

# **Business Process - Accounting for Gifts and Endowments**

**DRAFT**  
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## Business Process Description

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This document explains how to account for gifts and endowments in PeopleSoft GL. Properly accounting for such items is a shared responsibility of the System Office and the Campuses. Throughout this document, gifts that are not related to an endowment will be referred to as ‘expendable gifts’ and gifts related to an endowment will be referred to as ‘endowments.’

## Key Assumptions

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The reader is familiar with PeopleSoft GL ChartFields and their use.

The reader is familiar with the PeopleSoft GL Inquiry Screen.

The reader is familiar with the following documents:

- Administrative Practice Letter No. 42, “Gift Administration”
- Administrative Practice Letter No. 54, “Charitable Gift Annuities”
- Board of Trustees Policy 706, “Acceptance of Gifts, Development Activities & Fund Raising Campaigns”
- Business process document, “Journal Entry (Online) – Enter” and/or “Journal Entry (Excel) – Enter/Copy”
- Business process document, “Journal Entry for Budget Adjustments & Transfers”
- Business Process document, “Requesting a Program – Completing the Program Create Form”

## Definitions

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The following definitions apply throughout this document.

Designated	Earmarked by <u>management</u> for a particular purpose or use. Management may change the designation at any time.
Endowment, Funds Held for Others	Quasi endowments that are held on behalf of another entity. Represents a liability of the System.
Endowment, Quasi	Funds that have been established by the governing board to function like an endowment but that may be expended at any time at the discretion of the board.
Endowment, True	Funds received from a donor with the restriction that the principal is not expendable.
Endowment, Term	Funds received from a donor for which the donor stipulates that the principal may be expended after a stated period of time or upon the occurrence of a certain event.
Restricted	Earmarked by the <u>donor or some other outside party</u> for a particular purpose or use. Management may not change the restriction.

## Conversion

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Each endowment account in FAST (X-0-6XXXX) and each expendable gift account in FAST (ledgers 1, 4, and 6) were mapped to a program code in PeopleSoft General Ledger.

Many of the account attributes from FAST were converted to PeopleSoft GL; however, many of those converted will not be maintained for new programs created in PeopleSoft GL. The information that needs to be maintained for each gift and endowment program is noted on the 'Program Create Form' – see business process document, "Requesting a Program – Completing the Program Create Form."

The number of shares and market value per share for each endowment in the endowment pool were also converted to PeopleSoft GL. **However, please note that a couple of changes were made to provide more precision.** The number of shares in FAST were converted to PeopleSoft GL by dividing them by 100. Therefore, an endowment that held 5,184 shares in FAST, now holds 51.84 shares in PeopleSoft GL. In turn, the market value per share in FAST was multiplied by 100. Therefore, a market value per share of \$2.26651 in FAST becomes \$226.651 in PeopleSoft GL. Both methods produce the same total market value for a given endowment:

FAST calculation            5,184 shares X \$2.26651 = \$11,749.59 total market value

PSGL calculation            51.84 shares X \$226.651 = \$11,749.59 total market value

This document is designed to describe how new expendable gifts and endowments should be accounted for in PeopleSoft General Ledger. The process in this document differs somewhat from what was used with the old FAST system due to limitations of that system. Consequently, just after conversion, chart field combinations used for existing expendable gifts and endowments may not look exactly as illustrated in this document. Steps will be taken by the System Accounting Department, working with campus personnel, to make the adjustments needed to account for the existing expendable gifts and endowments in accordance with this document.

## Benefactor and the PeopleSoft General Ledger

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### General

Until the PeopleSoft Contributor Relations module is implemented, the Benefactor system will continue to be used to record gifts and endowments. The day-to-day activity of entering pledges, payments, and gifts into Benefactor will continue to be done as it was prior to the PeopleSoft General Ledger implementation.

Benefactor cannot hold the PeopleSoft General Ledger chart field strings; therefore, the FAST account numbers currently used in Benefactor will continue to be used. A translation process will be run by the System Office to convert the FAST accounts used in Benefactor to the chart field strings used in PeopleSoft GL. When a new gift program is established after the implementation date, a new program code will be needed in PeopleSoft and a new FAST account in Benefactor. The process for obtaining these items is explained in the process document, "Requesting a Program – Completing the Program Create Form."

