

# Quick Start Program

Foundations Accounting &  
Investments (FAI)

# WHO ARE WE?

## Foundations Accounting and Investments (FAI) Finance Division

We serves 18 separate legal entities including:

- The NC State Investment Fund, Inc. (NCSIF)
- Seven University-affiliated foundations (and a related subsidiary LLC, the NC State Executive Education, LLC)
- The Alumni Association
- The NC State Partnership Corporation along with its seven subsidiary LLC's
- The University Endowment Fund

We also serve Advancement Services and all college and departmental offices who receive support from these entities or funds

**WEBSITE:** <https://foundationsaccounting.ofa.ncsu.edu/>

# FAI SERVICES

- Set up new funds
- Deposit and handle accounting for gifts and other income receipts
- Manage cash and investments
- Assist Foundation Business Office customers
- Other routine accounting services (e.g., bank reconciliations, manual checks)

# WHAT IS A FOUNDATION?

- Separately incorporated, legal entities and IRS classification 501(c)3, set up to support/benefit the University, each with own governing boards
- Fundraising support to NC State University primarily through private and corporate gifts
- Scholarships, fellowships, professorships, and other activities (e.g., research) for which state funding is inadequate or unavailable
  - **\$68 million** of support to the University in FY17

# TYPES OF FOUNDATION FUNDS

- Restricted Funds
  - Regular
  - Endowment income
  - Building to endowment (BTE)
- Endowments

# RESTRICTED FUNDS

- Restriction is based on donor-specified purpose for which it can be spent
- No restriction on when it is spent (unless specified by the donor); can all be spent at once, or over period of years
- Balances automatically carryover from year-to-year

# ENDOWMENTS

- A gift that is intended to last in perpetuity. Unless allowed by the donor, the corpus (historical gift amount) can ***never*** be spent
- Value grows over time through investment returns
- A portion of earnings is allocated for spending to support the endowment purpose as specified by the donor (e.g., scholarship, fellowship, professorship)
- Endowments provide a steady income stream for support of NC State University.
- Most colleges/units have endowments in a Foundation as well as the University Endowment Fund

# TYPES OF FUNDS RECEIVED BY THE FOUNDATION

- **Gifts**
- **Other Income**



# WHAT IS A GIFT?

- A gift is a voluntary and non-reciprocal donation provided by a non-governmental donor for which no goods or services are expected or provided.
- A gift is a charitable contribution and has IRS implications (must provide gift receipt).
- Gifts are captured in the donor database system – referred to as ADVANCE.
- Gifts may be restricted to a specific purpose or may be unrestricted in nature.

# WHAT IS OTHER INCOME?

- The foundations sometimes receive non-gift income that is referred to as "Other Income". Other income is not deductible by the payer for tax purposes because it represents payment for some service or product received.
- Other income includes money received from fundraising events (e.g., football game tailgate event) for which there is no charitable deduction.
- FAI deposits and records other income received by the foundations.
- Other income receipts should be sent directly to FAI for deposit, along with a completed "Other Income Transmittal" form found on our website.

# FAI Training Resources

FAI has a number of training materials available on our website. The training materials can be found at the following location:

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

For new business office staff, departmental bookkeepers, and others who end up working with 'Foundation' (Ledger 6) funds, we recommend looking at:

[Intro to FAI, Ledger 6 & Endowment Fund](#)

For new development/fundraising staff, we recommend looking at:

[New Development Officer Training – 2018](#)

# **Foundations Accounting & Investments (FAI)**

*QUESTIONS?*