund Project Costing module within Mosaic, including security, training and support for users, and opening projects.
- Managing the accounting for trust funds, including identifying and correcting errors and overdrawn capital balances in conjunction with the trust fund administrator.
- Providing trust fund administrators with trust fund information as requested.
- Calculating unitized values for externally managed funds and distribution of realized and unrealized income/gains(losses) at year-end based on the unitized value of the funds.
- Preparing annual endowment statements for chairs and professorships, obtaining approval from trust fund administrators and working in coordination with University Advancement, for distribution to funders.
- Preparing and administering the trust fund annual review, attestation and reporting process for submission to governance committees.

# Trust Fund Policy & Guidelines

## Roles & Responsibilities

### Trust Fund Administrators

- Trust fund administrators are accountable for management of their respective trust funds and are responsible for:
  - Establishment of Trust Funds
  - Administration of Trust Funds
  - Stewardship of Funders





# Trust Fund Policy & Guidelines

## Roles & Responsibilities

### Trust Fund Administrators – Establishment of Trust Funds

- Providing University Advancement with advice regarding terms and conditions for proposed trust funds.
- Ensuring trust funds are sustainable (e.g. a sufficient pool of students will continue to exist to meet the terms of a student award fund) and able to be administered according to the funder's wishes.
- Seeking additional approvals where needed (e.g. for a student award administered in a Faculty or Department, confirm the Faculty or Department is able to select a recipient as outlined in the terms of reference).
- Obtaining final approvals regarding terms from appropriate University committees.
- Obtaining signed gift documentation from University Advancement for record keeping within the Faculty/unit.
- Submitting electronic requests to open new trust funds, including attaching all relevant final gift documentation, to the Financial Analyst, Trust Funds.

# Trust Fund Policy & Guidelines

## Roles & Responsibilities

### Trust Fund Administrators – Administration of Trust Funds

- Reviewing all gift documentation and managing trust funds according to the approved terms and conditions and University policies, including elimination of deficits and activating trust funds with little or no activity.
- Serving as principal signing authority for assigned trust funds, including coordination of approval for changes to trust funds and closures.
- Ensuring appropriate expenditure of funds in a timely way.
- Identifying and rectifying errors, including ensuring Endowed Chair Statement accounts and statements to funders are accurate.
- Maintaining complete files with relevant correspondence (e.g. gift documentation, wills, insurance policies, etc.) and ensuring that copies are shared with the Financial Analyst, Trust Funds.
- Capitalizing unused expendable balances as appropriate, in consultation with the Financial Analyst, Trust Funds and University Advancement.
- Promoting student awards or other programs supported through trust funds, as appropriate (e.g. publication in University Calendar).
- Completing the annual trust fund review and attestation for all trust funds

# Trust Fund Policy & Guidelines

## Roles & Responsibilities

### Trust Fund Administrators – Stewardship of Funders

- Trust fund administrators support University Advancement in the stewardship of funders through the following activities:
  - Assisting in correspondence with funder contacts regarding inquiries related to trust funds (e.g. requests for student award recipient data).
  - Assisting in funder recognition as appropriate (e.g. listing awards in University Calendars, award ceremony publications)
  - Recommending action that University Advancement might take when revisions are required to original terms of trust funds.

# Trust Fund Policy & Guidelines

## Roles & Responsibilities



## Trust Fund Operations Committee (TFOC)

- Developing and recommending to the Trust Fund Management Committee, any amendment or clarification needs pertaining to the policies and procedural guidelines for the management of trust funds held by the University and ensure compliance with these policies and procedures.
- Reviewing the results of the Trust Fund Annual Review and Attestation process and take steps to have deficit balances eliminated and activate trust funds with little or no expenditure activity. For significant unresolved items, escalate to TFMC.
- Resolving issues relating to trust funds as they arise, particularly as identified on the “Trust Funds in Need of Attention” report. For significant unresolved items, escalate to TFMC.
- Reviewing and overseeing the trust fund Project Costing module within Mosaic.
- Reviewing documentation completeness and relevant accounting and financial details for all trust funds with an original gift amount of \$100,000 or more (upfront or pledged) to facilitate requests for opening of trust funds.
- Reviewing the annual rate of return calculations from Treasury Operations prior to issuance of annual endowment fund and chair statements to funders.
- Acting as a forum to keep communications open between the various administrators involved with trust funds and conduct training workshops to ensure all parties are up-to-date and knowledgeable about current policies and procedures.

