



Endowment Manual

Revised April 2024

University of Kentucky



Endowment and Gift Accounting

Location

University Financial Services (UFS)
Accounting and Financial Reporting Services (AFRS)
371 Peterson Service Building, 0005

Contact

endowment@uky.edu

Endowment and Gift Accounting Website

<https://www.uky.edu/ufs/endowment-and-gift-accounting>

Endowment and Gift Account Tracking System (EGATS)

Website

<https://www.uky.edu/ufs/endowment-and-gift-account-tracking-system-egats>



Manual Contents

This manual will assist users to gain a better understanding of the gift and endowment policies and procedures related to the following topics at the University of Kentucky. This manual will focus primarily on endowments. To navigate directly to one of the topics below, click on the topic and open the hyperlink.

- [Gift and Endowment Policies](#)
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Gift and Endowment Policies

- Business Procedures (BPM)
 - E-22-1 Soliciting, Receiving, Recording and Acknowledging Gifts
 - E-22-2 Pledge Processing Manual
 - E-22-3 Planned Gifts
 - E-22-4 Fundraising Events
- Endowment Investment Policy
- Administrative Regulation (AR) 8:4 Endowment and Naming Policies for Faculty Support, Undergraduate and Graduate Student Support, and Program, Unit, and Research Support

These documents are the source of the definitions, roles and responsibilities, and policies and procedures that are summarized in this training. Additionally, many helpful links and FAQs are found on the Endowment and Gift Accounting website:

<https://www.uky.edu/ufs/endowment-and-gift-accounting>



Roles and Responsibilities

- UK Philanthropy
 - Solicit gifts
 - Coordinate endowment and gift agreements
 - Process and acknowledge gifts in compliance with IRS regulations
 - Determine the classification of the gifts in conjunction with University Financial Services (UFS)
 - Ensure gifts are credited to the appropriate accounts
 - Maintain all gift documentation
 - Coordinate with UFS concerning naming rights on tax-advantaged debt
 - Coordinate research gifts with Office of Sponsored Projects Administration
 - Coordinate disposition of donated real property
 - Stewardship reporting of the endowment fund

- University Financial Services – Endowment and Gift Accounting
 - Coordinate gift and endowment accounting including monthly endowment processing and monthly data integrity reviews
 - Coordinate the liquidation of donated securities
 - Administer charitable trusts and gift annuities
 - Provide financial reporting in accordance with University policies
 - Administer Endowment and Gift Account Tracking System (EGATS)



Roles and Responsibilities Cont.

- University Colleges, Departments, Programs, Affiliates benefitting from gift (Area Contact)*
 - Manage expenditures in accordance with requirements of donors, University policies, and external regulations
 - Monitor special requirements on endowment or gift agreements such as deliverables
 - Provide utilization reports to donors according to the terms of the endowment agreement or as requested by the donor – examples include expense reports or names of scholarship recipients
 - Monitor changes to the endowment or gift records
 - Reconcile gifts received in the University's accounting system
 - Reconcile the spending distribution cost center's expenses and revenues each month according to University regulations
- Investments
 - Investment Committee of the UK Board of Trustees – review and oversight of the endowment investments for UK and its affiliates including the annual review and approval of the Endowment Investment Policy
 - Treasurer and Chief Investment Officer – execute policies and decisions enacted by the Investment Committee and perform general investment activities and administration of the endowment assets

*"Area Contact" will be used throughout the manual when discussing actions to be taken by the business officers, fiscal officers, or other individuals responsible for endowment activities in the College, Department, Program, or Affiliate.



Review for Understanding

Question 1*

What is the area on campus that is responsible for reconciling gifts received in the University's accounting system to ensure that the contributions are recorded in the appropriate endowment fund?

- A. UK Philanthropy
- B. Endowment and Gift Accounting
- C. Campus colleges, departments, programs, and affiliates
- D. UK Investment Committee

*Answer at end of manual [Review for Understanding Answers](#)



Endowment Process

The general process for endowments follows these steps:

1. UK Philanthropy – solicitation of gift
2. UK Philanthropy – negotiate Gift or Endowment Agreement
3. Area Contact – request gift cost center and endowment fund
4. AFRS – create the new fund and spending distribution cost center
5. Area Contact/UK Philanthropy – deposit gifts in the endowment
6. Endowment and Gift Accounting – monthly endowment processing to transfer the spending distribution to the appropriate fund and its associated cost center
7. Area Contact – monitor expenses and distributions on the cost centers, ensuring that the donor’s purpose for giving the funds is being met
8. UK Philanthropy – annual stewardship reporting
9. Area Contact – provide endowment utilization reports to donors according to the terms of the agreement
10. Endowment and Gift Accounting – throughout the life of the endowment – ensure the accuracy of the accounting data, approve endowment forms and entries, and prepare endowment reports and analyses for internal and external purposes



Non-endowed Gift and Endowment Comparison

- Both non-endowed gifts and endowments are from generous donors or are grants from the Commonwealth of Kentucky that support the mission of the University through scholarships, professorships, basic research, or other purposes.
- Endowment funds
 - Invested in perpetuity in order to generate a reliable and steady stream of income for the donor's goals.
 - Minimum endowment levels are required for the different types of endowed funds – See Administrative Regulation 8:4 for endowment level descriptions and amounts.
- Non-endowed gifts are to be spent per donor intent over a period of time and are not invested in order to generate future income.



Gift and Endowment Agreements

- After a gift is solicited from a donor by UK Philanthropy, a gift or endowment agreement is negotiated by UK Philanthropy between the donor and the University. This contract contains information such as the following:
 - Name of the donor(s) or “anonymous” if the donor does not want their name to be known
 - Official name of the fund
 - Amount of the gift
 - Purpose of the funds; including the department(s) to which the donor gives the funds
 - Signatures of the donor and appropriate University personnel
- Note that gifts and pledges to existing endowed or non-endowed funds may be made through the utilization of the University pledge form rather than creating a new endowment or gift agreement, provided there are no changes to the current agreement.



