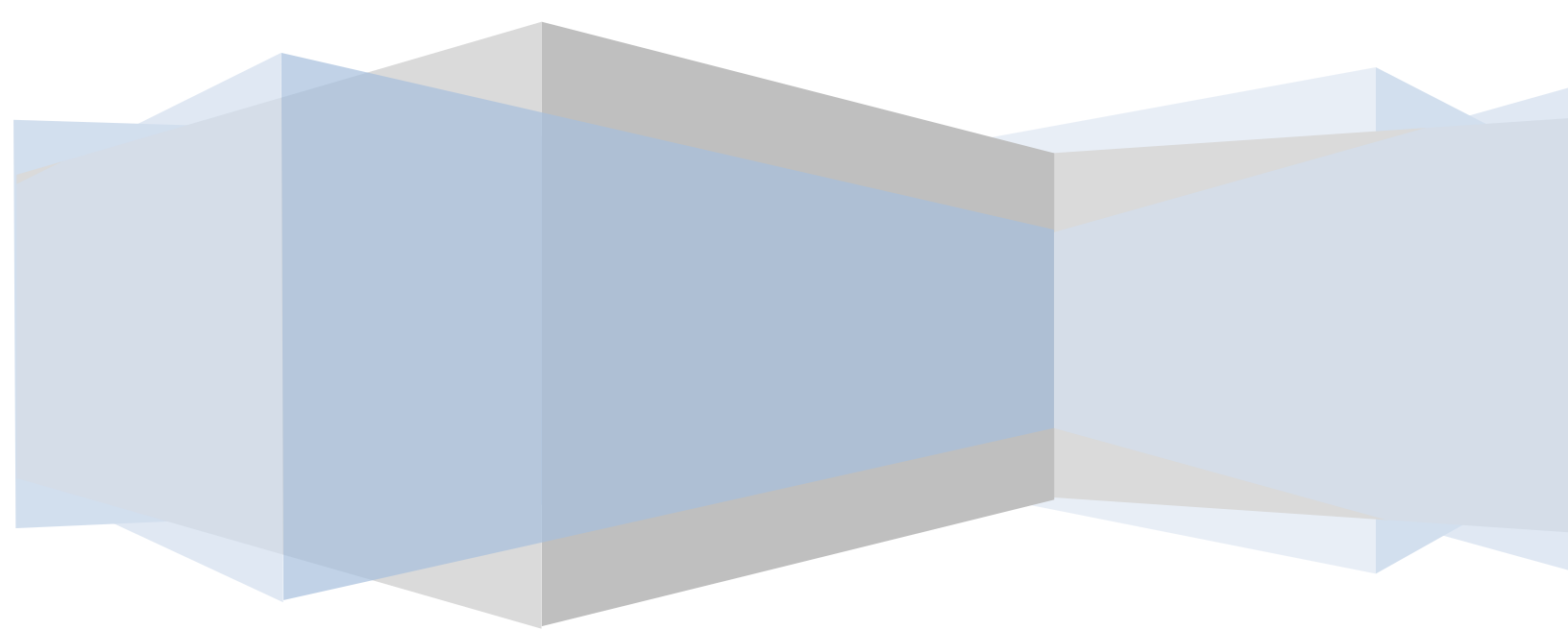




University
of Houston
Clear Lake

**UNIVERSITY OF HOUSTON – CLEAR LAKE
Endowment Guidelines
(A UHCL Supplement to SAM 03.F.02)**



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Introduction

University of Houston-Clear Lake makes significant effort to create and strengthen its endowment management process and procedures to be in compliance. University of Houston-Clear Lake currently has over 188 endowments. With the renewed emphasis on prudent financial management and increase accountability, together we have to make an effort to ensure that UHCL is complying with the intentions of our endowment benefactors, as well as using endowment income in the most strategic way. An audit of the UHCL endowment management in January, 2014 identified areas and processes for improvement. This document is not only in response to the audit findings, but a tool to better understand and manage endowment funds.

Definitions

Endowment

Endowments provide ongoing benefits for those that receive them by earning a market rate of interest while keeping the core endowment principal intact to fund future years of scholarships, or programmatic funds.

Above Water

A term used to describe an endowment whose current market value is more than its corpus.

Book Value (Carrying Value; Fund Balance)

The original cost basis of an endowment, plus adjustments for gains or losses, additional gifts, external management fees and any other transfers to or from the fund.

Corpus (Historic Dollar Value)

The aggregate amount of all contributions by a donor or donors to an endowment. This is not the same as book value.

Cy Pres

A procedure for releasing restrictions on a gift if the donor is deceased and the component university finds it impractical or impossible to conform to the restrictions. The component university may attempt to have the limitations on the original gift released by bringing "cy pres" action in an appropriate court.

Distributable Income

The portion of income available for expenditure according to the purpose of the endowment. Policy for determining the amount of distributable income is set by the Board.

Endowment Agreement

The written document or records, including an institutional solicitation, under which property (cash, real estate, etc.) is donated or granted to the institution and held as an endowment.

Fully Funded

The term given to an endowment whose historic dollar value is equals or exceeds the amount pledged by the donor as stipulated in the endowment agreement.

Income

Interest, dividend income, realized gains and royalties received from the principal of the endowment.

Minimum Funding Level

The minimum corpus level required per the agreement.

Quasi-endowment (Funds Functioning As Endowment)

A fund established by the institution that is treated as an endowment but not subject to any legal prohibitions against spending. Gifts and other funds that are not restricted from being endowed may be used.

Realized Gain or Loss

The difference (gain or loss) between the value at the time of purchase or other acquisition of an asset, and the market value of that asset at a point in time when the asset is sold.

Restricted Income

Endowment income whose use is restricted by donor instructions.

Return to Principal

The process of returning all or a portion of the annual distributed income to the endowment principal according to the endowment agreement or until the required funding level is achieved.

Term Endowment

A fund established through a gift with provisions which state that the principal may be spent on or after a predetermined date or period of time, or the occurrence of a specified event.

True Endowment

A fund established through a gift with provisions that prohibit the spending of principal. Only investment income generated from the principal may be used.

Under Water

A term used to describe an endowment whose current market value is less than its corpus.

Unrestricted Income

Endowment income whose use is not restricted by donor instructions, but may be designated for a specific use by an internal component university decision.