# Trust Fund Policy & Guidelines

## Roles & Responsibilities



### Trust Fund Management Committee (TFMC)

- Recommend revisions to policies and procedural guidelines pertaining to the management of trust funds held by the University.
- Review the results of the trust fund review and attestation on an annual basis
- Reviewing trust fund reports annually and obtain a status report from the Chair of the Trust Fund Operations Committee.
- Reviewing the Annual Trust and Endowment Funds Report prepared for submission to the Planning and Resources Committee, which will include confirmation of the Annual Attestation Process being completed.
- Reviewing requested policy exceptions and seek legal advice as appropriate, particularly in cases where a Power to Vary clause is not included in gift documentation or where the exception is a material change.





# TF-01 Questions?



# Administrator Best Practices

# Administrator Best Practices

## Creating TERMS that work – TIPS

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1. Less is more
  2. Be clear
  3. Minimize criteria
  4. Research for viability
  5. Try to keep to MATH
  6. Avoid using course codes / # of units
  7. Avoid # of recipients
  8. And / or
  9. General terms → specific in coding
- Goal: Not to have the terms change



# Administrator Best Practices

## How to write good TERMS – 5 parts

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1. Title	Donor / Aid & Awards Program/Type
2. Descriptive sentence (1, maybe 2 short sentences)	Year established / donor name(s) / degree / year (Mac only)
3. Requirements (1 sentence, 2 if needed)	Career / Level / Program or Faculty / EDI / Need-based / Academic / Other earned merit
4. Preference statement (1 sentence )	If required by donor (bursaries only)
5. Retained award criteria	# of years, provided...

# Administrator Best Practices

## Spending Criteria (with PLEDGE)

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Part 1: # annually

Part 2: Value

- **ENDOWED** – Spend at the discretion of the administrator.
  - **SPECIFIC** – 1 x \$5,000 annually until depleted.
  - **RETAINED** – 1 x \$40,000 (\$10,000 annually for 4 years)
  - **VARIABLE** – variable number / value = \$1,000  
3 awards annually / variable value
- 

Opening a new fund ➡ More info box

1 x \$5000 annually – PLEDGE: Oct 2023 – Oct 2027



# Administrator Best Practices

## General Tips

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- Timeline – monthly
- New Trust Fund Tracking Spreadsheet
- General Info page
- Queries
- Resources
- Notebook

**ACADEMIC CALENDARS**

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**AWARD**SPRING

**OFFICE OF THE REGISTRAR**  
Funds Finder



# Administrator Best Practices Questions?



# Annual Spending Allocation

# Annual Spending Allocation

## Purpose

- Transfer of endowed funds to expendable side of trusts to cover expenditures and awards per the terms of the trust
- Occurs in July for the fiscal year



# Annual Spending Allocation

## Allocations

There are three types of allocations based on the life of the trust fund.

Trusts opened:

1. In current calendar year:
  - Monthly allocation
  - Equivalent to 4% of the endowment over 12 months
  - Example:  $\$100\text{k} \times 4\% / 12 \text{ months} = \$333.33 \text{ monthly}$





# Annual Spending Allocation

## Allocations Continued

There are three types of allocations based on the life of the trust fund.