Non-endowed Gift and Endowment Agreement Differences

Non-endowed Gifts

- Gift agreements are not required for all non-endowed gifts – usually large dollar gifts of cash, gifts-in-kind, and securities will include a gift agreement
- If the gift will create a new gift cost center and the funds have not been received, a gift agreement should be established
- No language regarding investment of the funds since the gift is to be spent in its entirety
- There are no minimum levels for non-endowed gifts

Endowments

- Endowment Agreements are required for all endowments
- Includes language that describes how the University will invest the funds, adherence to the Spending Distribution Policy, and whether excess spending distribution can be added to the endowment fund
- Term endowments include language related to payment schedules and contingencies if the endowment level is not met by the donor
- Indicates the level of the new endowment (per AR 8:4) and the gift amounts that will fund the level



Types of Endowments

- **Quasi-endowment (071* funds)** – A fund established by the Board of Trustees with current unrestricted or restricted resources that are otherwise expendable. A quasi-endowment fund may be liquidated and returned to operating funds for expenditure with approval of the Board of Trustees.
- **Term endowment (072* funds)** – A fund established by an external donor or other outside party with the requirement that the principal be held and invested until the passage of a specified period of time or the occurrence of a particular event.
- **True endowment (070* funds)** – An endowment fund established by an external donor or other outside party with the requirement that the principal be held and invested in perpetuity.

The total return of each fund's investments is distributed in accordance with the endowment spending policy approved each year by the Board of Trustees.



Review for Understanding

Question 2*

Which of the following information is found on all non-endowed gift and endowment agreements?

- A. Language that describes how the University will invest the funds
- B. Amount of the gift
- C. Whether excess spending distribution can be added to the fund
- D. Adherence to the University's Spending Distribution Policy
- E. All of the above

*Answer at end of manual [Review for Understanding Answers](#)



Endowment Investment Policy

Endowments are invested per the University's Endowment Investment Policy. This policy is reviewed annually by the Investment Committee of the Board of Trustees to ensure that all investment information such as investing goals, objectives, and responsibilities are up-to-date. Key items relating to the accounting for endowments in the policy include:

- Spending Distribution Policy
- Management fee
- Underwater endowment funds
- New endowment funds



Spending Distribution Policy

- Effective FY 2015 – The University’s Hybrid Spending Policy includes both the market value of the endowment and the level of inflation in determining the annual spending distribution. The calculated spending distribution rate must fall between 3.5% and 5% of the current market value of total endowments.
- Calculation for the hybrid rate:

Inflation factor

60% x [Prior Year Spending x (1 + Annual Percent Change in CPI-U*)]

+ Market value factor

40% x (4% x Average Market Value for Preceding 36 Months)

Spending distribution rate for the fiscal year

* Consumer Price Index for All Urban Consumers (CPI-U) is a measure of the average change over time in prices paid by consumers for specific goods and services. This percentage is calculated by the US Bureau of Labor Statistics.



Management Fee

- An annual management fee is assessed on the current market value of eligible endowments to support the administrative costs associated with carrying out the purpose of the endowments. This fee is processed monthly.
- The management fee prior to 7/1/18 was assessed at .50%. Effective 7/1/18, the Board of Trustees approved a temporary increase of the management fee of up to 1.0% to provide funding for UK's comprehensive fundraising campaign.
- Depending on future fundraising priorities at the University after the capital campaign is complete, the Investment Committee of the Board of Trustees will either resume the standard .50% management fee or continue the increase in the management fee of up to 1.0%.



Underwater Endowment Funds

Underwater endowments are those funds in which the market value is less than the contributed value. Because the target spending distribution rate and management fees represent the maximum amount that can be withdrawn annually, these withdrawals from underwater endowment funds may be suspended or reduced by UK's Treasurer.

- Underwater more than 10% - funds undergo formal review by UFS and Dean/Director to determine the appropriate level of distributions in accordance with the Kentucky Uniform Prudent Management of Institutional Funds Act.
- Underwater by more than 20% - spending distributions and management fee withdrawals will be suspended on these funds. Exceptions to the suspension policy for certain quasi and term endowments can only be approved by the Treasurer.



New Endowment Funds

- Spending distributions on new endowment funds will be delayed for at least one year.
- The waiting period is calculated from the date of the first deposit into the endowment and ensures that the endowment has had time to receive investment earnings that will build a spending reserve.
- This policy takes into account potential market fluctuations so that adequate spending distribution income will be available to better meet the donor's objectives.



Review for Understanding

Question 3*

Which of the following sections can be found in the Endowment Investment Policy?

- A. Underwater endowment funds
- B. New endowment funds
- C. Spending Distribution Policy
- D. None of the above
- E. All of the above

*Answer at end of manual [Review for Understanding Answers](#)



Establishing an Endowment Fund

[Return to Contents](#)

- Once the formal endowment agreement has been signed by all parties, the Area Contact shall complete the Endowment Fund Create and Change Form
- Route the completed form, a copy of the endowment agreement, and any other pertinent documentation to the appropriate personnel for approval
- Links to the form and its instructions can be found on the Endowment and Gift Accounting website

FY 2018 University of Kentucky Endowment Fund Create and Change Form

Action necessary: Choose one of the actions below:
New Fund Change a Current Fund Close/Book Fund

EA initial approval: _____
AFRS approval: _____
AFRS approval: _____
AFRS keyset: _____
Final Verification: _____
EA final approval: _____

Print Form
Reset Form

Basic Screen:
UK00: University of Kentucky
Fund Number: _____
Name (21 spaces): _____
Description: _____

Valid From: _____ Valid To: 12/31/9999
Fund Type: Internal Funds Application: 103: NCB Restricted

Additional UK Fund Fields:
Research Priority Area: N: Non-Research (except Library) Cancer Research Match
Business Area: D101: UK w/o component units Net Asset Class
Discipline: _____ Contact Person
Department: _____ Responsible Person
Earning Pool ID: E: Endowment Fund Interest Posting Functional Area

Add UK Endowment Fields:
Endowment Type: T: Chair Spending Agreement
Service fee: 5000 Non-Standard Spending Distribution
Share Value: _____ Adjusted Contributed Value
Spending Rule Rate: 2894 Next Year Estimated Spending
RCTF: N: No Endowment Category
Endowment Term: _____ Fund Currency: USD
Governing Document: E: Endowment Agreement First Deposit

N: Not eligible for match or reportable
RH: Restricted, Non expendable
D110: General Academic Instruction
4: Contains the spending language
S: Standard Rate
R: True Endowment
USD

Cost Center and Fund cannot both be entered on the same line

Cost Center	Fund	Distribution percentages
		Total

Please enter one cost center or fund per line. Be sure that the total distribution equals 100%. Thank you.

