

SECTION 15. DEVELOPMENT

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15.1 OVERVIEW

15.1.1 The SA Role in Development

This section addresses development activities in which departments, institutes, and centers engage for the purpose of raising funds in support of their work. The roles of Section Administrators (SAs) in these endeavors vary a great deal according to departmental needs and requirements, as determined by their chairs and directors. Nevertheless, all SAs are responsible for compliance with University policies on current use and endowed gifts and for associated financial and administrative requirements. As highlighted below, close collaboration with the Columbia University College of Dental Medicine (CDM) Office of Development is expected and in many cases required. The CDM Director of Development may be reached at (212) 342-5612.

<p>Key Links</p> <p>CUMC Office of Alumni and Development</p> <p>CU Office of Alumni and Development</p> <p>Administrative Policy Library</p> <p>Endowment Administration</p> <p>Columbia Campaign Central</p>

15.1.2 University Policies and Procedures

From the perspective of the SA's role, the most important University policies and procedures for development and fundraising are:

- The University policy on *Endowment Fund Administration and Compliance*, available in the [Administrative Policy Library](#)
- *The Gift Policies Manual*, available in the [Administrative Policy Library](#)
- The University's *Policy on Distinguishing Gifts from Sponsored Projects*, available in the [Administrative Policy Library](#), and discussed in Section 5.3
- The [Endowment Administration website](#), which provides instructions on establishing, amending, and decapitalizing endowment funds
- Other policies, procedures, and best practices available to authorized parties at [Columbia Campaign Central](#), including standardized gift agreement materials

15.1.3 CDM's Office of Development

The [CDM](#) Office of Development assists with locating and securing significant support from private philanthropic sources, including individuals, foundations, and corporations. It provides the following essential services, in keeping with University fundraising priorities:

- Assistance in developing strategies and implementing fundraising plans
- Support in the preparation of cultivation and solicitation letters and materials
- Identification of prospective donors
- Solicitation of significant supplements to investigators' sponsored research funds

Each department, center, and institute at the College of Dental Medicine (CDM) should direct all questions and consult on all issues that arise. When dealing with major gifts over \$25,000 from any donor, they must involve the CDM Office of Development each step of the way. In addition, the CDM Director of Development is available to assist with activities such as planning fundraising campaigns and producing proposals and other materials.

15.1.4 CU's Office of Alumni and Development

The CU Office of Alumni and Development works closely with the CDM office, providing services and sharing resources. Its Gift Systems staff is responsible for recording gifts, including those for sponsored research, in both the development system (Advance) and the University's financial accounting system (FAS). The CU Alumni and Development Advance record is used to maintain an historical record of gifts to the University, issue receipts acknowledging each payment, house gift documentation, and track philanthropic gift income in development totals.

Additional information can be found on the [CU Office of Alumni and Development website](#).

15.2 SA RESPONSIBILITIES FOR CURRENT USE AND ENDOWED GIFTS

15.2.1 SA Responsibilities

Key Links

CUMC Office of Alumni and Development

Establishment or Amendment of an Endowment Form

SAs are expected to work closely with the CDM Director of Development, and to involve them fully when dealing with major gifts and endowments, such as:

- Establishment of a named professorship
- Modification of an endowment
- Decapitalization (“decapping”) of an endowment’s principal
- Reinvestment of income

On a day-to-day basis, SAs are responsible for:

- Proper recording of gifts of all sizes
- Identification of restrictions on spending
- Proper spending of funds
- Review and approval of expenses according to the donor’s intent

15.2.2 Essential Elements for Development

General

- ✓ Work closely with the CDM Office of Development
- ✓ Take steps to safeguard donor privacy