Trusts opened:

### 2. In previous calendar year:

- Annual composite allocation in July
- Endowment balance at December 31 x Average Market Value/Book Value for the last 5 years

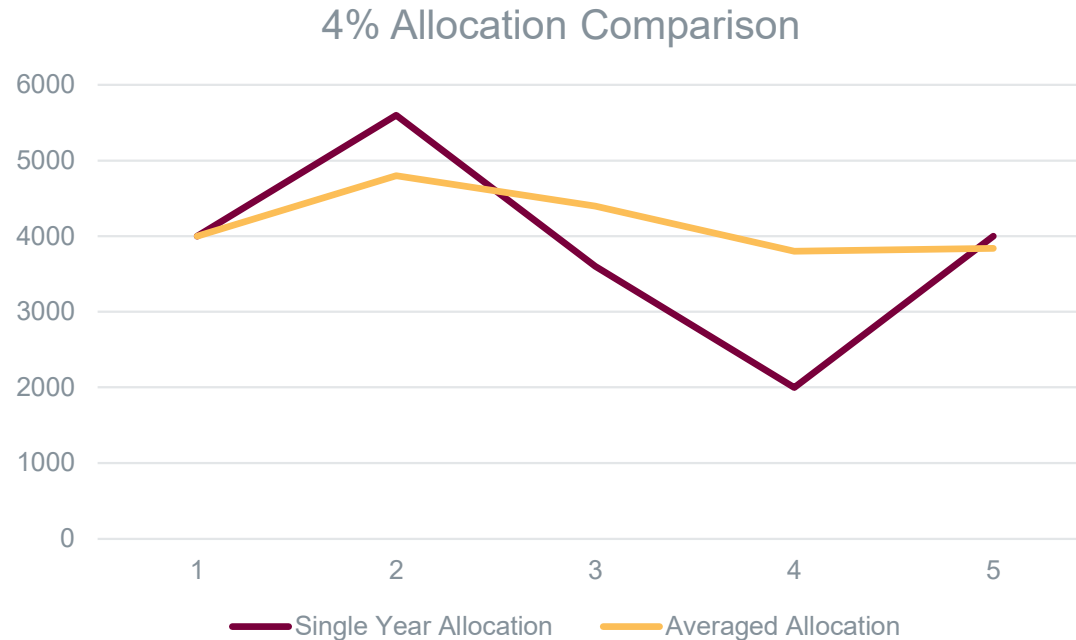
### 3. Prior to previous calendar year:

- Annual normal allocation in July
- 4% of the Average Market Value for the life of the trust or 60-months, whichever is less

# Annual Spending Allocation

## Purpose of Averaging

- The averaging of 60-month market value is done to create a reliable and easier to predict annual spending amount
- Simplified comparison of the volatility the allocation would have if based on a single year's market value vs five-year average:





Annual  
Spending  
Allocation  
Questions?



# Deciding what Trust to Open

# Deciding what Trust to Open

## Factors to Consider

### Gift or Donation

- Funder receives no benefit
- No detailed scope of work, budget, or duration
- No requirement to return unexpended funds
- If funder wishes their contribution to be endowed