Required Explanation: Briefly explain the intended use of the endowment fund form and attach a copy of the final endowment agreement as supporting documentation for new or amended fund agreements.

Originator's signature: _____ Date: _____
Business Officer: _____ Date: _____
Area Budget Officer: _____ Date: _____
Endowment & Gift Accounting: _____ Date: _____



Establishing an Endowment Fund

- Each endowment fund requires at least one associated cost center to be established. This cost center will be the location where the endowment's spending distribution will be allocated and where all expenses related to the endowment's purpose will be charged.
- The cost center should be established at the same time the endowment fund is created. The Cost/Funds Center Request Form and its instructions can be located on the UK Forms website <http://www.uky.edu/eForms/>.
- Note: While an endowment fund may have multiple spending distribution cost centers (if the endowment has several purposes), the cost center can only receive distribution from one fund.
- Once the new endowment (07xxxxxxx) and cost center (1215xxxxxx) are created, AFRS will notify the Area Contact.



Endowment Fund

Gifts for an endowment should be deposited in its corresponding 07xxxxxxx endowment fund.

- All of the investment activity will occur in this fund.
- The fund will be updated monthly during endowment processing with applicable investment income, gains and losses, spending distributions, and management fee expenses.
- The following information will be found on the fund:
 - Contributed value – total gifts received by donors
 - Market value – current value of the endowment fund is determined by adding the gifts received from donors, income, and gains and deducting the losses, spending distribution to the cost center, and management fees.



Spending Distribution Cost Center

- Expenses relating to the endowment's purpose will be charged to the cost center.
- Revenue credited to the cost center will be the following:
 - The spending distribution from the endowment on GL 431001
 - Transfers of spending distribution reinvested in the endowment fund and available to spend
- Notes:
 - No gifts or non gift related income should be deposited in the cost center.
 - Expenses for purposes other than the related endowment should not be charged to this cost center.
 - At the end of the fiscal year, the cost center should have either:
 - Balance of \$0 (expenses = revenues) OR
 - Excess revenues that will carry over to the next fiscal year as Prior Year Fund Balance
 - At the end of the fiscal year if the cost center has more expenses than revenue:
 - Spending distribution reinvested available to spend should be transferred from the endowment fund (if any) OR
 - The excess expenses will need to be transferred to another cost center via journal voucher.
 - Spending distribution income should not be transferred from one cost center to another unless both spending distribution cost centers are associated with the same endowment fund.



Review for Understanding

Question 4*

True or False: An endowment fund 07xxxxxxx with an 0810 functional area for scholarships should be charged the appropriate scholarship expense relating to the purpose of the endowment when the award is given to a student.

*Answer at end of manual [Review for Understanding Answers](#)



SAP Transactions

The primary SAP transactions used for endowment or spending distribution cost center inquiries include the following:

- Endowment fund
 - ZGL_TRBR1_CUM - Endowment and loan fund
 - ZGL_TRBR1_FUND - GL Trial Balance by Fund - all GLs
 - FM5S - FIFM: Display Fund
 - FM5M - Index of Funds
- Spending distribution cost center
 - FMSC - Display Funds Center in FM Area
 - KSB1 - Cost Centers: Actual Line Items
- Both endowment fund and spending distribution cost center
 - FMRP_RFFMEP1AX - All Postings



ZGL_TRBR1_CUM and ZGL_TRBR1_FUND

University of Kentucky						
Cumulative - General Ledger Trial Balance by Fund						
Thru Fiscal Year 2018 Period 08						
Fund: 0705223800	PAVTA PAVIA SUPPLIF S					
GL Account	Name	Beginning Balance	Current Debits	Current Credits	Ending Balance	
110000	Claim On Cash	698.84-	534.59	990.46-	1,154.71-	
129100	Investment - Pooled Endowment Fund	31,665.08	466.67	10.90-	32,120.85	
	FUND ASSETS	30,966.24	1,001.26	1,001.36-	30,966.14	
Fund: 0705223800	PAVTA PAVIA SUPPLIF S	TOTAL FUND BALANCE	30,966.24	1,001.36-	30,966.14	
430050	Investment Gain or Loss	7,359.23-	10.90	0.00	7,348.33-	
431100	Endowment Actual Income	2,474.43-	0.00	57.02-	2,531.45-	
431101	Endowment Income Distribution	3,151.59-	0.00	86.80-	3,238.39-	
433020	Unrealized Gain and Loss - Endowment Pool	1,097.21-	0.00	466.67-	1,563.88-	
740301	Endowment Gift Non-RCIF Transfer	25,000.00-	0.00	0.00	25,000.00-	
	FUND ADDITIONS	39,082.46-	10.90	610.49-	39,682.05-	
545022	Spending Rule Distribution	6,161.73	86.80	0.00	6,248.53	
750240	Transfer for Management Fee	614.63	12.89	0.00	627.52	
750580	Non Mandatory Transfer to Restricted	1,339.86	500.00	0.00	1,839.86	
	FUND DEDUCTIONS	8,116.22	599.69	0.00	8,715.91	
Fund: 0705223800	PAVTA PAVIA SUPPLIF S	TOTAL ADDITIONS & DEDUCTIONS	610.59	610.49-	30,966.14-	
	TOTAL FUND CONTRIBUTED VALUE		25,000.00-			
	TOTAL FUND SPENDING DISTRIBUTION REINVESTED		1,398.53-			
	SPENDING DISTRIBUTION REINVESTED AVAILABLE TO SPEND		1,398.53-			
	SPENDING DISTRIBUTION RESTRICTED USE		0.00			
	SPENDING DISTRIBUTION PERMANENTLY RESTRICTED		0.00			
	TOTAL FUND PRINCIPAL		26,398.53-			
	TOTAL FUND MARKET VALUE		30,966.14-			
	TOTAL FUND LIABILITIES		0.00			

The cumulative balances for assets, liabilities, additions and deductions for the endowment fund can be seen on the ZGL_TRBR1_CUM transaction in SAP. Use the ZGL_TRBR1_FUND transaction to see only the year-to-date balances in the endowment fund.