Designations and Receipt of Funds

- ✓ In collaboration with the CDM Office of Development, work with donors to avoid narrow designations of current use and endowed gifts, so as to broaden the usefulness of the donated funds
- ✓ Instruct donors to make checks payable to the University’s full legal name, “Trustees of Columbia University in the City of New York” or variations like “Columbia University” or “Columbia,” and have them provide further direction or restriction on the check memo line and/or in donor correspondence (e.g., a gift agreement)
- ✓ For all gifts that qualify as tax-deductible charitable gifts, direct them to a specific gift fund
- ✓ Provide Gift Systems in the CU Office of Alumni and Development with all required information for them to issue official receipts for all gifts of \$250 or more
- ✓ Bring all Gift Transmittals for depositing gift income to the CUMC Business Office in accordance with the timetable they establish annually

Special Cases

- ✓ **Memorial Gifts:** Deposit memorial gifts in an appropriate gift account as soon as possible and indicate “In Memory of ___” on the Gift Transmittal
- ✓ **Gifts of Currency:** Accept no gifts in the form of currency
- ✓ **Foreign Gifts:** Accept no checks or other forms of currency that are drawn on foreign banks and are worth less than \$150; if received and valued at \$150 or greater, do not deposit them directly into a University bank account; instead, prepare a separate Gift Transmittal
- ✓ **Commitments of University Funds:** Obtain prior approval via the CDM Business Office and the CDM Office of Development for gifts requiring a University commitment to spend Columbia funds (e.g., a requirement of matching funds)
- ✓ **Endowment Funds:** For gifts requiring the creation of a new endowed fund, work closely with the CDM Office of Development to obtain documentation about the fund in writing from the donor and assist the CDM Business Office in completing the [Establishment or Amendment of Endowment Form](#)
- ✓ **Gifts of Property and Unusual Gifts:** Always engage the CDM Office of Development before accepting donations of securities, real estate, other gifts of property, and any type of unusual gift; certain restrictions apply and special approvals may be required
- ✓ **Gifts from Faculty:** If a CU faculty member wishes to make a gift to the University of an honorarium, award, or salary, consult with the CDM Office of Development on the proper procedures for handling these in accordance with University policy and IRS regulations
- ✓ **Quid Pro Quo Contributions:** Consult with the CDM Office of Development prior to providing donors with goods or services in return for their gifts, as they may be “quid pro quo contributions,” which are subject to special IRS regulations

See Section 9.22 for key elements for financial management of these funds.

15.3 GIFTS

15.3.1 Types of Gifts

Key Links

Sponsored Projects Handbook Administrative Policy Library
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Section Administrators (SAs) need to be familiar with the different types of gifts the University receives and the associated compliance issues. Especially important is the distinction between *gifts* and *sponsored projects*. Generally, funds from private, non-governmental sources are to be administered as gifts – not as sponsored projects – when the funding source neither expects nor requires the performance of contractual obligations or the delivery of products in return for the transfer of funds to Columbia. Explicit guidelines on this topic may be found in the [Sponsored Projects Handbook](#) and in the University's policy on *Distinguishing Gifts from Sponsored Projects*, available in the [Administrative Policy Library](#). For information on sponsored project administration, see Section 5.

Another important distinction is made between *current use gifts* and *endowed gifts* (endowments). While a current use gift is available to spend down fully, an endowed gift

is restricted in that the amount available for use is determined by the University's spending rate, as approved by the Trustees. Because of administrative and compliance issues particular to endowments, they are treated separately in [Section 15.4](#).

15.3.2 Gift Designations

A donor may designate a *recipient* (a specific school, department, or program) as the beneficiary of a gift and/or a *purpose* for which the gift is to be used. When a gift is designated for or *restricted* to a specific purpose, the University will either add it to a currently existing fund with the same purpose or will create a new fund for the specified purpose. Expenditures from such funds must be monitored to ensure spending is in compliance with donors' intentions and restrictions. Undesignated gifts may be treated as *unrestricted* funds at the University or school level.

There are certain restrictions on gifts that the University cannot accept. For example, the University does not accept gifts with restrictions that, in the University's judgment, unlawfully discriminate on the basis of race, creed, color, citizenship, national origin, sexual orientation, gender, age, veteran status, or disability.