### Grant or Contract

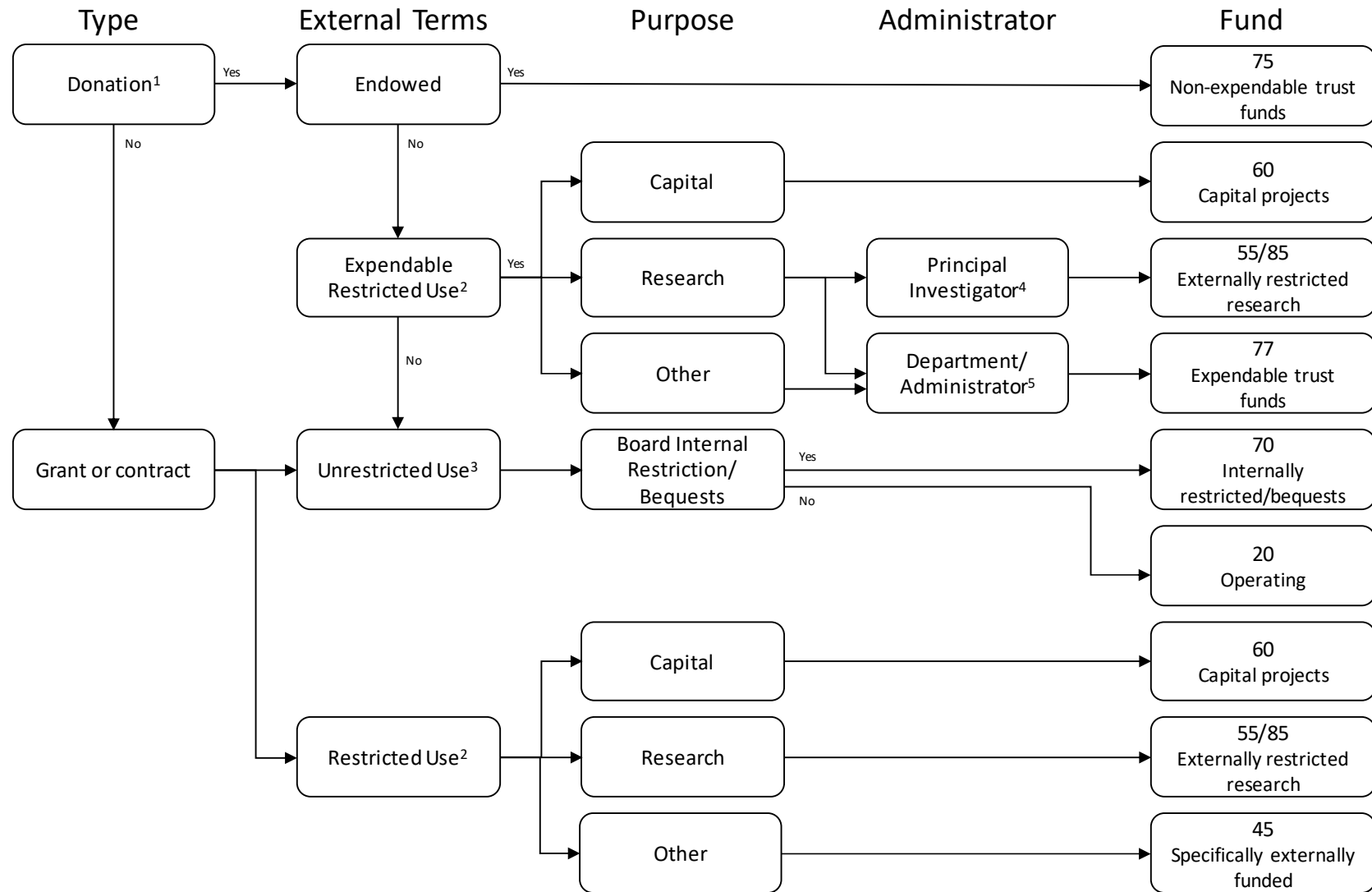
- Detailed budget, activity, or scope of work
- Return of unexpended funds
- “Deliverables”
- Ethics approval required
- Financial report/audit provisions
- Creation of intellectual property





# Deciding what Trust to Open

## Decision Tree



# Deciding what Trust to Open

## Notes to the Decision Tree

1. Donations meet the CRA criteria of voluntary transfer of property without valuable consideration to the donor.
2. External restrictions may specify the purpose of the funding, allowable expenditures or specific deliverables. Grants and contracts may include a requirement to return unspent funds.
3. Donations that specify the intended area but not the purpose and require no reporting to the donor may be transferred to Operating Fund 20 at the discretion of the recipient, e.g. a donation to the Department of Biology.
4. Donations toward the direct cost of a research project, with expenditures authorized by the principal investigator or delegate, should be coordinated with the responsible research office.
5. Donations toward costs enabling research but not directly part of a project, for example funding for student travel to a research conference, may be held in a trust fund.