ZGL_TRBR1_CUM

Endowment fund 07xxxxxxxxxx
Top Section of ZGL_TRBR1_CUM

- Fund Assets – 11xxxx
 - Cash
 - Investment
- Fund Liabilities – 2xxxxx
- Fund Additions – 4xxxxx, 74xxxx
 - Investment gain or loss
 - Endowment actual income
 - Endowment income distribution
 - Unrealized gain and loss
 - Endowment transfers to the fund
- Fund Deductions – 5xxxxx, 75xxxx
 - Spending rule distribution
 - Transfer for management fee
 - Endowment transfers from the fund

Fund: 0705223800	
GL Account	Name
110000	Claim On Cash
129100	Investment - Pooled Endowment Fund
	FUND ASSETS
Fund: 0705223800	TOTAL FUND BALANCE
430050	Investment Gain or Loss
431100	Endowment Actual Income
431101	Endowment Income Distribution
433020	Unrealized Gain and Loss - Endowment Pool
740301	Endowment Gift Non-RCIF Transfer
	FUND ADDITIONS
545022	Spending Rule Distribution
750240	Transfer for Management Fee
750580	Non Mandatory Transfer to Restricted
	FUND DEDUCTIONS



ZGL_TRBR1_CUM

TOTAL FUND CONTRIBUTED VALUE	148,837.74-
TOTAL FUND SPENDING DISTRIBUTION REINVESTED	25,724.47-
SPENDING DISTRIBUTION REINVESTED AVAILABLE TO SPEND	8,799.66-
SPENDING DISTRIBUTION RESTRICTED USE	0.00
SPENDING DISTRIBUTION PERMANENTLY RESTRICTED	16,924.81-
TOTAL FUND PRINCIPAL	174,562.21-
TOTAL FUND MARKET VALUE	212,000.14-
TOTAL FUND LIABILITIES	0.00

Endowment fund 07xxxxxxxx

❖ Summary Section of ZGL_TRBR1_CUM

- Total fund contributed value (CV) – total gifts received for the endowment.
- Total fund spending distribution reinvested – amount of the spending distribution that has been allocated to the endowment fund so the funds can be invested to potentially provide additional income and gains.
- Spending distribution reinvested available to spend – the amount of spending distribution that was reinvested in the endowment that can be transferred to the spending distribution cost center to cover expenses.
- Spending distribution restricted use – the amount of spending distribution that has been restricted in its use by a board or donor. It may be available for transfer to the spending distribution cost center at a later date with the prior approval of the board or donor.
- Spending distribution permanently restricted – the amount of spending distribution that has been permanently reinvested in the endowment fund through an endowment agreement's terms or a donor's direction. These funds can *never* be transferred to the spending distribution cost center to cover expenses.
- Total fund principal – contributed value plus spending distribution reinvested in the endowment fund.
- Total market value (MV) – the current value of the endowment fund. The market value is updated each month as the gains/losses, income, management fees, and spending distributions are posted to the fund during endowment processing.
- Total fund liabilities – total liabilities (if any) in the endowment fund. Most endowment funds do not have any liabilities.



ZGL_TRBR1_FUND

Transaction ZGL_TRBR1_FUND will show the user the year-to-date endowment fund information regarding assets, liabilities, fund balances, revenues, and expenses. There is no information at the bottom of this transaction for data related to an endowment's contributed value or market value as these amounts are cumulative.

University of Kentucky General Ledger Trial Balance by Fund Fiscal Year 2018 Period 1 Thru 08						
Fund	GL Account	Name	Beginning Balance	Total Debits	Total Credits	Ending Balance
	Fund: 0705223800					
0705223800	110000	Claim On Cash	698.84-	534.59	990.46-	1,154.71-
0705223800	129100	Investment - Pooled Endowment Fund	31,665.08	466.67	10.90-	32,120.85
		TOTAL ASSETS	30,966.24	1,001.26	1,001.36-	30,966.14
0705223800	310000	Fund Balance	29,426.29-	0.00	0.00	29,426.29-
		TOTAL FUND BALANCE	29,426.29-	0.00	0.00	29,426.29-
0705223800	430050	Investment Gain or Loss	1,543.91-	10.90	0.00	1,533.01-
0705223800	431100	Endowment Actual Income	264.23-	0.00	57.02-	321.25-
0705223800	431101	Endowment Income Distribution	519.83	0.00	86.80-	606.63-
0705223800	433020	Unrealized Gain and Loss - Endowment Pool	192.85	0.00	466.67-	273.82-
		TOTAL REVENUES	2,135.12-	10.90	610.49-	2,734.71-
0705223800	545022	Spending Rate Distribution	519.83	86.80	0.00	606.63
		TOTAL EXPENSES	519.83	86.80	0.00	606.63
0705223800	750240	Transfer for Management Fee	75.34	12.89	0.00	88.23
0705223800	750580	Non Mandatory Transfer to Restricted	0.00	500.00	0.00	500.00
		TOTAL EXPENSES	75.34	512.89	0.00	588.23
0705223800			0.00	1,611.85	1,611.85-	0.00
		GRAND TOTAL:	0.00	1,611.85	1,611.85-	0.00



FM5S

Transaction FM5S shows the main data elements for an endowment fund. The primary screen gives the name and validity dates for the endowment.

FM Area	UK00	University of Kentucky	
Fund	0705223800		
Names			
Name			
Description			
Basic data			
Valid from	02/14/2011	Valid To	12/31/9999
Fund Type	INTERN	Internal Fund	
Authorization group			
Additional data			
Bdgt profile fund			
Customer for fund			
Funds application	103	NCB Restricted	
<input checked="" type="checkbox"/> Balance update			
Additional UK Fund Fields		Add UK Endowment fields	



FM5S

Tab: Additional UK Fund Fields

Business area, department, contact person, responsible person, and functional area are located on this tab.

Tab: Add UK Endowment Fields

Estimated annual spending distribution, first deposit date, distribution cost centers, and distribution percentages are located on this tab.