Endowment Fund Groups

Fund	Short Description
6045	TRUE ENDOW-RESTR-STDNT AID
6046	TRUE ENDOW-UNRESTR-STDNT AID
6048	TERM ENDOW-RESTR-STDNT AID
6051	QUASI ENDOW-RESTR-STDNT AID
6052	QUASI ENDOW-UNRESTR-STDNT AID
6054	TERM ENDOW-UNRESTR-STDNT AID
6061	TRUE ENDOW-RESTR-GEN PURP
6062	TRUE ENDOW-UNRESTR-GEN PURP
6063	TERM ENDOW-RESTR-GEN PURP
6064	TERM ENDOW-UNRESTR-GEN PURP
6065	QUASI ENDOW-RESTR-GEN PURP
6066	QUASI ENDOW-UNRESTR-GEN PURP
6700	QUASI ENDOW-UNRESTR GROWTH

Income Beneficiary Fund Group (also known as Endowment Income/Expenditure Fund Groups)

Fund	Short Description
2076	DESIG-ENDOWMENT INCOME
2087	DESIG-ENDOWMENT ASSESSMENT
4028	RSTR SCH-ENDOWMENT INCOME
4040	RSTR GEN-CULLEN ENDOWMENT INC
4042	RSTR GEN-ENDOWMENT INCOME
4046	RSTR GEN-CULLEN PROF ENDOW INC
4051	RSTR GEN-CT BAUER ENDOWMNT INC
4052	RSTR SCH-CULLEN ENDOWMENT INC

Minimum Funding Levels for Endowments

Endowment Type	Minimum Funding Amount	Maximum Years to Fund
Chairs	\$500,000	5 Years
Professorships	\$250,000	5 Years
Other Academic Appointments	\$100,000 - \$250,000	5 Years
Graduate Student Fellowships	\$50,000	5 Years
Scholarships/Program Support	\$25,000	5 Years

Additional gifts to endowment accounts beyond the minimum funding amount are always welcome.

PeopleSoft Navigation on Endowment Reports - Endowment List

To get a listing of Endowment cost centers, you can run a public query in PeopleSoft. Below is the path to run queries in PeopleSoft:

Main Menu > Reporting Tools > Query > Query Viewer >

1. Enter Query Name:
UHS_ENDOWMENT_LISTING

Favorites ▾ Main Menu ▾ > Reporting Tools ▾ > Query ▾ > Query Viewer

UHSFINANCE

Query Viewer

Enter any information you have and click Search. Leave fields blank for a list of all values.

*Search By begins with

2. Then, click Search

Favorites ▾ Main Menu ▾ > Reporting Tools ▾ > Query ▾ > Query Viewer

UHSFINANCE

Query Viewer

Enter any information you have and click Search. Leave fields blank for a list of all values.

*Search By begins with

Search Results

*Folder View

Query Name	Description	Owner	Folder	Run to HTML	Run to Excel	Run to XML	Schedule	Definitional References	Add to Favorites
UHS_ENDOWMENT_LISTING	ENDOWMENT LISTING	Public		HTML	Excel	XML	Schedule	Lookup References	Favorite

3. Click the HTML link of the
UHS_ENDOWMENT_LISTING query.

UHS_ENDOWMENT_LISTING - ENDOWMENT LISTING

SetID:

4. Enter SetID: 00759

[View Results](#)

Row	SetID	Program	Fund	Dept	Project	Year	Ledger	Acct	NewName	Donor	S
-----	-------	---------	------	------	---------	------	--------	------	---------	-------	---

5. Then, click View Results.

6. The search results are displayed.
The results can be download in different formats (ie. Excel Spreadsheet) and filtered as needed.

UHS_ENDOWMENT_LISTING - ENDOWMENT LISTING

SetID:

[View Results](#)

Download results in: [Excel Spreadsheet](#) [CSV Text File](#) [XML File \(5152 kb\)](#)

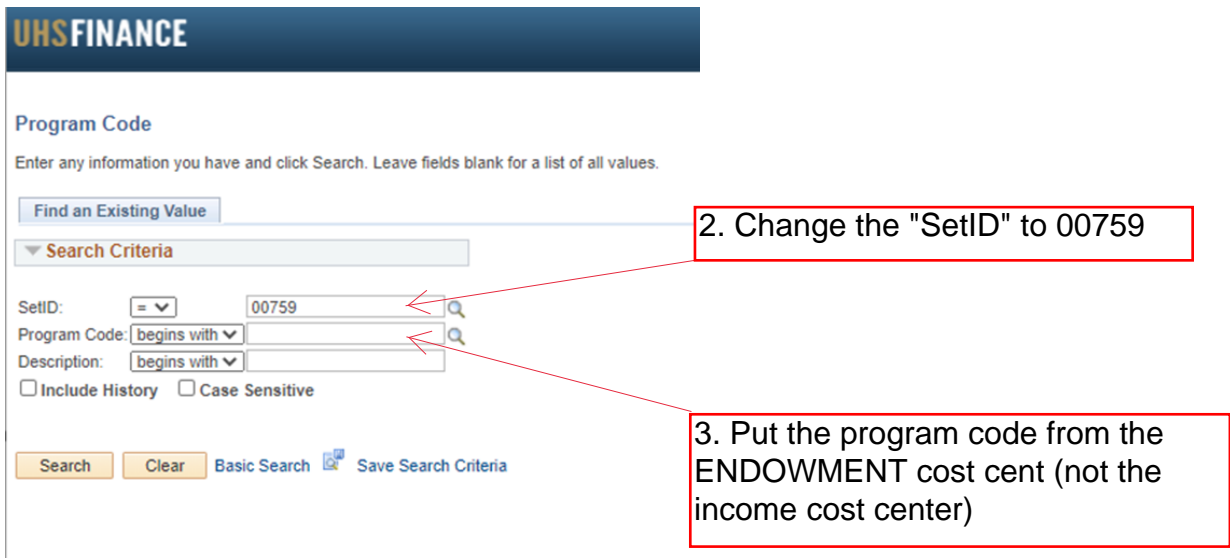
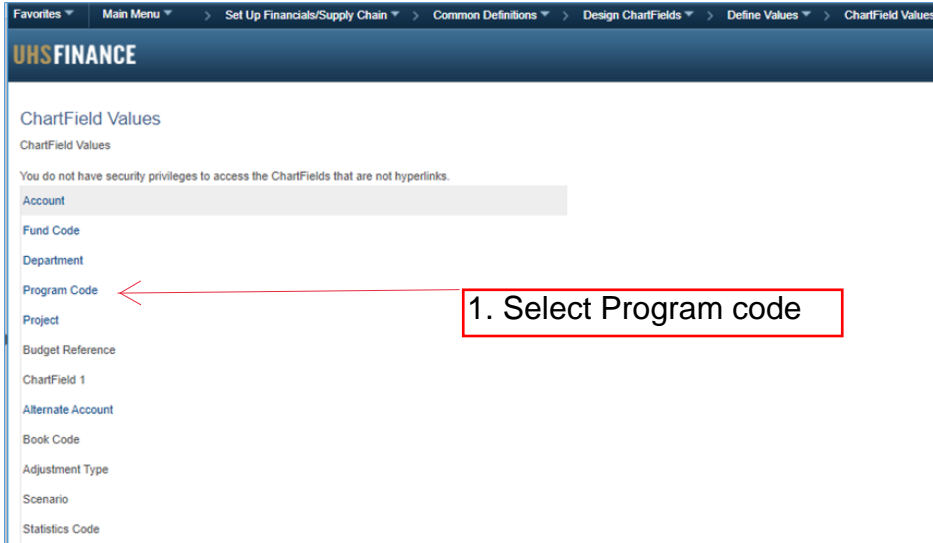
[View All](#)