### Daily Collections

The Schedule of Collections currently generated from Benefactor will continue to be used. The 10-digit gift clearing account from FAST will continue to print on this report. Therefore, either the Development Office or the Business Office will need to translate the number to the appropriate PeopleSoft chart field string prior to entering

the deposit in PeopleSoft GL. The business unit and department code will vary from campus to campus; however, **the fund code should be 00 and the account code should be 25002 for all campuses.**

The one campus that enters gifts directly into the accounting system rather than feeding them through Benefactor, will need to do a manual translation for each applicable gift or endowment rather than just the clearing account. Therefore, extra care will be needed to ensure that the gifts and endowments are consistently reported in Benefactor and PeopleSoft GL.

## **Nightly Feed From Benefactor**

The nightly process currently used by the Campuses to feed the Benefactor information to the FAST feeder file each night will continue until Benefactor is replaced. Each night the System Office will run a process to grab the Benefactor batches (BJ batches) from the FAST feeder file, run them through a translation process, and feed them to PeopleSoft General Ledger.

The following information will be fed into PeopleSoft GL to aid in identifying the Benefactor transactions:

<u>PeopleSoft Item</u>	<u>Benefactor Information Used to Populate the PeopleSoft Item</u>
Source Code	BJ
Journal ID	Batch number from Benefactor (e.g. BJCxxx)
Journal Line Reference	10-digit FAST account used in Benefactor
Journal Line Description	Transaction description + date + Reference 2 field (usually the batch ID)

If the nightly feed process cannot translate the 10-digit FAST account used in Benefactor, the transaction will be credited to a suspense chartfield combination as follows:

<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>ACCOUNT</u>
UMS01	1700000	00	16000
UMS02	2710001	00	16000
UMS03	3600000	00	16000
UMS04	4310000	00	16000
UMS05	5725100	00	16000
UMS06	6707000	00	16000
UMS07	7606101	00	16000
UMS08	8150100	00	16000

## **Reconciliations and Reports**

Gifts and pledge payments per Benefactor should be routinely reconciled with gift revenue per the PeopleSoft GL. The following reports from Benefactor and PeopleSoft GL are available to aid in this process:

### **Benefactor**

- Schedule of Collections
- FAST/Benefactor Summary Journal Report
- FAST/Benefactor Journal Error Report
- PS.Recon

### **PeopleSoft GL**

- GL/Benefactor Reconciliation (Used with the output from Benefactor report 'PS.Recon')

Please note that 'Journal Entry Register' and the 'Journal Entry Transaction List' will no longer be available as these are generated from the FAST system.

## Gifts and Endowments in PeopleSoft General Ledger

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### Key Chart Field Values

The following PeopleSoft GL chartfield values are key in the recording of expendable gifts and endowments in PeopleSoft GL:

#### **Fund Code - Endowments:**

11	Unrestricted Quasi Endowment
21	Restricted Quasi Endowment
31	Restricted NonExpendable Endowments (True Endowments)
51	Endowments Held for Others (Quasi)

#### **Fund Code - Gifts:**

00	Unrestricted Gifts
10	Designated Gifts
20	Restricted Gifts

#### **Program Code:**

C0001 - C2099	Endowments *
C2100 - C7499	Gifts *

\* See the section of this document titled, 'Creating a Program' for more information.

#### **Account Code - Liability:**

25001	Gifts Pending Acceptance
25002	Gift Clearing
25003	Payroll Gift Clearing

#### **Account Code - Revenue:**

43600	Private Gifts
43610	Gifts - Governments
43630	Gifts - Other Non-Profits
43631	Gifts - UMS Foundations
43632	Gifts - Other Foundations
43633	Gifts - Pulp&Paper Foundation
43634	Gifts - Alumni Associations
43640	Gifts - Corporate Business
43641	Gifts - Corporate Matching
43643	Gifts - Corporate Foundations
43650	Gifts - Students
43660	Gifts - Individuals
43670	Gifts - Alumni
43690	Gifts - Returned to Donor
43840	Gifts in Kind - Corporate Business
43860	Gifts in Kind - Individuals
43870	Gifts in Kind - Alumni

#### **Account Code - Expense:**

50000 - 55300	Compensation **
55100 - 55103	Scholarships **
55200	Fellowships
55300	Graduate Assistant Tuition
60000 - 67699	Supplies and Materials *

\*\* A more detailed listing is located on the web at <http://www.maine.edu/oft/pschart.htm>.

