

## NU Foundation Funds Online (NUFFO)

### Glossary

Term	Definition
<b>Appeals</b>	The foundation uses appeal codes to track the annual giving solicitation from which a gift originated.
<b>Book Value</b>	The original value of the gift(s) and additional gifts or deposits invested.
<b>Cash to be Invested</b>	In <b>expendable</b> funds, this will always be zero. In <b>endowed</b> funds, this is the cash invested at the beginning of the month following receipt.
<b>Category</b>	General category for how the fund may be spent.
<b>Expense Activity</b>	Expenses charged to the fund during a specific time. Expenses are defined as any expenditure made out of the fund. Any payment including requests made by either the Transfer Request or Payment request form, appear on this report. Occasionally a charge-back may appear on this report. This happens if we decide we didn't need to make a payment after all; if a payment was charged to the incorrect fund and the amount needs to be added back in; or if a check was lost and we had to cut a new one.
<b>Estimated Annual Income</b>	The amount of estimated income earned in a year.
<b>Foundation Contact</b>	A member of the Foundation's staff to contact with questions about this fund.
<b>Fund A</b>	The foundation's main endowment fund is split among dozens of professional managers and governed by the investment policy set by the foundation's Investment Committee. Fund A works like a mutual fund, with each endowed fund owning units of Fund A.
<b>Fund Agreement</b>	A fund agreement governs the use of gifts donated to the foundation which are deposited into a fund maintained by the foundation. It usually restricts the use of the gift to a particular department, program or specific purpose (e.g. scholarships, research, etc.). A fund agreement is generally a bilateral contract between the foundation and the donor but may also be a will, trust, letter or other written instrument documenting the donor's intent for the use of the gift.
<b>Fund Established</b>	The date the fund was established.
<b>Fund Purpose No Longer Exists</b>	Some fund agreements provide an alternate use for a fund when the original purpose no longer exists; this provision is generally applicable only if the university eliminates the college, department or program named as the beneficiary of a fund. If the college, department or program is moved to or merged with another unit of the university, the fund will continue to maintain its original purpose within the new university unit. If a fund agreement also allows another purpose if the original purpose cannot be reasonably carried out, this is a factual



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	determination that will be made jointly by the foundation and the university depending on the existing circumstances. It should generally be initiated by written request to the foundation from the university. For example, if a professorship is meant to support a recipient engaged in a specific area of research within a department and then the university modifies its academic priorities so that it no longer has this research focus area, it may be appropriate to seek a modification of the purpose to a similar research area within the university's academic priorities. Unless the terms of the fund agreement provide otherwise, the process for determining another purpose will generally require the approval of the foundation's board of directors.
<b>Fund Summary Memorandum</b>	The <b>Fund Summary Memorandum</b> is a document that outlines how this fund should be spent.
<b>Hard Credit and Recognition (Soft) Credit</b>	Recognition credits are often used to give a donor credit for a gift he/she did not directly make. Recognition credits are most commonly used in spousal relationships. When a gift is received by the foundation, it is applied to one constituent record (hard credit) and the spouse receives credit for that gift as well on his/her constituent record (recognition credit). For example, the foundation may receive a \$100 gift from married constituents. One of the constituents will receive a \$100 hard credit and the spouse will receive a \$100 recognition credit. Other common areas that recognition credits may appear are matching gift contributions (the organization making the gift receives the hard credit and the employee who applied for the gift receives the recognition credit) and charitable foundations (the foundation receives the hard credit as the contributing constituent and any family or board members related to that charitable foundation may receive recognition credit).
<b>Spending Policy</b>	The endowment is prudently invested and broadly diversified. The foundation's spending policy stipulates that income distribution for Fund A will be 4.25 percent of a 20-quarter moving average.
<b>Market Value</b>	The current value of the fund's investment computed monthly based on valuation statements received from each of the foundation's investment managers.
<b>Note</b>	Use the notes section for logging or communicating information back to the foundation contact regarding this fund. Example note: <i>This fund is underutilized because we are waiting until the spendable amount goes above \$___ dollars to buy a piece of equipment.</i>
<b>Other Cash</b>	Generally, this is cash available to spend, and includes payments made for scholarships and fellowships subsequent to the March 1 <sup>st</sup> reporting.
<b>Outstanding Pledges</b>	The amount donor(s) committed to giving to a specific fund in a specified time frame.