# Deciding what Trust to Open

## Types of Trust Funds

### General Perpetual:

- Externally restricted
- Endowed trust funds where the donation is non-expendable and only income earned may be expended

### General Long-Term:

- Externally restricted
- Unendowed trust funds from which both the donation and income will be expended

### Spend Down:

- Same as above, but over a defined number of years and a larger minimum donation

### Specific:

- Externally restricted
- Unendowed short-term trust fund which normally are to be spent in the current year

# Deciding what Trust to Open

## Summary of Trust Funds


- Refer to Appendix 1 in the TF-01 Guidelines for a more detailed summary

	<u>General Perpetual</u>	<u>General Long-Term</u>	<u>Spend Down</u>	<u>Specific</u>
<b>Non-expendable (endowed) portion</b>	Donation and income less spending allocation	Not endowed	Not endowed	Not endowed
<b>Expendable portion</b>	Expendable donation if applicable and spending allocation net of expenditures	Donation and income	Donation and income	Donation
<b>Minimum original donation amount:</b>				
- Aid and Award	\$20,000 separate application by student not required  \$62,500 separate application required by student & OHRC special programs	N/A	N/A	\$1,000/year for 3 years separate application by student not required  \$2,500/year for 3 years separate application required by student & OHRC special programs
- Other	\$10,000	\$10,000	\$100,000	\$1,000/year for 3 years
<b>Term</b>	Permanent	Until depleted	Approximately 13 years	Approximately 1 year
<b>Investment income earned/lost</b>	Actual income net of investment management expenses distributed in April	Short-term interest distributed monthly	Actual income net of investment management expenses distributed in April	N/A



# Deciding what Trust to Open Questions?





# Reviewing, Changing and Closing a Trust

# Reviewing, Changing and Closing a Trust

## Inactive Trust Funds

### What is an Inactive Trust Fund?

- **A trust fund with no expenditures for 18+ months**
- Identify your inactive trust funds through the annual attestation process

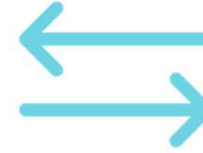


### Take Action! Determine the Reason

- **\$0 Balance**
  - Contact UA as pledge payment may be late or further donations anticipated
  - If the fund is expendable and no gifts expected, obtain UA consent to close fund
- **Insufficient balance to award**
  - Contact UA to see if a pledge payment is expected
  - If the fund is endowed, wait for the trust fund to earn income
  - If the fund is expendable, contact UA to consider closing the fund
- **No eligible spending opportunities**
  - Follow up with relevant parties – remind of balance available, prompt spending
- **Restrictive terms of reference**
  - Consider proposing change(s) to terms of reference

# Reviewing, Changing and Closing a Trust

## Changing a Trust Fund



### When can a trust fund be altered?

- Generally, changes to an established trust fund cannot be made as a trust is, and must be, by its very nature unalterable and irrevocable.
- In order to protect the original donor's intent and purpose of the trust, the law prohibits the donor or trustee from altering the structure and purpose of the trust without appropriate legal justification or authority.
- **There are rare occasions where a trust fund may be altered.**
- Changes to a trust fund are allowable under the following conditions:
  - **The gift agreement contains a provision permitting such a change;**
  - **The terms of the trust are remaining the same other than broadening the class of beneficiaries;**
  - **As a result of some event, changing circumstances or the passage of time, the trust has become obsolete or impracticable/impossible to administer (e.g. power to vary clause applies).**

# Reviewing, Changing and Closing a Trust

## Changing a Trust Fund

### Power to Vary Clause – to be included in all gift agreements

*McMaster University is committed to ensuring that this Gift is used for its intended purpose. If, in the sole opinion of the University, it becomes impossible, inadvisable or impracticable for all or part of this Gift to be usefully or practically applied to the purposes described within the agreement, or if the purpose cannot be achieved because of a future change in law, change in University practices, policies or academic priorities, or other unforeseeable circumstances, the Gift may be used for any related purpose which in the reasonable opinion of the University (in consultation with the Donor(s) where possible) will most nearly accomplish the Donor's wishes or is consonant with the spirit and intent of the Donor's Gift.*