FM5S

On the Add UK Endowment Fields tab:

- Estimated annual spending distribution, number of shares, and share value will change every month based on endowment processing.
- Spending rule rate is calculated per the Spending Distribution Policy on a fiscal year basis and will not change during that year.
- The table at the bottom of the screen lists the fund and all associated spending distribution cost centers. The allocation of the spending distribution during endowment processing is based on the distribution percentages entered in this table.
- If the fund is a term endowment (072xxxxxx), the Endowment Term field will be populated with the date that the term is expected to end according to the endowment agreement.
- First Deposit field contains the date from which the one year waiting period to distribute spending distribution for new endowments is calculated.

FM Area: UK00
Fund: 070523800
University of Kentucky

Additional UK Fields for Endowment

Endowment type	4	Non-Strd Spending Distribution	S
Est. annual spending dist.	1,031.77	State Funded Proportion	0.00
Number of shares	3,622.64	Adjusted Contributed Value	0.00
Service fee	0.5000	Next Yr Est Spend	0.00
Share value	8.6894	Endowment Category	R
Spending rule rate	0.2884	Fund Currency	USD
RCTF	N	First Deposit	07/26/2011
Endowment Term			
Governing Document	E		
Exempt from service fees	<input type="checkbox"/>		
Spending Agreement	<input type="checkbox"/>		

Cost Center and Fund cannot both be entered on the same line

Cost Center	Fund	Distribution percent
1215500570	070523800	100.00

The total Distribution percent must be equal to 100 percent



FM5M

The FM5M transaction displays the majority of the endowment fund's data elements in one report. This transaction is especially helpful for users to review multiple fund and data elements such as responsible person, current estimated annual spending, first deposit dates, or functional areas.

Index of Funds		03/12/2018 13:46:34				
FM Area	Fund	Description	Department	First Deposit	by	Contact Person
UK00	<u>0705000200</u>		99000	06/30/2005	PHUYN2	
UK00	<u>0705000300</u>		99000	06/30/2005	PHUYN2	
UK00	<u>0705000400</u>		8Z240	06/30/2005	PHUYN2	
UK00	<u>0705000500</u>		14300	06/30/2005	PHUYN2	
UK00	<u>0705000600</u>		8Z240	06/30/2005	PHUYN2	
UK00	<u>0705000800</u>		99000	06/30/2005	PHUYN2	
UK00	<u>0705001000</u>		8Z240	06/30/2005	PHUYN2	
UK00	<u>0705001100</u>		8Z240	06/30/2005	PHUYN2	
UK00	<u>0705001200</u>		10000	06/30/2005	PHUYN2	
UK00	<u>0705001400</u>		8M100	06/30/2005	PHUYN2	



FMSC

FMSC transaction displays the data elements of an endowment spending distribution cost center or a general gift cost center. The basic data screen shows the cost center's name, validity dates and responsible person. The Additional UK Funds Center Attributes tab shows functional area, department number and CIP information. Also, for spending distribution cost centers, the Funding Category Code (FCC) should be "E" and the Budget Family should be "10" because the cost center is Endowment Supported. For nonendowed gift cost centers, typically the FCC would be "I" and the Budget Family would be "3".

The screenshot shows the 'Basic data' tab of the FMSC system. The header includes 'FM Area' (UK00), 'University of Kentucky', 'Funds center' (1215507760), and 'Analysis Time Frame from' (01/01/1900) to 'Analysis Time Frame to' (12/31/9999). The 'Basic data' section contains fields for 'Valid From' (01/01/1900), 'Valid Until' (12/31/9999), 'Authorization group', 'Company Code' (UK00), and 'Person responsible' (JCP1ST13). A red box highlights the 'Person responsible' field. The 'Additional UK Funds Center Attributes' tab is visible at the bottom.

The screenshot shows the 'Additional UK Funds Center Attributes' screen. It contains several fields with values: 'Funding Category Code' (E), 'Research Priority Area' (N), 'Budget Family' (10), 'F & A Cost Category' (V02), 'Department' (7K029), 'Functional Area' (0811), 'Class. of Instr. Pro' (51.2099), 'Cancer Research Match' (N), 'Sponsored Flag' (S), 'NSF Category' (9F3), and 'A-133 Cluster' (0). There are also checkboxes for 'UBIT', 'Discretionary', 'Valid for Payroll', and 'Capital Account Asset Flag', all of which are unchecked. A checked checkbox for 'On/Off Campus' is present. The 'Revenue line' and 'Expense line' fields are empty.



KSB1

The KSB1 transaction displays actual cost center line item entries for a specific period of time.

Layout		/JESSICA		Monthly report				
Cost Center		1215373720		US Dollar				
Report currency		USD		USD				
Cost Elem.	Posting Date	Cost element name	Name	Val in rep. cur.	RefDocNo	DocumentNo	Doc. Date	Document Header Text
431001	08/30/2017	Endow Inc - Pool ...		182.59-	106507892	3024072079	09/06/2017	SpendingRule distribution
	09/30/2017	Endow Inc - Pool ...		182.59-	106557005	3024255973	10/04/2017	SpendingRule distribution
	10/31/2017	Endow Inc - Pool ...		182.28-	106597869	3024426321	10/31/2017	SpendingRule distribution
	11/30/2017	Endow Inc - Pool ...		181.75-	106641148	3024632783	12/05/2017	SpendingRule distribution
	12/31/2017	Endow Inc - Pool ...		181.41-	106732829	3024795831	01/04/2018	SpendingRule distribution
	01/29/2018	Endow Inc - Pool ...		181.07-	106757601	3024940137	01/29/2018	SpendingRule distribution
	02/28/2018	Endow Inc - Pool ...		180.55-	106827686	3025167507	03/05/2018	SpendingRule distribution
431001		Endow Inc - Po...		1,272.24-				
480010	07/01/2017	Prior Year Fund Bal	Fund Bal Carry Fwd	11,289.33-	106465934	3023806260	07/01/2017	Fund Bal Carry Forward
480010		Prior Year Fund ...		11,289.33-				
537050	01/02/2018	Scholarsp-Undergr...		3,450.00	P3-180102-	3024777512	01/02/2018	
537050		Scholarsp-Under...		3,450.00				
				** 9,111.57-				



FMRP_RFFMEP1AX

FMRP_RFFMEP1AX will show all postings for a fund or cost center for a specific period of time. Actual items, encumbrances, and parked journal vouchers can be seen on this transaction.