## Creating a New Program

Expendable gifts and endowments in PeopleSoft GL are tracked through the use of the program chartfield. If a new gift or endowment is received and a program value has not yet been established in PeopleSoft GL, the Campus needs to complete a Program Create Form following the guidance in the process document, "Requesting a Program – Completing the Program Create Form." That process document addresses most of the information that is required on the Program Create Form. However, the following items are discussed in more detail in this document to explain how they relate to expendable gifts and endowments:

Program Number

Chartfield Combinations

UMS\_PROGRAM Tree Node

**Once the Campus has completed the Program Create Form they should send it to the University System Office of Finance and Treasurer (OFT) for review and approval. The OFT will then forward the form to the System Accounting Department (SAD) for set up in PeopleSoft GL.**

### >> Program Number

As mentioned in "Requesting a Program – Completing the Program Create Form", certain ranges of values have been assigned to endowments vs. expendable gifts. Please note that expendable gifts or endowments that exist at multiple campuses have been given similar values with only the first digit varying to identify the business unit.

Program Type	From	To	Description
<b>Endowments, including income accounts</b>			
	C0001	C0050	Endowments, Pool (System)
		C0001	Bath Iron Works Scholarship
		C0002	Edna Higgins Scholarship
	C0003	C0005	Katharine O'Brien Book Fd
	C0006	C0018	Libra Professorship
	C0019	C0050	Unassigned
	C0051	C1499	Endowments, Pool (Campus)
	C1500	C1599	Endowments, Separate
	C1600	C1699	Life Income Funds
	C1700	C1899	Gift Annuities
	C1900	C1999	Deferred Charitable Gift Annuity
	C2000	C2099	Unassigned
<b>Gift Accounts</b>			
	C2100	C4099	UM Foundation
	C4100	C4399	Other UMS Foundations
	C4400	C4450	Other Expendable Gifts (System)
		C4401	Hervey Hanscom Scholarship
		C4402	Katharine O'Brien Book Fd
		C4403	Development Support
	C4451	C7399	Other Expendable Gifts
	C7400	C7499	Unassigned

### >> Chart Field Combinations

Please provide the combinations of department, fund, and project that you intend to use in combination with the requested program code. The System Office will assess the appropriateness of these combinations based on other information provided on the Program Create Form. Our goal is to help ensure that you have identified appropriate combinations before you start processing transactions.

The combination of the program and fund chart fields in particular are important in properly identifying a program as restricted or unrestricted and as an expendable gift or endowment, including the type of endowment (e.g., true, quasi, or held for others).

Typically, expendable gift programs will only have one chart field combination and will not include a project number. However, if expendable gift funds are used to fund a construction project, the number for the construction project will be used in combination with the gift program number to record expenditure of the gift monies. See the business process document, "Accounting for Capital and Maintenance Projects" for more information.

Endowments will typically have just two chart field combinations, one for the endowment itself and one for the income distributed from the endowment (endowment income distribution will be discussed in more detail later in this document).




### **>> UMS\_PROGRAM Tree Node**

To properly account for gifts and endowments, we must also identify any donor restrictions or management designations associated with the gift or endowment. The restriction and designation categories tracked in PeopleSoft GL are similar to those incorporated in the VSE/CAE codes maintained in the Benefactor system. The restrictions and designations are tracked through the use of levels (nodes) on the UMS\_PROGRAM tree as noted on the next page.