# Reviewing, Changing and Closing a Trust

## Changing a Trust Fund

### Memo to Request Changes to a Trust Fund

- TFOC-approved memo required to:
  - Alter the purpose of a trust fund to allow for spending
  - Make changes consistent with the donor's intent
  - Put money into **action**
- **Examples:**
  - Updating the terms of reference
    - Terms of reference are too restrictive
    - A program/department no longer exists or has changed
  - Updating the spending criteria to facilitate spending
  - Broadening the class of beneficiaries



Trustfunds/Form Templates/2022 Template Memo for Trust Changes Final



# Reviewing, Changing and Closing a Trust

## Changing a Trust Fund

### Memo to Request Changes to a Trust Fund<sup>1</sup>

To: *Trust Fund Operations Committee (TFOC) or Trust Fund Management Committee (TFMC)*

From: *Trust Fund Administrator*

Date: *Date*

Re: *Include Trust Fund Project #, Trust Fund Name*

*Please read and complete this section before completing the memo.*

*Generally, changes to an established trust fund cannot be made as a trust is, and must be, by its very nature unalterable and irrevocable. In order to protect the original donor's intent and purpose of the trust, the law prohibits the donor or the trustee from altering the structure and purpose of the trust without appropriate legal justification or authority.*

There are rare occasions where a trust fund may be altered (outlined below). Please indicate why the requested change may be allowable (check all that apply):

- The gift agreement contains a provision permitting such a change
- The doctrine of cy-pres applies, meaning that as a result of some event, changing circumstances or the passage of time, the trust has become:
  - Obsolete
  - Impracticable or impossible to administer (e.g. power to vary clause applies)
- The terms of the trust are remaining the same other than broadening the class of beneficiaries
- Other: *Please provide a brief description*

#### Background

*Include details on the project (current balance in trust fund, type of fund, existing terms of reference, as applicable), and any details you feel will assist the committee in reviewing your request*

#### Issue(s)

*Indicate why a change is being requested*

#### Request

*Clearly outline the request and include the rationale for the request*

If there is signed gift documentation (gift agreement, etc.), please include with this memo. If you need a copy or are unsure if documentation exists, please check with the Financial Analyst - Trust Funds (Khalid Wahoush – wahousk@mcmaster.ca).

Please confirm that University Advancement has been consulted and are supportive of the requested change.

**Reviewed by UA to be submitted for approval:** *Include name of reviewer*

<sup>1</sup>A trust fund is a financial account (project in Mosaic) that holds donations or bequests received by the University whereby conditions and/or legal requirements exist for usage defined by the donor and the University, or terms for use established by the University.  
Updated Sept 17, 2018

# Reviewing, Changing and Closing a Trust

## Changing a Trust Fund

### Change Memo Process

#### Steps:

1. Obtain donor approval of the proposed change (if possible)  
Written consent (via e-mail) is sufficient documentation
2. Trust Fund Administrator prepares Change Request Memo
  - Indicate why requested change may be allowable
  - Provide background, explanation of issue(s), justification for request
  - Confirm donor approval (if possible)
  - Attach copy of signed gift documentation
3. Share memo with UA (Alicia Jack) for review and approval prior to submission
4. Submit memo to Financial Analyst – Trust Funds (Cindy Liu)
5. Request reviewed by TFOC (balance < \$1M) or TFMC (balance > \$1M)

# Reviewing, Changing and Closing a Trust

## Changing a Trust Fund

### Approval Process

Undergraduate  
*Awards*



Graduate  
*Awards*



Other



\*Change requests for trust funds with a balance of \$1M or higher require approval by TFMC.