Document Journal										
WBS ele...	Cost Center	G/L Acc	Commitment item text	Text	£	Pymt Bdg't	Val,type text	FM pstg d.	RefDocto	Year
	1001.0000000	425320	Endow Gfr-NRCTF-Nex	0000864426AP7PH1/2672276\	1,000.00	1,000.00	Parked Documents	07/10/2017	1200396622	2018
	1001.0000000		Endow Gfr-NRCTF-Nex	0000864426AP7PH1/2672276\	1,000.00	1,000.00	Parked Documents	07/10/2017	1200396622	2018
	1001.0000000	425320	Endow Gfr-NRCTF-Nex	0000864426AP7PH1/2672276\	1,000.00	1,000.00	Invoices	07/10/2017	1200396622	2018
	1001.0000000	430050	Realized G/L pool		55.27	55.27	Invoices	07/06/2017	106397680	2018
	1001.0000000		Realized G/L pool		55.27	55.27	Invoices	07/06/2017	106411374	2018
	1001.0000000		Realized G/L pool		80.29	80.29	Invoices	08/31/2017	106535932	2018
	1001.0000000		Realized G/L pool		104.56	104.56	Invoices	09/30/2017	106577832	2018
	1001.0000000		Realized G/L pool		71.25	71.25	Invoices	10/31/2017	106602133	2018
	1001.0000000		Realized G/L pool		883.07	883.07	Invoices	11/30/2017	106663425	2018
	1001.0000000		Realized G/L pool		260.21	260.21	Invoices	12/31/2017	106738571	2018
	1001.0000000		Realized G/L pool		1,400.26	1,400.26	Invoices	01/30/2018	106764438	2018
	1001.0000000		Realized G/L pool		19.67	19.67	Invoices	02/28/2018	106836592	2018
	430050				2,779.97	2,779.97				
	1001.0000000	431100	Endow Actual Income		84.49	84.49	Profit transfer postings	08/30/2017	106505008	2018
	1001.0000000		Endow Actual Income		20.86	20.86	Profit transfer postings	09/30/2017	106554119	2018
	1001.0000000		Endow Actual Income		79.15	79.15	Profit transfer postings	10/31/2017	106595007	2018
	1001.0000000		Endow Actual Income		76.98	76.98	Profit transfer postings	11/30/2017	106638042	2018
	1001.0000000		Endow Actual Income		21.15	21.15	Profit transfer postings	12/31/2017	106729899	2018
	1001.0000000		Endow Actual Income		196.68	196.68	Profit transfer postings	01/23/2018	106750096	2018
	1001.0000000		Endow Actual Income		196.68	196.68	Profit transfer postings	01/29/2018	106754692	2018
	1001.0000000		Endow Actual Income		196.68	196.68	Profit transfer postings	01/30/2018	106761613	2018
	1001.0000000	431100	Endow Actual Income		103.14	103.14	Profit transfer postings	02/28/2018	106824762	2018
					582.45	582.45				



Review for Understanding

Question 5*

Which SAP transaction will show the user the market value of the endowment fund?

- A. FM5S
- B. FMRP_RFFMEP1AX
- C. ZGL_TRBR1_FUND
- D. ZGL_TRBR1_CUM

*Answer at end of manual [Review for Understanding Answers](#)



[Return to Contents](#)

Endowment and Gift Account Tracking System (EGATS)

The Endowment and Gift Account Tracking System has been established to assist campus in managing their endowment and gift data to ensure appropriate utilization and tracking of the contributed funds according to the donor's specified purpose.

A screenshot of the web application interface. At the top, a dark blue header contains the UK logo, the text 'Endowment and Gift Tracking System | Production SS2019', and a 'View All Endowments' button with a magnifying glass icon. Below the header, the word 'Endowments' is displayed. A search bar contains the placeholder text 'Search by entering title, fund number, or cost center.' and a dropdown menu with the text 'Title, fund number, or cost center' and a downward arrow.



Endowment and Gift Account Tracking System (EGATS)

Information in EGATS on the Endowment Detail screen includes:

- Governing documents such as agreements, amendments, and FCRs
- History of master data elements
- Notes on the endowment fund for topics such as utilizations and faculty appointments
- Purposes – verbatim from the agreement, purpose summary, and in some cases a purpose explanation
- Endowment fund contributed value, market value, and spending distribution reinvested available to spend
- Supported purposes including budget versus actual and appointment and recruitment information for professorships and chairs

Endowment and Gift Tracking System | Production S2019

Find an endowment: title, fund number, or cost center

Links

Endowment Detail 0705004200 - Class of 1969 Anniversary Gift Scholarship Fund

Type: FELL RCTF: No Match: N/A Validation Status: Okay

	Total	Chair	Prof	Lect	Fell	Schol	Enric	Other	Acct Only
Active Supported Purpose	1	0	0	0	1	0	0	0	0

Held By:

GovDoc ID: 87

Ref Title: Governing Document for Class of 1969 Anniversary Gift Scholarship Fund

Validity Dates: 3/31/1980 - 12/31/9999 ACTIVE

Fund Dept: 7H002 Office of Medical Education

Access Dept: 7H002 Office of Medical Education

EG_ID: 113

Import Review: HIST

Notes: NO NOTES FOUND

Add Notes

Supported Purpose Documents Donor Purpose Validation Messages FI Data - Fund Title and Type History



Endowment and Gift Account Tracking System (EGATS)

- Information on the All Endowments screen includes reports of endowment funds including information such as underwater status, supported purposes, effective dates, and endowment terms.
- Filters allow the user to drill down by specific criteria such as RCTF funding, underwater status, endowment type, or department number.