**An 'up-to-date' copy of this tree can be located at <http://www.maine.edu/oft/pstrees.htm>. The name of the lowest level tree node that accurately provides all pertinent information about the endowment or gift program should be indicated on the Program Create Form.**

Level 1	Level 2	Cat1	Cat2	Cat3	Cat4	Restr1	Restr2	Restr3	Descr
ALLPROGRAM									All Programs
(A,B)	PROGRAM_VALUES								
	(B)	ENDOW							Endowment
		(B)	ENDOW_POOL						UMS Endowment Pool
			(B)	ENDOW_GIFTS					Endowment Pool Gifts
						END_UNRSTR			Endowment Pool Unrestricted
						END_ACAD			Endowment Pool - Acad Div
						END_COMP			Endow Pool - Faculty/Staff Comp
							END_PROFSHIP		Endowment - Professorships
							LIBRA_PROFSHIP		Libra Professorship
							END_CHAIR		Endowments - Chairs
						END_RSRCH			Endowment Pool - Research
						END_PS			Endowment Pool Public Service
						END_LIB			Endowment Pool - Library
							ENDOW_KATH_OBRIEN		Endowment Katharine Obrien
						END_OM			Endowment Pool - O&M Plant
			(B)	END_SFA					Endowment Pool - Financial Aid
							ENDOW_BATH_IRON_WORK		Endowment Bath Iron Works
							ENDOW_EDNA_HIGGINS		Endowment Edna Higgins
						END_ATHL			Endowment Pool - Athletics
						END_OTH			Endowment Pool - Restr Other
						END_PBE			Endow Property Bldgs & Equip
						END_LOAN			Endowment Pool - Loans
				ENDOW_CGA					Charitable Gift Annuities
						END_CGA_UNRSTR			Endowment CGA Unrestricted
						END_CGA_SFA			Endow CGA Financial Aid
						END_CGA_ACAD			Endow CGA Academic Divisions
				ENDOW_DF_CGA					Endow Deferred Chr Gft Annuity
						END_DFCGA_UNRSTR			End Def CGA Unrestricted
						END_DFCGA_LIB			Deferred CGA Restr Library
				ENDOW_NONGIFT					Endowment Pool Non-Gifts
						END_NG_SFA			Endowment Non-Gift Fin Aid
			ENDOW_SEPARATE						Endowments Separate
						END_SEP_COMP			Endowment Sep Compensation
						END_SEP_CHAIR			Endow Separately Inv - Chairs
						END_SEP_SFA			Endowment Sep Financial Aid
						END_SEP_PBE			Endow Sep Prop Bldgs & Equip
			ENDOW_PIF						Endowment Pooled Life Income
						END_PIF_UNRSTR			Pooled Life Inc Unrestricted
						END_PIF_SFA			Endowment PIF Financial Aid
(A)	GIFTS								Gifts
			UM_FOUND_GIFT						UM Foundation Funded
						UM_FND_UNRSTR			UM Foundation Unrestricted
						UM_FND_ACAD			UM Foundation Acad Divisions
						UM_FND_COMP			UM Foundation Fac/Staff Comp
						UM_FND_CHAIR			Gifts UM Foundation - Chairs
						UM_FND_PROF			Gift UM Found - Professorships
						UM_FND_RSRCH			UM Foundation Research
						UM_FND_PS			UM Foundation Public Service
						UM_FND_LIB			UM Foundation Library
						UM_FND_OM			UM Foundation O&M Plant
						UM_FND_SFA			UM Foundation Financial Aid
						UM_FND_OTH			UM Foundation Other Restricted
						UM_FND_PBE			UM Found Prop Bldgs & Equip
						UM_FND_LOAN			UM Foundation - Loans
						UM_FND_ATHL			UM Foundation Athletics
			OTH_UMS_FOUND						Other UMS Foundation Funded
						OTH_FND_PBE			Other Found Prop Bldgs & Equip
						OTH_FND_SFA			Other UMS Found Financial Aid
						OTH_FND_OTH			Other UMS Found - Restr Other
	(A)	ANN_GIFT							Annual Gifts Outside Source
						ANN_GFT_UNRSTR			Annual Gift Unrestricted
					(A)	ANN_GFT_ACAD			Annual Gifts Academic Division
						ANN_GFT_COMP			Annual Gifts Fac/Staff Comp
						ANN_GFT_PROF			Annual Gifts - Professorships
						ANN_GFT_RSRCH			Annual Gifts Research
						ANN_GFT_PS			Annual Gifts Public Service
						ANN_GFT_LIB			Annual Gifts - Library
							GIFT_KATH_OBRIEN		Gift Katharine Obrien
						ANN_GFT_OM			Annual Gifts Oper & Mnt Plant
						ANN_GFT_SFA			Annual Gifts - Financial Aid
							GIFT_H_HANSCOM_SCHSP		Gift H Hanscom Scholarship
						ANN_GFT_ATHL			Annual Gifts - Athletics
						ANN_GFT_OTH			Annual Gifts Other Restricted
							GIFT_DEVL_SUPPORT		Gift Development Support
						ANN_GFT_PBE			Annual Gift Prop Bldgs & Equip
						ANN_GFT_LOAN			Annual Gifts - Loans
	NO_PROG_VALUE								