Row	SetID	Program	Fund	Dept	Project	Year	Ledger	Acct	NewName	Donor	School	Type	Alt Description	Yr	MMDD	Comments	Endow+	Fee Flag	Closed	Market Value	Value Date	Amt	Disbursed	System Dt	Instance	Asset Acct	Override	Override Flag	Acct	SetID
1	00759	D0998				0														0.000	0.00				0	N			00759	
2	00759	D0999				0														0.000	0.00				0	N			00759	
3	00759	D0626				0														0.000	0.00				0	N			00759	
4	00759	F0307				0														0.000	0.00				0	N			00759	
5	00759	D0986				0														0.000	0.00				0	N			00759	
6	00759	F0279				0														0.000	0.00				0	N			00759	
7	00759	F0948				0														0.000	0.00				0	N			00759	
8	00759	D1000				0														0.000	0.00				0	N			00759	
9	00759	I0480				0														0.000	0.00				0	N			00759	
10	00759	E0311				0														0.000	0.00				0	N			00759	
11	00759	F0949				0														0.000	0.00				0	N			00759	
12	00759	B0413				0														0.000	0.00				0	N			00759	
13	00759	F0506				0														0.000	0.00				0	N			00759	
14	00759	I0481				0														0.000	0.00				0	N			00759	
15	00759	F0978				0														0.000	0.00				0	N			00759	
16	00759	A0566				0														0.000	0.00				0	N			00759	
17	00759	B0450				0														0.000	0.00				0	N			00759	
18	00759	D9070	6066	C0650	NA	0			SCHOOL OF EDUCATION DEVELOPMENT	UHCL	CLC	QUAS	UNRESTRICTED	1994	0601	ST 11021	N	Y	N	0.000	0.00			04/01/2004	475710	2-0-67023	N		00759	
19	00759	D9071	6065	C0650	NA	0			BUSINESS & PUBLIC ADMIN. QUASI	UHCL	CLC	QUAS	SUPPORT	1994	1101	ST 12356	N	Y	N	0.000	0.00			04/01/2004	475710	2-0-67042	N		00759	
20	00759	H9454	6045	C0650	NA	0			SCHERGENS, BECKY L	CLC	TRUE	SCHOLARSHIPS	1994	1201	ST 12455	N	Y	N	0.000	0.00			04/01/2004	475710	2-0-67043	N		00759		
21	00759	H9455	6045	C0650	NA	0			EVALINE SCHERGENS & DECKARD SCH. JONES, JESSE & MARY GIBB SCHOLAR.	CLC	TRUE	SCHOLARSHIPS	1996	0110	ST 11022	N	Y	N	0.000	0.00			04/01/2004	475710	2-0-67073	N		00759		
22	00759	H9471	6045	C0650	NA	0			KAJS SCHOLARSHIP	DR LAWRENCE T K&S AND	CLC	TRUE	SCHOLARSHIPS	1988	0113	FOR COLLEGE OF	N	Y	N	0.000	0.00			04/01/2004	475710	2-0-	N		00759	

PeopleSoft Navigation on Endowment Reports - Endowment Agreements

To review Endowment Agreements in PeopleSoft, use the navigation below:

Main Menu > Set Up Financials/Supply Chain > Common Definitions > Design ChartFields > Define Values > ChartField Values



Program | UHS Endowment Acct | Endowment Document Image

SetID: 00730 Program Code: D8207 TEMPLE - TCSUH

[Print Endowment Registry](#)

Endowment Fund Document Image

Active Status

Add New Document

Image

Find | View All First 1 of 1 Last

Secured Document

Details



Document Type

Document Status Active

Document Seq Nbr 1

Created By 0082699

Created Date/Time 02/17/2011 4:20:14PM

Last Update User ID

Last Update Date/Time

File Type APPLICATION/PDF

Save

Return to Search

Notify

Program | UHS Endowment Acct | Endowment Document Image

4. Click on the Endowment Document Image tab

5. Click on the "Print Endowment Registry" link to see summary level information for the endowment

6. Click on "View All" to ensure you have all documents

7. Click here for the endowment agreement documentation

PeopleSoft Navigation on Endowment Reports - Fund Equity Report by Fund Range (UGLS016E)

To review fund equity for endowment cost centers, use the PeopleSoft navigation below:
Main Menu > Custom Reports > GL > Fund Eqty by Fund Range (UGLS016E)

UGLS016E - Fund Equity Report by Fund Range for All Departments

(Sorted by Fund and Department, Subtotaled by Department and Fund)

Endowment Fund Codes are found on page 5 of this document and can be entered in the fund range fields for more targeted results.