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<b>Recognition Credit</b>	Recognition credit – sometimes known as <i>soft credit</i> – is the sharing of the gift value with someone other than the legal donor for recognition purposes. This recognition is to identify someone who was involved in the decision to give.
<b>Revenue Activity</b>	Income earned and new gifts received by a fund during a specific time. Revenue includes all money that goes into a fund to build up its balance but does not include funds transferred into the fund from another foundation fund. Revenue includes gifts to the fund, plus any earned income.
<b>Spendable Amount</b>	The spendable amount is generally the current balance available to be spent from a fund consistent with its fund agreement. However, this amount does not reflect any payments made for scholarships and/or fellowships. Please see “Other Cash”.
<b>Spending Authority</b>	A spending authority is the position, committee, or entity at the university that is responsible for administering and authorizing expenditures from a fund.
<b>Spendable Net Income</b>	<p><b><u>If a fund is endowed</u></b>, and the fund is invested using the foundation’s policies, with the spendable net income generated then available for the purpose (reason) of the fund. Spendable net income refers to the permitted annual spending amount for the endowed fund as determined by the foundation’s investment and spending policy. A copy of the foundation’s current investment and spending policy is available upon request.</p> <p><b><u>For professorships and chairs only:</u></b> If the fund agreement <b>requires</b> reinvestment of excess spendable net income (applicable to endowed funds only), the foundation will automatically reinvest all remaining spendable net income with the principal of the fund as of July 1 each year. If the university commits all or a portion of the spendable net income remaining in the fund but has not yet submitted a payment request, the university must notify the foundation in writing no later than June 1. The notice must specify the committed amount and provide an estimated timeline for expenditure of the committed amount so it’s not reinvested. If the fund agreement <b>permits</b> but does not require reinvestment of excess spendable net income, the dean of the college must notify the foundation in writing no later than June 1 each year, specifying the amount of excess spendable net income to be reinvested as of July 1. If the foundation receives no written notification of reinvestment, excess spendable net income shall remain available for expenditure.</p> <p><b><u>For scholarships and fellowships only:</u></b> If the fund agreement <b>requires</b> reinvestment of excess spendable net income (applicable to endowed and quasi-endowed funds only), the foundation shall automatically reinvest all remaining spendable net income with the principal of the fund as of February 28 each year. If the fund agreement <b>permits</b> but does not require reinvestment of excess spendable net income, the fund’s spending authority must notify the foundation</p>



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	<p>in writing specifying the amount of excess spendable net income for reinvestment. If the foundation receives no written notification of reinvestment, excess spendable net income shall remain available for expenditure.</p>
<b>Transfer Activity</b>	<p>Details of the transfers into or out of this fund. Transfers represent money being moved from one foundation-held fund into another foundation-held fund. Transfers happen only occasionally, such as: when a nominal fund (prior to being inactivated) is transferred to a larger fund to make the money more accessible for spending; when one foundation fund FUNDS another foundation fund (the donating fund would have this provision written into the fund agreement); or if money accidentally got put into one fund but was intended for another and had to be moved to correct an error.</p>
<b>Type</b>	<p>Funds are categorized by the investment code. The three most common are:</p> <p><b>Expendable Fund:</b> The balance of an expendable fund is not invested. Therefore, all gifts made to an expendable fund are immediately available for the purpose of the fund.</p> <p><b>Permanent Endowment:</b> The permanently endowed principal of a fund is invested and only the spendable net income generated by the invested portion is made available for the purpose of the fund.</p> <p><b>Quasi Endowment:</b> the principal of a quasi-endowed fund is invested like a permanently endowed fund with only the spendable net income generated by the investment made available for the fund’s purpose. However, the principal of a quasi-endowed fund may be un-invested and spent if permitted by the fund agreement, subject to the approval of the spending authority and/or the foundation based on the fund agreement language.</p>
<b>Underutilized Fund</b>	<p><i>A fund displayed in red italics</i> is considered underutilized. A fund is considered underutilized if it meets the following criteria:</p> <ul style="list-style-type: none"> <li>• An endowed fund in which the spendable balance is two times or greater than the estimated annual income.</li> <li>• An expendable fund in which the fund has had no expense or transfer activity in the past 24 months.</li> </ul> <p>If a fund is underutilized, please post a note on the <b>Notes</b> tab explaining why the fund is underutilized or to inquire how to resolve the non-utilization of the fund.</p>

