

◦ Issue 7 | ◦ June 2018

FYI from FAI

Foundations Accounting and Investments

The FAI website is located at <http://foundationsaccounting.ofa.ncsu.edu/>

Introducing the Newest FAI Team Members



Please join us in welcoming Emily Capps and Chris McKenzie to the FAI Staff.

Emily Capps is your FAI contact for any questions related to the various associated entity board or committee meetings, including corporate governance related issues such as bylaws, operating agreements, board resolutions, etc.

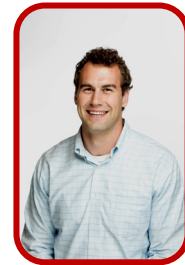
Emily is a CPA who most recently worked as a Senior Tax Associate for Dixon Hughes Goodman, LLP. She is a Park Scholar and a proud graduate of NC State!

Emily can be reached at ejcapps@ncsu.edu and her direct line is (919) 513-1019.

Chris McKenzie has taken the position as our Investment Accountant and will be your new FAI contact for any questions related to our foundation investment pools.

Chris is a CPA who most recently worked as an auditor with the North Carolina Department of Health and Human Services and is a proud graduate of NC State!

Chris can be reached at cdmckenz@ncsu.edu and his direct line is (919) 513-1655.



Endowment Spending

The new Endowment Spending and Distribution Policy is now in effect. What does this mean? For programmatic spending this means the elimination of the CPI+1% cap on spending increases which, due to low inflation rates in recent years, has suppressed year to year increases in the endowment spending budgets. The Policy is located on the FAI Website, under the Endowments menu.

<https://foundationsaccounting.ofa.ncsu.edu/development-officers-toolbox/development-officers-toolbox-endowments/>

Definition of Gifts, Grants, and Contracts

A 3D memo was updated and distributed on October 25, 2017 regarding Definition of Gifts, Grants and Contracts. The memo provides guidance for the proper recording of these funds for NC State University and associated entities. Please take the time to read and understand this important memo and how it may affect your foundation transactions.

<https://3dmemos.ncsu.edu/memo/definition-of-gifts-grants-and-contracts-2/>

REMINDERS:

- * The **Annual Request for Audit and Tax Return Information** memos have been distributed to the Foundation Business Officers for fiscal year 2018. Please make every attempt to have this information provided to us no later than the July 13, 2018 deadline to ensure timely completion of your audited financial statements.
- * **Chartfield Modifications:** All changes to a project should be submitted on the Chartfield Modification Form to FAI. These can be sent by email or attached in the Chartfield System. Requests cannot be processed without the form and those submitted through Chartfield Request without it will be denied. The form is needed because changes to certain attributes trigger the need for additional review and other potential coding changes within both the Advance and Financials systems.
- * **Journal Entries:** Friday, June 29, 2018 is the last business day for the fiscal year. Journal entries must be fully approved (at all approval levels including central offices) and ready to post by 5:00 p.m. on this day. Journals that are not approved at all approval levels by the deadline will not post in this fiscal year. In order to insure that your journals post as expected, please make sure to check all your journals for appropriate approvals. (If possible it is best to enter your foundation journals by June 28th.)

Are you thinking about hosting a foundation event?

Guidelines for Foundation Events

The primary purpose of a Foundation event should be to fundraise. However, some Foundation events will generate “other income” as well. The “other income” component represents an exchange transaction (services or products received). It does not represent a charitable contribution and is not deductible by the payer for tax purposes. Some examples of foundation activities that produce other income are tailgates, galas, and alumni picnics. Marketing materials need to be sent to FAI for review (at least one week) prior to distribution. The materials should “prominently” recognize the Foundation as the hosting entity.

Foundation events are not covered by the University’s liability insurance. Some foundations have their own blanket liability insurance that could cover events, but for those that do not, it is strongly recommended that the foundation obtain “event” insurance to cover potential liability issues or approval by the Foundation Board accepting liability if no insurance is obtained.

Since the Foundations are legally separate entities, **it is very important that University departmental events, for which the primary purpose of the income is to cover the cost of the event (career fairs, social events, educational forums, etc.), are NOT deposited in the Foundation.**

For answers to Frequently Asked Questions relating to Other Income go to:
<https://foundationsaccounting.ofa.ncsu.edu/routine-services/>

Contact Us:
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DID YOU KNOW...

- * FAI training materials are available on our website. Need a refresher on Endowment Spending Budgets? Been months since you entered a Chartfield Request? Confused on the difference between a ledger 6 and a ledger 7 project? All of our recent training presentations are available online.

<https://foundationsaccounting.ofa.ncsu.edu/development-officers-toolbox/training/>

Spending Guidance on Distinguished Professorships (DP):

Good News from the UNC System!

The income (earnings) received from a DP may now be used in support of the professorship prior to receiving the state match in certain circumstances. Those endowments that meet or are eligible to meet all of the conditions noted in a memo from the Office of Legal Affairs for the UNC System, and with available spendable income (earnings), will have received notification from FAI about the amount available for spending. Spending exceptions will be entertained, and will follow the normal process in place for other endowment spending exception requests, with final approval by The Endowment Fund and the Dean for each Unit or College. This shift in spending procedures will allow donors to realize the intent of their gifts in a timely fashion.

Here is the link with the notifications from the UNC System:

<https://foundationsaccounting.ofa.ncsu.edu/distinguished-professorship-guidance/>