Run Control ID: EndowmentReports Report Manager Process Monitor **Run**

Report Request Parameters

Business Unit: 00759 Univ. of Houston - Clear Lake

Fiscal Year: 2021

Period To: 7

Fund Range

From Fund Code: 4028 To Fund Code: 4052

Save Return to Search Notify Add U

3. Then, click Run

Process Scheduler Request

User ID 1413967 Run Control ID EndowmentReports

Server Name: [dropdown] Run Date 05/03/2021

Recurrence [dropdown] Run Time 9:45:03AM Reset to Current Date/Time

Time Zone [dropdown]

Process List

Select	Description	Process Name	Process Type	*Type	*Format	Distribution
<input checked="" type="checkbox"/>	Fund Eqty Rpt by Fund Rg SQR	UGLS016E	SQR Report	Web	PDF	Distribution

OK Cancel

4. Click Ok

5. Click Process Monitor

Favorites ▾ Main Menu ▾ > Custom Reports ▾ > GL ▾ > Fund Eqly by Fund Range (016E)

UHSFINANCE

Fund Equity (016E)

Run Control ID: EndowmentReports Report Manager Process Monitor **Run**

Process Instance: 13948732

Report Request Parameters

Business Unit: 00759 Univ. of Houston - Clear Lake

Fiscal Year: 2021

Period To: 7

Fund Range

From Fund Code: 4028 To Fund Code: 4052

Save Return to Search Notify Add Update/Display

6. Click Refresh occasionally until Run Status & Distribution Status = Success & Posted

Favorites ▾ Main Menu ▾ > Custom Reports ▾ > GL ▾ > Fund Eqly by Fund Range (016E) > Process Monitor

UHSFINANCE

Process List Server List

View Process Request For

User ID: 1413967 Type: Last 7 Days Refresh

Server: Name: Instance From: Instance To: Report Manager

Run Status: Distribution Status: Save On Refresh

Process List Personalize | Find | View All | First 1-14 of 14 Last

Select	Instance	Seq.	Process Type	Process Name	User	Run Date/Time	Run Status	Distribution Status	Details
<input type="checkbox"/>	13948732		SQR Report	UGLS016E	1413967	05/03/2021 9:48:01AM CDT	Queued	N/A	Details

7. Then, click Details

Favorites ▾ Main Menu ▾ > Custom Reports ▾ > GL ▾ > Fund Eqty by Fund Range (016E) > Process Monitor

UHS FINANCE

Process List Server List

View Process Request For

User ID 1413967 Type [] Last [] 7 Days Refresh

Server [] Name [] Instance From [] Instance To [] Report Manager

Run Status [] Distribution Status [] Save On Refresh

Select	Instance	Seq.	Process Type	Process Name	User	Run Date/Time	Run Status	Distribution Status	Details
<input type="checkbox"/>	13948732		SQR Report	UGLS016E	1413967	05/03/2021 9:48:01AM CDT	Success	Posted	Details

8. Click View Log/Trace

Favorites ▾ Main Menu ▾ > Custom Reports ▾ > GL ▾ > Fund Eqty by Fund Range (016E) > Process Monitor

UHS FINANCE

Process Detail

Process

Instance 13948732 Type SQR Report
Name UGLS016E Description Fund Eqty Rpt by Fund Rg SQR
Run Status Success Distribution Status Posted

Run **Update Process**

Run Control ID EndowmentReports
Location Server
Server PSUNX
Recurrence

Hold Request
 Queue Request
 Cancel Request
 Delete Request
 Re-send Content Restart Request

Date/Time **Actions**

Request Created On 05/03/2021 9:48:18AM CDT Parameters Transfer
Run Anytime After 05/03/2021 9:48:01AM CDT Message Log
Began Process At 05/03/2021 9:48:43AM CDT Batch Timings
Ended Process At 05/03/2021 9:48:57AM CDT View Log/Trace

OK Cancel

9. Click the pdf link

[Favorites](#) > [Main Menu](#) > [Custom Reports](#) > [GL](#) > [Fund Eqty by Fund Range \(016E\)](#) > [Process Monitor](#)

UHS FINANCE

View Log/Trace

Report

Report ID 8801482 Process Instance 13948732 [Message Log](#)
 Name UGLS016E Process Type SQR Report
 Run Status Success

Fund Eqty Rpt by Fund Rg SQR

Distribution Details

Distribution Node Unix Expiration Date 06/02/2021

File List

Name	File Size (bytes)	Datetime Created
SQR_UGLS016E_13948732.log	1,760	05/03/2021 9:48:57.787858AM CDT
UGLS016E.CSV	38,494	05/03/2021 9:48:57.787858AM CDT
ugls016e_13948732.PDF	43,856	05/03/2021 9:48:57.787858AM CDT
ugls016e_13948732.out	43	05/03/2021 9:48:57.787858AM CDT

Distribute To

Distribution ID Type	*Distribution ID
User	1413967

[Return](#)

10. Sample page from the pdf report

Report ID:	UGLS016E	University of Houston System	Page No.:	5
Business Unit:	00759	Fund Equity Report By Fund Range for All Departments	Run Date:	05/03/2021
Fiscal Year:	2021	Sorted by Fund and Department, Subtotaled by Department and Fund	Run Time:	09:48:43
Acct Period To:	7	For Month Ending: 3/31/2021		
Departments:	All			
Fund Range:	4028 - 4052			

Deptid	Program	Program/Project Description	Project	Beg Fund Equity	Revenues	Fund Adjustments	Expenses	Ending Balance	Open Commit
4028 - RSTR SCH-ENDOWMENT INCOME									
C0004	H8756	SAMUELS FAMILY FDN SCH END	NA	(2,201.00)			1,800.00	(401.00)	
C0004	H8758	K F DICKERSON INTL PRG SCH E	NA	(1,838.00)				(1,838.00)	
C0004	H8760	RAJ & KAMALA CHHIKARA SCH EN	NA	(1,838.00)				(1,838.00)	
C0004	H8767	MILES RAYMOND MATTHEW SCH EN	NA	(1,800.00)				(1,800.00)	
C0004	H8813	K & S AGARWAL SW ENGR SCH EN	NA	(4,459.00)				(4,459.00)	
C0004	H8842	STEM Educator HIS Internship	NA	(4,153.00)				(4,153.00)	
C0004	H9724	CF & KB HALL HAWK AD SCH END	NA	(6,760.39)			5,000.00	(1,760.39)	
Total for Dept: C0004 - SCHOLARSHIPS				(578,395.79)	0.00	0.00	249,125.00	(329,270.79)	0.00
C0043	H9452	G B TECH INC RESEARCH ASST E	NA	(4,577.20)				(4,577.20)	
Total for Dept: C0043 - CSE DEAN'S OFFICE				(4,577.20)	0.00	0.00	0.00	(4,577.20)	0.00
C0044	H0828	ZEON END GRAD FELLOW	NA	(39,385.77)				(39,385.77)	
Total for Dept: C0044 - BIOLOGICAL SCIENCES				(39,385.77)	0.00	0.00	0.00	(39,385.77)	0.00