The levels in the above tree are discussed in general in the process document, “Requesting a Program – Completing the Program Create Form.” How the levels relate to gifts and endowments is discussed below.

<u>Level</u>	<u>Description</u>
Cat 1	This level divides the program chartfield values into various <b>types</b> of programs as discussed in the process document, “Requesting a Program – Completing the Program Create Form.” Please note that the above excerpt from the UMS_PROGRAM tree includes only the section applicable to endowments and gifts.
Cat 2	This level identifies the endowment programs that are part of the endowment pool, separately invested, or a pooled income fund (PIF). This level also identifies gift programs that are from the UM Foundation and from other foundations, or that are annual gifts.
Cat 3	This level divides programs in the endowment pool into categories based on the source of funding: gifts, charitable gift annuities, deferred charitable gift annuities, and endowments funded from other than gifts.
Cat 4	This level is not used for endowment and gift programs.
Restr 1	This level represents the broadest breakdown by donor restriction/management designation. Again, these categories are similar to the VSE/CAE codes used in Benefactor.
Restr 2	This level provides a further breakdown of selected restrictions from the ‘Restr 1’ level.
Restr3	This level provides a further breakdown of selected restrictions from the ‘Restr 2’ level.
<i>Illustration 1:</i>	<i>Campus A receives a \$1,000 gift that is to benefit the math department per the donor’s request. In completing the Program Create Form, Campus A lists the purpose of the program as “Annual restricted gift to benefit the math department.” Based on this information, the System Office enters ‘ANN_GFT_ACAD’ on the Program Create Form as the applicable tree node for the UMS_PROGRAM tree. Follow the  from Level 2 to Restr 1 to see how the System arrived at this answer.</i>
<i>Illustration 2:</i>	<i>A donor gives Campus A \$100,000 to establish a scholarship endowment to benefit students studying accounting. In completing the Program Create Form, Campus A lists the purpose of the program as “Establish an endowment in the endowment pool to provide scholarships to accounting students per donor’s request.” Based on this information, the System Office enters ‘END_SFA’ on the Program Create Form as the applicable tree node for the UMS_PROGRAM tree. Follow the  from Level 2 to Restr 1 to see how the System arrived at this answer.</i>
<i>Illustration 3:</i>	<i>Campus A decides to establish an endowment to provide scholarships to accounting students. Management has designated \$100,000 of existing unrestricted gift monies to fund the endowment. In completing the Program Create Form, Campus A lists the purpose of the program as “Establishment of an endowment in the endowment pool to provide scholarships to accounting students. Funding comes from existing unrestricted gifts.” Based on this information, the System Office enters ‘END_SFA’ on the Program Create Form as the applicable tree node for the UMS_PROGRAM tree. Follow the  from Level 2 to Restr 1 to see how the System arrived at this answer.</i>

**Please note that the same node is used in both Illustration 2 and Illustration 3 even though the money in Illustration 2 is donor restricted and in Illustration 3 it is designated by management. The levels in the UMS\_PROGRAM tree indicate how the endowment is to be spent, regardless of whether the donor makes the decision or management makes it. As previously mentioned in this process document, the fund code would identify whether the program was donor restricted or management designated. In**

***the above illustrations the program code in illustration 2 would be used with fund code 51 to identify the program as a true endowment and the program code in illustration 3 would be used with fund code 21 to identify the program as a quasi endowment.***

## **Pledges**

The Campuses should continue to record pledges and pledge payments in Benefactor as has been done in the past. However, as was done with our old accounting system, only the pledge payments will be fed to PeopleSoft GL each day. This practice may or may not change when the PeopleSoft Contributor Relations module is implemented at a later date.