# Reviewing, Changing and Closing a Trust

## Changing a Trust Fund

### After the Change is Approved...

- Update Mosaic, General Info – Financial Analyst-Trust Funds (Cindy Liu)
- **For Awards, Remember to...**
  - Update the Item Type – Aid & Awards and Grad Studies
  - Update Undergraduate Calendar – Aid & Awards
  - Update Graduate Calendar/Website if applicable – Grad Studies



# Reviewing, Changing and Closing a Trust

## Closing a Trust Fund

### Guidelines for Closing an Expendable Trust Fund

- Reasons to close an expendable trust fund:
  - Donor's gift has been spent; no further donations/pledge payments expected
  - Trust fund has a \$0 balance, or the remaining balance is insufficient for meaningful expenditures based on the terms of reference
- Recently updated guidelines posted on Financial Affairs website



#### Steps:

1. Trust Fund Administrator contacts Senior Development Officer in UA to confirm that trust fund can be closed (i.e. no expected donations, ongoing pledges, etc.)
2. If **balance is \$0.01-\$1,000** → Trust Fund Administrator submits journal entry to clear balance to either a trust fund with similar terms or the General Endowment (which supports the University's highest needs).
3. If **balance is greater than \$1,000** → Administrator prepares a memo to TFOC requesting closure with rationale, and sends to Cindy Liu. If approved by TFOC, Administrator submits journal entry to clear the balance.
4. Once **balance is \$0**, Administrator e-mails Cindy Liu to request trust fund closure.

# Reviewing, Changing and Closing a Trust

## Closing a Trust Fund

### Guidelines for Closing an Expendable<sup>1</sup> Trust Fund

#### Overview

An expendable trust fund can be closed when the balance of the trust fund is \$0 and no further donations are expected. Trust fund administrators should request that an expendable trust fund be closed if it is at \$0 balance, or the balance remaining is insufficient for meaningful expenditures based on the terms of reference. Requests to transfer balances of greater than \$1,000 require Trust Fund Operations Committee (TFOC) approval.

#### Steps for Closing an Expendable Trust Fund

The steps for closing an expendable trust fund are outlined below:

1. Trust fund administrator contacts Senior development officer in University Advancement to confirm that trust fund can be closed (i.e. there are no expected donations, ongoing pledges, etc.). If trust remains on inactive list for 3 or more years as per annual attestation and attempts to contact donor have been unsuccessful, trust fund administrator shall notify University Advancement and proceed to step 2.

2. **If balance is \$0** – proceed to #3

#### **If balance is \$0.01 - \$1,000:**

- a. Trust fund administrator submits journal entry to clear balance to either a trust fund with similar terms or the General Endowment (which supports the University's highest needs). Note in the journal entry header that University Advancement has approved the closure and attach supporting email, and that the trust has the power to vary clause in the gift documentation. Please use transfer account 480700 on both sides of the journal entry. The chartfield for the General Endowment, if the balance is being transferred there, is 70-480700-10385-MAC01-10770500-TRUST\_FUND-MATER-GLR

#### **If balance is greater than \$1,000:**

- a. Trust fund administrator prepares a memo to TFOC requesting closure with rationale, noting that the trust has the power to vary clause in the gift documentation, University Advancement has approved the closure, and requesting to transfer remaining balance to either a trust fund with similar terms or the General Endowment. Memo should be sent to Financial Analyst – Trust Funds for inclusion on the next TFOC agenda.
  - b. Financial Analyst – Trust Funds will notify Trust Fund Administrator if TFOC approved. Trust Fund Administrator then submits journal entry to clear the balance. Please note that TFOC has approved the transfer and attach the approved memo to the journal entry.
3. Trust fund administrator will send email to Financial Analyst – Trust Funds requesting closure of the project, verifying that the project balance is at \$0 balance, and noting that University Advancement has approved the closure. Financial Analyst – Trust Funds will close project, add note to General Information that closure is agreed upon by all parties, and notify Advancement Services to inactivate associated allocation codes.

For trust funds with a balance greater than \$100,000 TFMC will be engaged.

*Note:* General perpetual (endowed) trust funds are permanent and closed on an exception basis only with TFOC/TFMC approval.





# Reviewing, Changing and Closing a Trust Questions?





# Feedback Survey

Deadline: noon Dec 1<sup>st</sup>

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