UGLS1074.1 – Revenue & Expense – Budget Node Summary

Cost Center : 4042/C0023/D0710/NA (13085)
 Business Unit : 00759 Univ. of Houston - Clear Lake
 Fund : 4042 RSTR GEN-ENDOWMENT INCOME
 DeptID : C0023 HSH DEAN'S OFFICE
 Program Code : D0710 HUMAN SCIENCES & HUMANITIES EN
 Project : NA
 CC Manager : 1133347 Short.Rick Jay

UNIVERSITY OF HOUSTON - SYSTEM
 Revenue & Expense - Budget Node Summary
 Period Ended March 31, 2021 (Through Period 7).
 Report Limited to Active Cost Centers

Page No. : 1
 Report ID : UGLS1074.1
 Database : FSPRD
 Run Date : 04/12/2021
 Run Time : 02:19:07 PM

Description	Base (Original)	Current (Orig + Adj)	Curr Rev/Exp	YTD Rev/Exp	PTD Rev/Exp	Open Commit	Soft Commitment	Budget Available	% Avail
Current Budget Reference									
B4026 ENDOWMENT INCOME DISTRIBUTION	-2,782.00	-2,782.00	0.00	0.00	0.00	0.00	0.00	-2,782.00	100.0%
Total Revenue	-2,782.00	-2,782.00	0.00	0.00	0.00	0.00	0.00	-2,782.00	100.0%
B5009 L3-MAINTENANCE AND OPERATIONS	2,782.00	2,782.00	0.00	0.00	0.00	0.00	0.00	2,782.00	100.0%
Total Expense	2,782.00	2,782.00	0.00	0.00	0.00	0.00	0.00	2,782.00	100.0%
Prior Budget References									
No Revenue Found.									
No Expense Found.									
Grand Total Revenue	-2,782.00	-2,782.00	0.00	0.00	0.00	0.00	0.00	-2,782.00	100.0%
Grand Total Expense	2,782.00	2,782.00	0.00	0.00	0.00	0.00	0.00	2,782.00	100.0%

UGLS1074.6 – Balance Sheet

Cost Center : 4042/C0023/D0710/NA (13085)
 Business Unit : 00759 Univ. of Houston - Clear Lake
 Fund : 4042 RSTR GEN-ENDOWMENT INCOME
 DeptID : C0023 HSH DEAN'S OFFICE
 Program Code : D0710 HUMAN SCIENCES & HUMANITIES EN
 Project : NA
 CC Manager : 1133347 Short.Rick Jay

UNIVERSITY OF HOUSTON - SYSTEM
 Balance Sheet
 Period Ended March 31, 2021 (Through Period 7).
 Report Limited to Active Cost Centers

Page No. : 8
 Report ID : UGLS1074.6
 Database : FSPRD
 Run Date : 04/12/2021
 Run Time : 02:19:07 PM

Acct Description	2021 Beginning Year Balance (0)	Beginning Balance Mar 01, 2021 (7)	March Activity (7)	Balance Mar 31, 2021 (7)	Balance Mar 31, 2020 (7)
10100 CALCULATED CLAIM ON CASH	5,536.63	5,536.63	0.00	5,536.63	5,536.63
12403 A/R-SYSTEM	2,782.00	2,782.00	0.00	2,782.00	0.00
ASSETS	8,318.63	8,318.63	0.00	8,318.63	5,536.63
LIABILITIES	0.00	0.00	0.00	0.00	0.00
30100 CUR UNREST GEN'L FND	-8,693.49	-8,693.49	0.00	-8,693.49	-5,911.49
32100 OTHER FUND ADDITIONS	-898.14	-898.14	0.00	-898.14	-898.14
32300 NON-MAND TRFR FROM UHSA	-500.00	-500.00	0.00	-500.00	-500.00
33518 NMT FROM CUR RES LO	-1,897.00	-1,897.00	0.00	-1,897.00	-1,897.00
33522 NMT FROM ENDOW FUND	-500.00	-500.00	0.00	-500.00	-500.00
36100 OTHER FUND DEDUCTS	500.00	500.00	0.00	500.00	500.00
37418 NMT TO CUR RES LOC	2,620.00	2,620.00	0.00	2,620.00	2,620.00
37422 NMT TO ENDOW FUND	1,050.00	1,050.00	0.00	1,050.00	1,050.00
EXPENSE SUMMARY	-	0.00	0.00	0.00	0.00
REVENUE SUMMARY	-	0.00	0.00	0.00	0.00
FUND EQUITY	-8,318.63	-8,318.63	0.00	-8,318.63	-5,536.63
TOTAL LIABILITY & FUND EQUITY	-8,318.63	-8,318.63	0.00	-8,318.63	-5,536.63
FUND EQUITY	-8,318.63	-8,318.63	0.00	-8,318.63	-5,536.63
OPEN COMMITMENT	0.00	0.00	0.00	0.00	0.00
AVAILABLE FUND EQUITY (Adjusted for Commitments)	-8,318.63	-8,318.63	0.00	-8,318.63	-5,536.63

Annual Risk Assessment and Budget Analysis Report – This report is manually generated by using a combination of People Soft Reports – UGLS1074.1 and UHS generated market value report

Roles and Responsibilities

- **Office of University Advancement**

- ❖ Initiates solicitation
- ❖ Originates an endowment request, agreement and signature approvals
- ❖ Initiates Memorandum of Understanding (MoU's)
- ❖ Memorandum of Understanding required for:
 - ❖ Any change in use of endowment funds
 - ❖ Endowment Funds raised through special event or activity with no primary donor
 - ❖ Quasi-Endowments
- ❖ Responsible for appropriate stewardship and reporting to donors
- ❖ UA and Business Operations will coordinate to produce Annual Endowment Reports with corresponding income cost center for all departments/schools
- ❖ Responsible for maintaining information on endowment purposes, endowment appointments, account holders, account balances, and endowment reporting
- ❖ Serves as liaison for donors on all matters relating to UHCL endowments