**Please note that a listing of outstanding pledges will still be needed as of June 30<sup>th</sup> each year for financial statement reporting.** The Campuses should continue to run the ‘UMS GASB Report’ in Benefactor. Based on this report, the System Accounting Department will make entries in PeopleSoft GL to record the pledges.

## **Gifts-in-Kind**

The Campuses should continue to record gifts-in-kind in Benefactor as has been done in the past. These gifts will not be fed to PeopleSoft GL. **Please note, however, that the Campuses need to make journal entries to PeopleSoft GL for certain gifts of equipment or gifts-in-kind made to capital projects.** Please refer to the business process document, “Accounting for Capital and Maintenance Projects” and Administrative Practice Letter 52, “Accounting for Capital Assets” for more information on how to handle these types of gifts-in-kind. The following account codes have been established in PeopleSoft GL specifically for gifts-in-kind:

<u>Account</u>	<u>Description</u>
43840	Gifts-in-kind – Corporate Business
43860	Gifts-in-kind – Individuals
43870	Gifts-in-kind - Alumni

# The Endowment Pool in PeopleSoft GL

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## Endowment Pool Investments

The University of Maine System’s Endowment Pool is comprised of true endowments, quasi endowments, and endowments held for others (see previously provided definitions of these terms). As a pool, all endowment gifts are combined for investment purposes. To track the investments of the pool as a whole, a control endowment program called ‘Investment Pool’ is used at SWS. The chart field combination (excluding account) for this control program is as follows:

<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>
UMS08	8150108	31	80073-Investment Pool

The following account codes are used with the above chart field combination to account for the pool investments:

<u>Account</u>	<u>Description</u>
12170	Investments - Endowment Pool
12172	Accum Unrealized Gains/Losses
44000	Interest & Dividends Enowments
44001	Realized Gains on Investments
44002	Unrealized Gains/Losses on Investments
44090	Investment Fees

The ‘Investment Pool’ program is used to track all activity that impacts the cost basis or market value of the Endowment Pool investments. The cost basis is adjusted for new amounts invested, the sale of securities, reinvestment of earnings, etc. This program will also be used to adjust the investments to market value on a monthly basis.

Please note that financial activity related to the Endowment Pool that does not impact the cost basis or market value of the Endowment Pool investments (e.g., earnings that are paid over to the System rather than being reinvested) is recorded in the following chart field combination. The same revenue account codes noted above for the investment pool are also used with this combination.

<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>
UMS08	8150108	20	80072-Endowment Pool Income

*Illustration: As of June 30, 2004 the following is true of the Endowment Pool Investments:*

<i>Total corpus</i>	<i>\$58,154,558</i>
<i>Cost basis</i>	<i>\$76,435,214</i>
<i>Market value</i>	<i>\$92,541,856</i>

*As of July 1, 2004 prior to processing any transactions for fiscal year 2005, the GL Inquiry display for the ‘Investment Pool’ program looks as shown on the next page:*

<b>Fiscal Year:</b> 2004		<b>Accounting Period:</b> 1-Jul	
<b>Business Unit:</b> UMS08		UMS System-Wide Services	
<b>Department:</b> 8150108		Endowment Pool Income	
<b>Fund Code:</b> 31		Restricted Non-Expendable	
<b>Program:</b> 80073		Investment Pool	
<b>Project:</b>			
<b>Operating Unit:</b>			

Assets/Liabilities							
Account	Description		Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance
12160	Invested in Endowment Pool		-58,154,558.00	-58,154,558.00	0.00	0.00	-58,154,558.00
12161	Distributed Realized Gains		-18,280,656.00	-18,280,656.00	0.00	0.00	-18,280,656.00
12162	Distributed Unrealized Gains		-16,106,642.00	-16,106,642.00	0.00	0.00	-16,106,642.00
12170	Investments - Endowment Pool		76,435,214.00	76,435,214.00	0.00	0.00	76,435,214.00
12172	Accum Unrealized Gains/Losses		16,106,642.00	16,106,642.00	0.00	0.00	16,106,642.00
33100	Net Assets - Endowment		0.00	0.00	0.00	0.00	0.00

