



## **Endowment Carryforward Funding Guidelines**

### **Background**

Management and the Investment Committee of the Board of Trustees regularly monitor investment performance, liquidity of the endowment pool and spending from endowed resources to ensure maximum optimization of all university resources. As a result, the investment policy was revised in April, 2017 to remove the automatic carryforward spending provision and replace it with a request process for carryforward of remaining spending allowance.

The following language was removed from the policy:

*Any remaining (or unspent) spending allowance will be carried forward to the next fiscal year up to a specified maximum, as an addition to the calculated spending allowance for that year. Beginning July 1, 2013, the maximum amount to be carried forward will generally be limited to the amount of unspent spending allowance for the preceding two years. Exceptions will be approved by the President or Vice President for Finance and reported to the Committee.*

The following language replaces the previous carryforward provision:

*Any remaining (or unspent) spending allowance at the end of each fiscal year will be returned to the accumulated earnings of that endowment for continued investment earnings allocation. Beginning July 1, 2017, a formal request process to carry forward prior years remaining (or unspent) allowance, up to a specified maximum, will be approved by the President or Vice President for Finance and reported to the Committee. The maximum amount to be carried forward under the request process will generally be limited to the amount of unspent allowance for the preceding two years.*

The following provides guidelines and instructions for those departments that wish to request carryforward of a remaining spending allowance.

## **Request Procedures**

### **Eligibility**

Any endowment fund that has an unspent spending allowance is eligible to submit a request for those funds to carryforward and be spent in a future year. The amount is determined by the Dean and/or department head based on their specific requirements and needs. Departments can request an amount equal to or less than the unspent spending allowance calculation from the prior two years.

### **Annual timeline and review process**

<u>Timeframe</u>	<u>Process</u>
By May 28	Tax & Compliance Office sends reports for each endowments performance, spending summary and the request process.
By June 28	Departments to review their needs and submit request package to Deans or department heads for review and approval.
By July 15	Dean or department head approves/denies request. Approved request package submitted to Reporting & Compliance for review. Please send to <a href="mailto:compliance@sandiego.edu">compliance@sandiego.edu</a>
By August 15	Reporting & Compliance manager submits supporting schedules to Vice President of Finance and CFO for review and approval.
By August 30	Vice President of Finance and CFO approves/denies request.
September Meeting	Vice President of Finance and CFO presents final approved list to the Investment Committee of the Board of Trustees.

### **Exceptions or special circumstances**

In the event special circumstances or funding requests occur outside of the above timeframe, flexibility is provided to submit a request for carryforward funds utilizing the same request documents with an expedited approval process. As noted above, unspent spending allowances are retained within the accumulated earnings of the fund and are readily available should an exception or special request arise.

<u>Timeframe</u>	<u>Process</u>
Day One	Departments will review their needs and submit the request package to the Dean or department head for review and approval.
Within 3 Bus. Days	Dean or department head approves/denies request. Approved request package submitted to Reporting & Compliance for review.
Within 5 Bus. Days	Reporting & Compliance Manager to complete review and submit recommendation along with analyses and supporting schedules to the Vice President of Finance and CFO to approve or deny.

Investment Meeting Vice President of Finance and CFO presents final approved list to the Investment Committee of the Board of Trustees.

### **Request package**

It is important that the departments / schools provide sufficient information in their request package to assist with the evaluation. We are providing a Request Form (Exhibit A) to use as a guide and to aid in the review process. We also have a Signature Routing Form (Exhibit B) to ensure all proper reviews have been completed. In addition to the required forms noted above, we encourage departments to provide additional information regarding your requests.

#### Required information

- Rationalization/ Explanation for the need of funds, specifically including why an accumulation of funding is needed to meet stated objectives
- Multi-year budget plan for endowment expenditures by expenditure categories (budget lines)
- Efforts you have made to identify other resources, including:
  - Expected current year carryforward amount based on projected spending for the remainder of the fiscal year
  - Projected available restricted gifts account balance (if any)
  - Funds available from discretionary accounts or other resources

#### Preferred information:

- Donor agreement(s) or communication(s) – if relevant to support your rationale
- Calculation details and backup support for fiscal year expenditures
- Rationalization for each expenditure category
- Current or pending organizational changes or expenditure structure changes

If you have any questions regarding the request process, please feel free to contact:

Ginny Proctor, Reporting and Compliance Manager, x 2434, [gproctor@sandiego.edu](mailto:gproctor@sandiego.edu)

### **EXHIBIT A – REQUEST FORM**

ATTACHED

### **EXHIBIT B – SIGNATURE ROUTING FORM**

ATTACHED



**REQUEST FOR CARRYFORWARD FUNDING  
OF REMAINING (OR UNSPENT) SPENDING ALLOWANCE**

Please see endowment carryforward request guidelines  
for additional information and related timeline.

[For more information, click here](#)

**Endowment Information:** (Fields marked by \* are required fields)

Oracle Project \_\_\_\_\_ \*Oracle Source (e.g., E/P6099) \_\_\_\_\_

Oracle Endowment Name \_\_\_\_\_

**Purpose/Donor Criteria/Other Restrictions**

\_\_\_\_\_  
\_\_\_\_\_

**\*Provide an explanation of the need for funding** (Attach additional information and/or documentation if necessary)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\*Project Manager \_\_\_\_\_ (Name) \_\_\_\_\_ (Ext.) \_\_\_\_\_ (Date)

\*Requested By \_\_\_\_\_ (Name) \_\_\_\_\_ (Ext.) \_\_\_\_\_ (Date)

**Basic Financial Information** - We encourage departments to attach additional information and analyses.

**\* Crucial Endowment Expenditures**

List the crucial endowment expenditures you anticipate for all budget years which carryforward is being requested. Please attach details if available.

Expense Type / Description	Amount
<b>Total Expenses</b>	\$ -

\*Request Amount / Net Operating Activity \$ \_\_\_\_\_

FINANCE OFFICE USE ONLY				
Endowment Status	Other Sources of Revenue			
	Unrestricted Sources		Restricted Sources	
	Project	Amount	Source	Amount
Cumulative Principle				
Cumulative Realized Earnings				
Cumulative Unrealized Earnings				
FMV				
<b>Spending Allowance</b>				
Current Year Base				
Prior Year Carry Forward				
Available Allowance				



**SIGNATURE ROUTING FORM FOR CARRYFORWARD OF  
REMAINING (OR UNSPENT) SPENDING ALLOWANCE REQUEST**

Please see endowment carryforward request guidelines for additional information and related timeline.

<u>Deadlines</u>	<u>Management</u>	<u>Review/Approval Signature</u>	
<b>June 28</b>	<b>Dean / Department Head</b>	_____	_____
		Dean (if applicable)	Date
		_____	_____
		Department Head (if applicable)	Date

Please forward completed package to Tax & Compliance at HC 335 by July 15.

**August 01 Compliance Office Review**

COMPLIANCE OFFICE USE ONLY	
Received _____	Package forwarded to VP of Finance & CFO with recommendation _____
Date _____	Date _____

**August 15 Vice President of Finance and CFO**

FINAL APPROVAL	
<input type="checkbox"/> Approve	
<input type="checkbox"/> Maximum Amount From Endowment Principal	_____ \$
<input type="checkbox"/> Amount To Be Funded From	_____ \$
	_____ \$
	_____ \$
Note: _____	
<input type="checkbox"/> Deny	
	_____
	Vice President of Finance and CFO
	Date