- **Office of General Accounting**

- ❖ Establishes endowment cost center based on endowment agreement terms and conditions
- ❖ Communicates and coordinates with UA on endowment cost centers on regular basis
- ❖ Review quarterly departmental financials with College/Division Business Administrators (CBA/DBAs)
- ❖ Follow through on outstanding items from quarterly review meetings
- ❖ Record all endowment related journal entries
- ❖ Reconcile and report quarterly and annually

- **Office of Planning & Budget**

- ❖ Responsible for providing estimated endowment income to departments during budget development cycle to be entered into Budget Development Module (BDM)

- **Office of Student Financial Aid (Scholarships)**

- ❖ Request Income cost center and Item type set up for new scholarship
- ❖ Item type set up in PeopleSoft Financial Aid Module
- ❖ Collaborate with respective CBA/DBAs and Business Operations on Reports and projected Fund Equity available for Fall, Spring and Summer Semesters
- ❖ Review and allocate scholarship awards based on endowment terms and conditions (also known as criteria and/or restrictions)
- ❖ Communicate and collaborate with Department Head and University Advancement for any revisions to the original endowment agreement
- ❖ Post and disburse awards (credit student account)

Office of Business Operations

- ❖ Serves as liaison for department heads, CBA/DBAs, on matters relating to UHCL endowments financial reports and follow through non-compliance
- ❖ Provide Annual Risk Assessment and Budget Analysis Report to Upper Management, Department Heads and Deans
- ❖ Provide Annual Endowment Market Value Report
- ❖ Provide detailed donor report to UA as requested

Deans, Department Heads and College/Division Business Administrators

- ❖ Responsible for budgeting distributed income and ensuring that it is expended in accordance with endowment terms/restrictions
- ❖ CBA/DBAs to meet and communicate to Department Heads/Deans on a quarterly basis on the status of endowment operating income cost centers
- ❖ Ensure funds are expended per terms and conditions of the endowment agreement. Otherwise provide justification and spending plan approved by President and/or Provost
- ❖ CBA/DBAs to prepare budget journal as needed for any additional budget or amendment to the original budget
- ❖ Department Heads, Deans, CBA/DBAs to communicate and collaborate with University Advancement for any revisions to the original endowment agreement or anything related to potential endowment prospects/solicitations
- ❖ Communicate to UA how the funds are being used generally and specifically highlight specific success stories and/or special uses that will help UA communicate to donors the value that their donations have to the operations and vision of the university
- ❖ Provide justifications on unexpended funds and future plans to expend the funds as requested by Business Operations and/or UA approved by President and/or Provost
- ❖ Department Heads/Deans held accountable for non-compliance and excessive accumulation of endowment operating funds
- ❖ Be good stewards of Donor's contribution

Endowment Lifecycle Guidelines

I. Establishment of an Endowment

An endowment account may not be established without a formal legal agreement between the University and the donor(s). This legal agreement is referred to as an "endowment agreement." Donor-prepared agreements or award letters may be used in lieu of the standard agreement if General Counsel and the System Treasurer agree.

The main point of contact between the donor and the university is the development officer. Topics that should be discussed with the donor prior to submitting a request to establish an endowment include: name to be given to endowment fund, name of donor(s), signatory, type of asset given, total endowment value, initial amount given to establish fund if pledge balance to be paid over time, anticipated non-donor funding such as designated or matching funds, and designation or restriction of endowment.

If the donor wishes to establish an endowment with an initial payment and pledge balance to be paid over time, the endowment agreement must specify the payment schedule and provide terms in the event that the endowment is not fully funded. The minimum gift to establish an endowment is \$ 25,000.

When the development officer reaches tentative terms with the donor, the development officer submits an *Endowment Agreement* worksheet (available on the UA Intranet) to the UH System Office of Gift Agreements.

Once the request to establish an endowment agreement has been submitted, the UHS Office of Gift Agreements reviews and approves the documentation, then develops a *Draft Endowment Agreement* for the development officer to present to the donor. The donor reviews and approves or makes changes to the draft, and then the development officer returns the draft to Office of Gift Agreements for preparation of the *Final Endowment Agreement*. Signatures are coordinated through the UH Office of Gift Agreements for UH/UH System signatures and UHCL University Advancement for UHCL signatures and donor's signature. The donor provides the final signature.

Endowment agreements are signed electronically and maintained by UH System. PDF copies are distributed to the donor, UHCL University Advancement and the appropriate UHCL departments (appropriate Dean, Provost, Business Affairs, and Scholarship).

UHS Treasury creates the system cost center (fund 6) at System level. The Endowment agreement is uploaded by UHS Treasury in PS Finance behind the "Program Code" page in the "Endowment Document Image" tab. UHS Treasury notifies UHCL University Advancement of cost center creation.

The UHCL General Accounting Office then creates the endowment cost center (fund 6) and income cost center (fund 4) utilizing the program code created by UHS Treasury in PS Finance. Related documents are uploaded in the "Cost Center Definition" page in the "Documents" tab. General Accounting Office emails UHS Treasury and specific department/college CBA/DBA the UHCL endowment and income cost center information. General Accounting provides cost center information with item type request form to Director of Student Business Services to set up an Item Type Number for scholarship endowments. General Accounting provides the Financial Aid Office with the Item Type Number. The Financial Aid Office establishes the Item Type Number in the PeopleSoft Financial Aid system.

The General Accounting Office emails the CBA/DBAs the endowment income cost center information and the Item Type Number when an endowment is established. The CBA/DBA or designee should download the endowment agreement and share it with the appropriate administrator, faculty and committees.

II. Funding of an Endowment

UHS Office of Gift Agreements sets up an endowment record in the *Advance database* and records details of any pledge related to the endowment. The endowment agreement is also uploaded in the *Advance database*.

UHCL University Advancement periodically monitors endowment accounts to determine if they are meeting funding goals and works with the development officer in cases where goals are not being met. The System is not obligated to honor the terms of the agreement when an endowment does not reach the minimum funding level within the agreed upon timeline.

All funds collected for endowments must be sent to the UHCL University Advancement Office, then processed as shown below.