Revenues/Expenses								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
44000	Interest & Dividends Endowments		0.00	0.00	0.00	0.00	0.00	0.00
44001	Realized Gains on Investments		0.00	0.00	0.00	0.00	0.00	0.00
44002	Unrealized Gains/Losses on Invest		0.00	0.00	0.00	0.00	0.00	0.00
83100	Trfr From Restr Endow NonEx		0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
44090	Investment Fees		0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Illustration 2: The July 2004 activity related to the Endowment Pool investments was as follows:

Interest earnings reinvested	\$ 18,542
Gains realized	\$118,492
Fees incurred	\$ 5,288

The System Office posts the following entry to record the above activity:

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jln Line Description</u>
ACTUALS	UMS08	8150108	31	80073		12170		131,746.00	July invest activity
ACTUALS	UMS08	8150108	31	80073		44000		(18,542.00)	Reinvested interest
ACTUALS	UMS08	8150108	31	80073		44090		5,288.00	Withheld fees
ACTUALS	UMS02	8150108	31	80073		44001		(118,492.00)	Realized gain

On the next page is a representation of the GL Inquiry display you would see in July for the Investment Pool program **just after the above entry is posted:**

<b>Fiscal Year:</b> 2004		<b>Accounting Period:</b> 1-Jul						
<b>Business Unit:</b> UMS08		UMS System-Wide Services						
<b>Department:</b> 8150108		Endowment Pool Income						
<b>Fund Code:</b> 31		Restricted Non-Expendable						
<b>Program:</b> 80073		Investment Pool						
<b>Project:</b>								
<b>Operating Unit:</b>								
<b>Assets/Liabilities</b>								
Account	Description	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance		
12160	Invested in Endowment Pool	-58,154,558.00	-58,154,558.00	0.00	0.00	-58,154,558.00		
12161	Distributed Realized Gains	-18,280,656.00	-18,280,656.00	0.00	0.00	-18,280,656.00		
12162	Distributed Unrealized Gains	-16,106,642.00	-16,106,642.00	0.00	0.00	-16,106,642.00		
12170	Investments - Endowment Pool	76,435,214.00	76,435,214.00	131,746.00	131,746.00	76,566,960.00		
12172	Accum Unrealized Gains/Losses	16,106,642.00	16,106,642.00	0.00	0.00	16,106,642.00		
33100	Net Assets - Endowment	0.00	0.00	0.00	0.00	0.00		
<b>Revenues/Expenses</b>								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
44000	Interest & Dividends Endowments		0.00	0.00	-18,542.00	-18,542.00	0.00	18,542.00
44001	Realized Gains on Investments		0.00	0.00	-118,492.00	-118,492.00	0.00	118,492.00
44002	Unrealized Gains/Losses on Invest		0.00	0.00	0.00	0.00	0.00	0.00
83100	Trfr From Restr Endow NonEx		0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>-137,034.00</b>	<b>-137,034.00</b>	<b>0.00</b>	<b>137,034.00</b>
44090	Investment Fees		0.00	0.00	5,288.00	5,288.00	0.00	-5,288.00
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>5,288.00</b>	<b>5,288.00</b>	<b>0.00</b>	<b>-5,288.00</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>-131,746.00</b>	<b>-131,746.00</b>	<b>0.00</b>	<b>131,746.00</b>

*Illustration 3: As of July 31, 2004 the market value of the Endowment Pool's investments was \$89,917,439. The System Office makes the following calculation to determine the amount of the entry to adjust the market value:*

Total market value at July 31	\$89,917,439
Cost basis in account 12170 at July 31	(76,566,960)
Balance in account 12172 prior to this entry	(16,106,642)
Needed adjustment	<u>(\$ 2,756,163)</u>

*The System Office posts the following entry to adjust the investments to their July 31, 2004 market value:*

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jln Line Description</u>
ACTUALS	UMS08	8150108	31	80073		44002		2,756,163.00	Unrealized loss
ACTUALS	UMS08	8150108	31	80073		12172		(2,756,163.00)	Unrealized loss

*On the next page is a representation of the GL Inquiry display you would see in July for the Investment Pool program just after the above entry is posted:*