See the *Gift Policies Manual* in the [Administrative Policy Library](#) for further information on gift designations.

15.3.3 Gift Agreements

All promises to make gifts to the University of \$25,000 or more must be accepted on behalf of the University by the Executive Vice President for Alumni and Development or the CU Vice President for Development in the form of a *gift agreement*. Hence, whenever it appears that the level of an individual gift may reach \$25,000 or more, *the SA's first step is to involve the CDM Office of Development*.

A gift agreement, which formalizes and records the pledge, includes:

- The amount the donor promises to give to the College of Dental Medicine
- The period in which the donor intends to make gifts in satisfaction of the promise and/or a schedule of payments (generally not to exceed five years)
- The purpose for which the gift(s) will be used
- The signature of the Executive Vice President for Health and Biomedical Sciences and Dean of the Faculties of Health Sciences and Medicine. The signatures will be obtained by the CDM Director of Development

The CDM Office of Development takes the lead on developing the gift agreement and obtaining required signatures, engaging the SA as needed.

15.3.4 Gift Acknowledgements

Personalized thank-you notes are sent by the CUMC Alumni and Development Office and/or the recipient CDM department, center, or institute, while the Gift Systems staff in the CU Office of Alumni and Development are responsible for sending donors receipts that are compliant with IRS regulations. Of special note for SAs charged with preparing gift acknowledgements:

- For memorial gifts, it often is important not only to send a gift acknowledgement to the donor but also to notify the family of the person in whose memory the gift was made.
- When donors are provided with goods or services (called *premiums*) in return for their gifts, such transactions may be considered *quid pro quo contributions*. Part or all of their contributions may not be deductible. As applicable, IRS regulations require that the gift acknowledgement have a description of the goods or services received in return for the gift, as well as a good faith estimate of the value of those goods or services. For more information, see the University's *Gift Policies Manual*, available in the [Administrative Policy Library](#).

15.3.5 Gift Administration

Section 9.22 covers the handling of gifts and endowments once received, summarizing the administrative, financial, and compliance requirements. The most important point is that all gift funds must be spent in accordance with donor intent. To assist departments, centers, and institutes in complying with the terms and restrictions of endowed funds, the University has Endowment Term Sheets, which state the key points for each endowed fund. For further information, see Section 9.22.5.

15.4 ENDOWMENTS

15.4.1 Endowment Policy

The University's *Endowment Fund Administration and Compliance Policy*

(available in the [Administrative Policy Library](#)) exists to ensure the proper management, administration, and compliance of restricted endowment principal and endowment spending accounts. Section Administrators must be knowledgeable about the ***contractual, legal, and ethical obligations*** that gift funds – and especially endowed funds – impose upon the University, as well as the associated financial and management reporting responsibilities (among other responsibilities).

Key Links

[CUMC Office of Alumni and Development
Administrative Policy Library
Endowment Administration](#)

Any questions should be directed to the CDM Director of Development or to the Endowment Administration and Compliance Team in the CU Office of the Controller, which may be reached at endowmentadmin@columbia.edu. Also helpful is the

[Endowment Administration website](#) and its [Frequently Asked Questions \(FAQs\) webpage](#). These define the difference between *true endowments* and *quasi endowments*, explain what “plain vanilla” and “underwater” endowment accounts are, and provide information on policies and procedures relating to matters involving endowments.

15.4.2 Minimum Threshold for Establishing an Endowed Fund

The University has a set minimum gift threshold for opening an endowment, as explained in the *Gift Policies Manual* in the [Administrative Policy Library](#). This minimum (\$50,000 in June 2009) may be reached by soliciting funds from a number of donors who are told that their gifts will be directed to the specific endowment named in the solicitation materials.

Prior approval to establish an endowment must be obtained from the Executive Vice President for Health and Biomedical Sciences, Dean of the Faculties of Health Sciences and Medicine and then from the CU Executive Vice President for Alumni and Development. The process is led by the [CDM Office of Development](#) with support from the SA.

For further information on endowments, see Section 9.22.