<p>The UHCL University Advancement Office receives the gift directly from a single donor.</p>	<p>If no endowment cost center exists, the gift is deposited into the UHCL gift holding account. Once the endowment agreement is finalized, the UHS Office of Gift Agreements requests a permanent cost center from UHS Treasury and transfers funds utilizing the Endowment Fund Transfer Form. For existing cost centers, funds are submitted to UHS Treasury along with a Gift Transmittal Form (GTF) designating funds to the endowment cost center. The endowment check is submitted to UHS Treasury on a Gift Transmittal Form (GTF) to the Treasury Operations Manager.</p>
<p>The UHCL University Advancement Office receives the donations from multiple donors via cash, check, credit card and/or payroll deductions.</p>	<p>The UHCL University Advancement Office deposits donations into the UHCL gift holding account. Once the minimum endowment requirement is reached and the endowment agreement is executed the funds are then transferred to the endowment cost center, using the Endowment Fund Transfer Form, according to the instructions above.</p>
<p>The UHCL University Advancement Office utilizes UHCL funds to create a quasi-endowment.</p>	<p>If the University, by and through the Division of Administration and Finance, and with the approval of the President, decides to establish an endowment utilizing university funds, UHCL University Advancement works with the UHS Office of Gift Agreements to create an endowment agreement and requests a transfer from the UHCL operating bank to the UHS endowment bank once the endowment agreement is executed. If the funds are from an established gift cost center, then an Endowment Fund Transfer Form is required with associated backup documentation.</p>

All endowment funds are deposited into the UHS Treasury endowment bank and become part of the endowment pooled investment fund. When deposits are made, UHCL General Accounting is notified via bank confirmation and completes the appropriate journal entry to the UHCL Endowment Account (Debit: Acct. 12403 and Credit: 31103 (scholarship endowment) or 31106 (other endowment)). General Accounting Office performs reconciliations to ensure that UHS and UHCL have the same balances for each endowment.

III. Income Distribution

Endowments must be funded for a full year before providing distributable income. They do not provide income in the year they are created. Until endowments are fully funded, any earned income is returned to the principal and does not count toward the minimum gift amount. UHS Treasury sends projected endowment distribution information to the Budget Office in February-March each year. Income is distributed based on the payout rate set by the UHS Board of Regents, currently at four percent of the rolling 3 year average market value as of August 31. Endowments which are "underwater" as of December 31 do not distribute income for the following fiscal year.

In March of each year, the Budget Office distributes scholarship worksheets that include endowment funded scholarships. The scholarship worksheets are budget development spreadsheets which include revenue and expense budget for the next fiscal year. Once the budget is completed, the Budget Office distributes the next FY's MEGAbuds, which include endowment cost centers. MEGAbuds are budget development reports which contain cost center revenue and expense budgets, with position and job detail.

Endowment income is distributed to the Endowment Income Cost Centers per [SAM 03.F.02](#) at the end of each fiscal year through journal entries prepared by UHS. Co-mingling of funds is not allowed - i.e., income for one endowment may not be placed in a cost center designated for another endowment, combined with operating gifts, or mixed with institutional funds.

IV. Spending Distributed Endowment Income

Income is distributed with the intention that it will be spent in the current fiscal year and for the purposes as outlined by the endowment agreement and established spending criteria. Monthly cost center verifications are required for endowment income cost centers per UHCL policy.

By October 30th of each fiscal year an Annual Endowment Risk Assessment Budget Analysis Report will be submitted by General Accounting Office to the UHCL University Advancement Office, appropriate Divisions, Departments, Schools, and the Budget Office utilizing the PeopleSoft 16 Reports and Endowment Fiscal Report which includes the following information: Endowment Cost Center information, Market Value (as of August 20XX), Income Cost Center information, Beginning fund equity balance (August) of income cost center, estimated endowment income (budgeted income for fiscal year, actual income distribution, current expenditure budget, return to principal, fund adjustments, actual expenses, ending fund equity balance, open commitments, and actual % expended as compared to budget.

If the endowment income will be spent on scholarships then the following procedures should be followed:

Institutional Awards (General Scholarships)

- The scholarship and the criteria should be published on the Office of Financial Aid website.
- A financial aid staff member updates the PeopleSoft Scholarship Application tool with the current criteria.
- Office of Financial Aid staff member obtains lists of scholarship eligible candidates based on endowment criteria who applied for each scholarship to present to the scholarship committee. The committee reviews and approves the scholarship candidate lists. A financial aid staff member serves as the chairperson for the general scholarship committee
- The award letters/agreements are prepared and sent to candidates for acceptance.
- Once award is accepted, enrollment is confirmed and awards are posted to the Financial Aid system.
- Assuming enrollment conditions are met, awards will begin disbursing approximately 7 days before school begins for the semester of the award.

College/ Departmental Awards

- The scholarship and the criteria should be published on the Office of Financial Aid website.
- A financial aid staff member updates the PeopleSoft Scholarship Application tool with the current criteria.
- The Financial Aid staff member sends timeline and instructions to departments for selection of recipients. Scholarship liaisons are appointed by the dean of each school. The liaisons use PeopleSoft to review applicants and selects recipients according to the criteria of each scholarship. The scholarship memos must have appropriate signature authorization and supporting criteria documentation.
- Award letters with Terms and Conditions are mailed to the recipients.
- Once signed Terms and Conditions are received, the Office of Financial Aid posts awards to the Financial Aid system.
- Assuming enrollment conditions are met, awards will begin disbursing approximately 7 days before school begins for the semester of the award.

College/Departmental CBA/DBAs in coordination with Financial Aid Office must ensure that scholarship and endowment criteria are met and must maintain record retention for three years (Current Fiscal Year plus three prior years).

If endowment income funds are not restricted to scholarships or other specific purpose, Department Heads/Deans of each School in coordination with their respective CBA/DBAs are responsible for ensuring all funds are spent supporting the requirements of the donor.

CBA/DBAs are responsible for scholarship and endowment income cost center reconciliations/verifications. College/Department Heads in coordination with CBA/DBAs are responsible for the review, completion and submission of the departmental response/justification to the Annual Endowment Risk Assessment Budget Analysis Report by November 30th each fiscal year. On occasion, distributable income may be unspent in order to prepare for an expenditure associated with a particular need or priority. In these events, the Department Heads/Deans in coordination with their CBA/DBAs must submit appropriate justification/business plan to expend the funds.