Endowments (66)

Free Text Search

Find an endowment: title, fund number, or cost center

Links

Hide Filter | Clear Filter | Export to Excel | Reload Endowment List

Organizational Area

Select Area

College/Division

Select Group

Department

7H002 Office of Medical Education

Is RCTF Funded? No

Import Review Status

Import Review Status

Filter by Status

Active

Endowment Category

Endowment Category

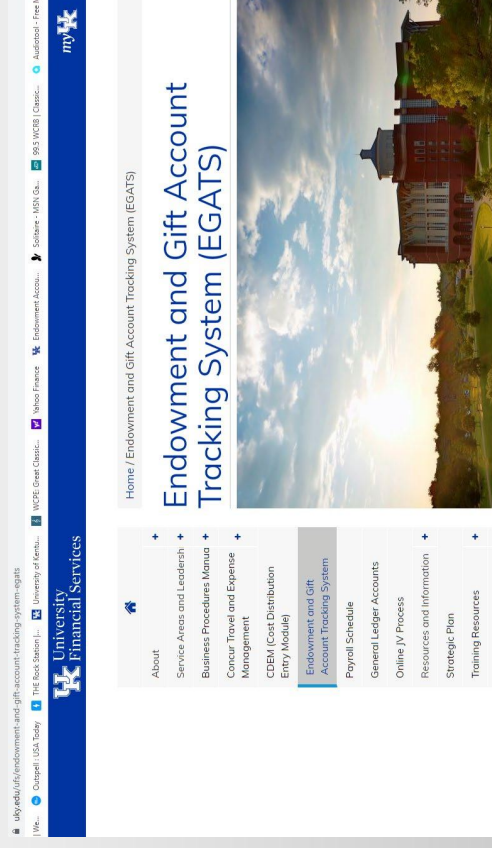
ID	Fund Dept. Code	Fund	Fund Short Name	Validation Flag	Underwater Status Current	Underwater Status Annual	Endowment Title	Endowment Type	Business Area	Endowment Term	Term to True Amount	Is RCTF Funded?
66 Results												

Items per Page: 10



Endowment and Gift Account Tracking System (EGATS)

- The EGATS website is located at the path below:
<https://www.uky.edu/ufr/endowment-and-gift-account-tracking-system-egats>
- The following content is available on the website:
 - EGATS Role Request Form and instructions
 - Frequently Asked Questions
 - Training video designed to assist users in navigating through the system
 - Quick Reference Guides for system training
 - Endowment reference materials





Reporting

Endowment and Gift Accounting provides endowment information and analysis for campus, donors, and external agencies as needed. Examples include but are not limited to:

- **Campus**
 - Annual Estimated Spending Distributions – distributed to campus for budget and planning purposes
 - Quarterly board reports for the Investment Committee
 - Ad hoc endowment reports for departments
- **Donors**
 - Special endowment reporting requested by the donor
 - Stewardship endowment fund information
- **External agencies**
 - NACUBO-Commonfund Study of Endowments
 - External auditor selections for consolidated financial statements



Reporting

Tableau reports have been developed that can be run by campus units to gather information related to their endowments and associated spending distribution cost centers.

Explore / Financial Reporting / FI Financial Accounting / Endowment Reporting / Endowment Fund Base Reporting

 Endowment Fund Base Reporting ☆ ⓘ ...

Owner **Amar, Matou** Modified Jan 31, 2023, 3:18 PM

01/28/2022 – Updated Source 10-21-2022: Data source updated and new fields added on the Endowment fund base

[Edit Workbook](#)

Views 7 Data Sources 1 Connected Metrics 0 Custom Views 5 Subscriptions 0

Select All

	Type	Name
<input type="checkbox"/>	☆ 	Variable Screen
<input type="checkbox"/>	☆ 	Endowment Fund Base Report
<input type="checkbox"/>	☆ 	Endowment Fund Base Detail
<input type="checkbox"/>	☆ 	Endowment Fund Snapshot
<input type="checkbox"/>	☆ 	Endowment Cost Center
<input type="checkbox"/>	☆ 	Endowment Estimated Spending Distribution
<input type="checkbox"/>	☆ 	About this Workbook



Endowment Cost Center

The Endowment Cost Center report shows the endowment fund and its related spending distribution cost center(s). Cost center information includes revenue and expense budget and actual totals. Endowment fund information includes contributed value, market value and underwater percentages.



Endowment Fund Snapshot

The Endowment Fund Snapshot report includes information such as:

- Spending distribution to the cost center
- Spending distribution reinvested available to spend
- Annual spending distribution
- Market value of the endowment fund
- Contributed value of the endowment fund
- Amount and percentage the fund is underwater



Endowment Fund Base Report

The Endowment Fund Base Report is a comprehensive report that shows the data elements associated with the endowment fund and spending distribution cost center(s) that can be found in the other endowment reports. Additionally, comparisons of market value and contributed value are shown for the last three fiscal years.



Endowment Estimated Spending Distribution

The Endowment Estimated Spending Distribution report shows basic information similar to the other reports. However, this report was developed to show the current fiscal year estimated annual spending distribution for an endowment fund.



Review for Understanding

Question 6*

Which Tableau report will show the user a comprehensive list of endowment data elements including a three-year comparison of market values and contributed values?

- A. Endowment Cost Center
- B. Endowment Fund Snapshot
- C. Endowment Market Value Trends
- D. Endowment Fund Base Report

*Answer at end of manual [Review for Understanding Answers](#)



Journal Vouchers (JV)

- Journal vouchers are utilized by the Area Contact for the following purposes related to endowments:
 - Corrections to gift postings
 - Movements of spending distribution reinvested available to spend from the endowment fund to its associated cost center(s). This transfer can be done anytime during the fiscal year to cover expenses in the cost center.
 - Movements of funds from the spending distribution cost center to the endowment fund. Note: This transfer will cause the funds to become a permanent part of the endowment fund, and the funds cannot be moved back to the cost center in the future to be spent. In general, this action should be rare, well documented, authorized by the Dean or Director, and discussed with the donor if possible.
- Refer to the “Common JV Transactions” document link on the Endowment and Gift Accounting website for information regarding the general ledger accounts and entry data to be utilized on the JV transactions.
- After the journal voucher is saved as complete and workflow started in SAP by campus, the JV will be routed to AFRS for processing through JV workflow with any necessary documentation to support the transaction.