If allowed by the terms of the endowment agreement, unspent funds may be returned to principal, in accordance with [SAM 03.F.02](#) (section 3.7.5). The Department Heads/Dean in conjunction with their respective CBA/DBA begins the process by preparing a request to return endowment income to principal and routing it through the appropriate VP, UA, and the Vice President for Administration and Finance, to the UHS Treasurer for system-level approval and processing.

V. Changing or Ending an Endowment

Departments may determine that the restrictions placed on the expenditure of endowment income for a specific endowment may hamper or prohibit the expenditure of those funds. For instance, if it is determined that the criteria are too restrictive, or a particular program ceases to exist, then endowment funds cannot be spent. The department can initiate a change to the criteria by contacting the University Advancement Office, who will then contact the endowment donor and take action to initiate a Memorandum of Understanding (MoU) via UH Office of Gift Agreements. The donor must approve any changes in criteria. Unless endowment restriction/criteria are officially changed with an approved MoU, the original restriction/criteria must be strictly enforced. If it becomes necessary to close an endowment and withdraw the funds from the Pooled Investment Fund, the procedures outlined in Paragraph 3.15 of [SAM 03.F.02](#) Endowment Management must be followed. Approval of the CFO (VP, Administration and Finance) and the Board of Regents is required.

XYZ Endowment

This agreement (“Agreement”) dated _____, between (Donor(s) Name) (“Donor(s)”) and the University of Houston-Clear Lake (“University”), establishes the **XYZ Endowment** in the College of _____ at the University of Houston-Clear Lake.

I. BIOGRAPHY/ABOUT

[INSERT].

II. GIFT

The Donor(s) irrevocably pledge(s) \$ _____ due on or before Month Day, Year.

III. PAYMENT OF GIFT

The pledge shall be paid as follows:

1. On or before (Date), cash or marketable securities in the value of (\$Amount).
2. On or before (Date), cash or marketable securities in the value of (\$Amount).
3. On or before (Date), cash or marketable securities in the value of (\$Amount).
4. On or before (Date), cash or marketable securities in the value of (\$Amount).
5. On or before (Date), cash or marketable securities in the value of (\$Amount).

IV. PURPOSE OF GIFT (**Scholarships**)

The funds will be used to provide scholarship funding in the College of _____.

The recipient(s) of the scholarship will be determined by the College of _____ Scholarship Selection Committee.

V. CRITERIA

Student scholarship(s) are based on the following criteria:

- a. Enrolled as a full-time undergraduate/graduate student in the College of _____ at the University of Houston-Clear Lake.
- b. Majoring in _____.
- c. Maintain a GPA of _____ on a 4.0 scale.

VI. PURPOSE OF GIFT (**Program Support**)

The funds will be used to provide program support for the College of _____ at the University of Houston-Clear Lake.

VII. PURPOSE OF GIFT (**Chair/Professorship**)

The _____ Chair (Professorship) Endowment will support a faculty member in the College of _____.

The University of Houston-Clear Lake will support the basic salary requirements of the holder of the chair and the annual distributed income will be used to provide for his or her research and support services.

The chair/professorship holder will be selected and appointed per applicable University and/or College policy.

VIII. ADMINISTRATION OF PAYOUT

1. The Dean of the College of _____ will have administrative control over the distributed income from this endowment.
2. All distributable income will be returned to the endowment's principal until the endowment reaches the minimum funding level of \$ _____. Income returned to principal may not count toward the minimum funding level of the endowment.
3. If it is determined by the President of the University of Houston-Clear Lake that any portion of earned income is not spent for the designated purpose within a reasonable timeframe after a fiscal year, it may be returned to principal.

IX. ENDOWMENT FUND ADMINISTRATION

The University of Houston System agrees to:

1. Hold and preserve the fund as a permanent endowment fund. The University of Houston-Clear Lake President and the University of Houston System Board of Regents fully intend to direct the income from the endowment for the purpose(s) outlined above. However, if the purpose(s) for which the endowment income is spent should cease to exist, or if the purpose(s) for which the endowment is established become illegal, impractical, or otherwise insupportable, the University of Houston-Clear Lake President and the Board reserve the right to direct the income of the endowment to a purpose as close as possible to the donor's original intent.
2. Invest and manage the fund consistent with guidelines outlined by the University of Houston System Board of Regents; endowment funds will be pooled for investment purposes. As authorized by the Board of Regents, the University will annually assess a reasonable fee against the assets of the endowed fund to offset expenses associated with gift management and stewardship at the University.
3. Not expend any of the principal sum of the fund without approval of the University of Houston-Clear Lake President and the University of Houston System Board of Regents.
4. The University of Houston System will be unable to honor the terms of this agreement if an endowment does not reach the minimum funding level. In this case, the benefiting component university may initiate the transfer of any existing funds in the endowment to another similar endowment or use the funds for current operations in a way that closely resembles the donor's original intent.

X. ENTIRE AGREEMENT

This Agreement meets the financial and development guidelines of the University of Houston System and the University of Houston-Clear Lake. This Agreement adheres to the policies of the University of Houston-Clear Lake and the University of Houston System and the laws of the State of Texas. This Agreement may be amended, modified or otherwise changed only by a

written instrument signed by all signatories. This Agreement constitutes the entire agreement between the parties with respect to the gift and supersedes all prior or contemporaneous agreements or understandings, written or oral, concerning the gift and the rest of the subject matter contained in this Agreement.

DRAFT

The above referenced terms are accepted by the Donor(s) and the University, respectively:

DONOR(S):

(Donor Name) Date

(Donor Name) Date

UNIVERSITY OF HOUSTON-CLEAR LAKE:

(Name), Dean Date
College of _____

(Name), VP for University Advancement Date

(Name), Senior VP for Academic Affairs and Provost Date

(Name), Associate Vice President of Business Operations Date

(Name), President Date

UNIVERSITY OF HOUSTON SYSTEM:

Eloise Dunn Brice, Vice Chancellor, University Advancement Date

Renu Khator, Chancellor Date

Reviewed as to form by:

Dona Hamilton Cornell Date
Vice Chancellor for Legal Affairs, UH System
General Counsel, UH System/UH