Amendments

Sometimes a donor would like to make a change in a gift or endowment agreement. For changes such as the following, an amendment to the original agreement will be negotiated through UK Philanthropy and a copy will be sent to the appropriate Area Contacts:

- Additional gifts may be given by the donor to bring an endowment to a different level for a new purpose such as a professorship becoming a chair level endowment
- Revised purpose or instructions for administering the gift
- Name change for the gift or endowment fund
- Movement of the gift or endowment from one college to another



Changes to Endowment Funds

- Amendments, personnel changes, amended spending or investment goals, and other administrative changes should prompt the Area Contact to review the associated endowment funds and submit an Endowment Fund Create and Change Form if necessary to update the fund record in SAP. The form and instructions are located on the Endowment and Gift Accounting website.
- Sometimes changes to an endowment fund will result in the need for a new endowment fund and spending distribution cost center:
 - Changes that do not require a new endowment fund or spending distribution cost center but require modifications to the original fund and cost center:
 - Change in fund name with no change in functional area
 - New responsible person
 - Change in departments within the same business area
 - Revised spending distribution percentages
 - Changes that require a new endowment fund and spending distribution cost center:
 - Change in functional area (may be driven by a change in the endowment level)
 - Change in business area



Changes to Endowment Funds

If the functional area or business area needs to be changed, a new endowment fund and spending distribution cost center should be created.

- Submit new endowment fund and new cost center request forms
- Submit change forms to block the original endowment and original cost center
- Once the new endowment fund is ready:
 - Endowment and Gift Accounting will complete the transfers to move the accounting data from the old endowment fund to the new endowment fund
 - The Area Contact is responsible for:
 - Moving the expenses and revenues from the old cost center to the new spending distribution cost center
 - Moving any budget from the old cost center to the new spending distribution cost center



Review for Understanding

Question 7*

What change would result in the establishment of a new endowment fund to replace the original endowment fund?

- A. New responsible person from John Smith to Ann Martin
- B. Movement of an endowment from department 81060 Plant and Soil Sciences to 81040 Agriculture Economics
- C. Name change from “Sam Jones Endowed Scholarship Fund” to “Sam Jones Endowed Professorship Fund”
- D. Change in spending percentages from 100% on the endowment fund to 50% on the endowment fund and 50% on the spending distribution cost center

*Answer at end of manual [Review for Understanding Answers](#)



Term Endowments

When a term endowment has reached the end of its term (FM5S Term Endowment field), the agreement and fund values should be reviewed to determine if the fund can be converted to a true endowment.

- Funds that have not reached the term threshold level per the agreement:
 - Most funds have term language that state that the fund will be liquidated and spent as though non-endowed
 - Some funds may stay at a lower endowment level if the agreement has stipulated this treatment
 - If the donor has asked in writing (preferably per an amendment to the agreement) to hold the endowment open for an additional period of time, the Term Endowment field on FM5S will be updated accordingly and the endowment will be reviewed again at a later date.
- Funds that have reached the term level per the agreement will be converted to true endowments.



Term Endowments

If a term endowment has not reached its threshold amount prior to the term date, always follow what is stated in the agreement.

- Normally, the endowment fund's spending distribution cost center will be used to expend the remaining funds from the endowment. If that is the case:
 - The Area Contact should submit a form to block the term endowment
 - Endowment and Gift Accounting will transfer the accounting data from the term endowment to the cost center
- If a new cost center must be set up to transfer the funds to an unrelated non-endowed cost center, the Area Contact should:
 - Submit a new cost center request form
 - Submit a form to block the term endowment
 - Once the cost center has been created, Endowment and Gift Accounting will transfer the accounting data from the term endowment to the cost center



Term Endowments

- If a term endowment has reached its threshold amount and is ready to convert to a true endowment, the Area Contact should:
 - Submit a new endowment form to create a new true endowment
 - Attach a copy of the agreement and ZGL_TRBR1_CUM showing the contributed value as documentation
 - In the description field, state that the term endowment has met its fund requirement and is being converted to a true endowment
 - Submit a block endowment form to block the current term endowment
 - Once the true endowment has been created, Endowment and Gift Accounting will transfer the accounting data from the term fund to the true fund.
 - Note: a new spending distribution cost center is not necessary. The cost center associated with the term endowment will now be used with the true endowment.



Review for Understanding

Question 8*

Which area on campus is responsible for transferring the funds from a term endowment fund to a non-endowed cost center if the term threshold amount has not been met prior to the term date?

- A. UK Philanthropy
- B. Endowment and Gift Accounting
- C. Campus colleges, departments, programs, and affiliates
- D. UK Investment Committee

*Answer at end of manual [Review for Understanding Answers](#)



Training and Questions

Endowment and Gift Accounting conducts annual spending distribution meetings with representatives from each main area on campus in the spring of every calendar year. These meetings are helpful discussions of the related endowments, areas of focus for accumulated spending distribution, current endowment news, and related policy and processing resources.

For campus areas that need additional assistance throughout the year with any endowment questions or training requests, contact Endowment and Gift Accounting at endowment@uky.edu.



Review for Understanding Answers

1. Answer C. The Area Contacts for campus colleges, departments, programs, and affiliates are responsible for reconciling gifts to be sure the contributions are posted to the appropriate gift cost center or endowment fund. [Return to Question 1](#)
2. Answer B. The amount of the gift is found on all agreements. The other answers include language found only on endowment agreements. [Return to Question 2](#)
3. Answer E. All of the sections listed can be found in the Endowment Investment Policy. [Return to Question 3](#)
4. Answer False. The endowment fund is not charged any expenses that relate to the purpose of the endowment such as scholarship expenses. The spending distribution cost center would receive the scholarship charges. [Return to Question 4](#)
5. Answer D. The ZGL_TRBR1_CUM transaction shows the market value of the endowment fund. [Return to Question 5](#)
6. Answer D. The Endowment Fund Base Report will show the user a comprehensive list of data elements related to the endowment fund as well as comparative values for the contributed and market values. [Return to Question 6](#)
7. Answer C. A change in the functional area from a scholarship to a professorship due to the name change would result in the need for a new endowment fund. [Return to Question 7](#)
8. Answer B. Endowment and Gift Accounting will transfer the funds from a term endowment to a non-endowed cost center if the term endowment's threshold amount has not been met prior to the term date for the agreement. [Return to Question 8](#)