<b>Fiscal Year:</b> 2004		<b>Accounting Period:</b> 1-Jul						
<b>Business Unit:</b> UMS08		UMS System-Wide Services						
<b>Department:</b> 8150108		Endowment Pool Income						
<b>Fund Code:</b> 31		Restricted Non-Expendable						
<b>Program:</b> 80073		Investment Pool						
<b>Project:</b>								
<b>Operating Unit:</b>								
<b>Assets/Liabilities</b>								
Account	Description	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance		
12160	Invested in Endowment Pool	-58,154,558.00	-58,154,558.00	0.00	0.00	-58,154,558.00		
12161	Distributed Realized Gains	-18,280,656.00	-18,280,656.00	0.00	0.00	-18,280,656.00		
12162	Distributed Unrealized Gains	-16,106,642.00	-16,106,642.00	0.00	0.00	-16,106,642.00		
12170	Investments - Endowment Pool	76,435,214.00	76,435,214.00	131,746.00	131,746.00	76,566,960.00		
12172	Accum Unrealized Gains/Losses	16,106,642.00	16,106,642.00	-2,756,163.00	-2,756,163.00	13,350,479.00		
33100	Net Assets - Endowment	0.00	0.00	0.00	0.00	0.00		
<b>Revenues/Expenses</b>								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
44000	Interest & Dividends Endowments		0.00	0.00	-18,542.00	-18,542.00	0.00	18,542.00
44001	Realized Gains on Investments		0.00	0.00	-118,492.00	-118,492.00	0.00	118,492.00
44002	Unrealized Gains/Losses on Invest		0.00	0.00	2,756,163.00	2,756,163.00	0.00	-2,756,163.00
83100	Trfr From Restr Endow NonEx		0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>2,619,129.00</b>	<b>2,619,129.00</b>	<b>0.00</b>	<b>-2,619,129.00</b>
44090	Investment Fees		0.00	0.00	5,288.00	5,288.00	0.00	-5,288.00
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>5,288.00</b>	<b>5,288.00</b>	<b>0.00</b>	<b>-5,288.00</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>2,624,417.00</b>	<b>2,624,417.00</b>	<b>0.00</b>	<b>-2,624,417.00</b>

Please note that the total market value of the Endowment Pool investments is represented by the total of account codes 12170-Investments – Endowment Pool and 12172-Accum Unrealized Gains/Losses.

Please also note that the ‘Investment Pool’ program is also impacted each month by entries made to record corpus in the individual endowment programs and to distribute the costs basis and market values of the Endowment Pool investments to the individual endowment programs. These transactions are discussed in the following section of this process document and are reflected in the following account codes:

<u>Account</u>	<u>Description</u>
12160	Invested in Endowment Pool
12161	Distributed Realized Gains
12162	Distributed Unrealized Gains
44091	Distributed Realized Gains/Losses
44092	Distributed Unrealized Gains/Losses

## Individual Endowment Programs in the Pool

Although the Endowment Pool monies are combined for investment as described above, to comply with legal and accounting requirements, the System must track specific information for each endowment program that invests in the endowment pool. This information is discussed in the remainder of this section.

### >> Type of Endowment

As previously mentioned in this document, the fund chartfield is used to identify the type of endowment (e.g., true, quasi, held for others).

**>> Donor Restriction or Management Designation**

As previously mentioned in this document, levels or nodes on the UMS\_PROGRAM tree are used to identify the purpose for which each endowment is to be used.

**>>Total Amounts Invested (Corpus)**

When a new endowment program is established in the pool or additional gifts are made to an existing endowment program, the gift revenue is credited to the individual endowment program using the revenue codes previously identified (43xxx). At the end of each month the System Accounting Department runs an allocation process to adjust the corpus (account code 12160-Invested in Endowment Pool) for each program for new gifts received or amounts removed from the pool. The offsetting entry is made to account code 12160 in chartfield combination for the pool's control program.

*Illustration: During the month of May 2005, UMF receives \$480,826 in gifts to be added to the Allen and Black Scholarship endowment, an existing (program 20175) restricted quasi endowment. The Development Office processes these gifts in Benefactor and the gifts are fed to the following chartfield combination in PeopleSoft GL:*

<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>ACCOUNT</u>
UMS02	2700001	21	20175	43660

*Below is a representation of the GL Inquiry display you would see in March for this chart field combination **just after the gifts are recorded:***

<b>Fiscal Year:</b> 2005		<b>Accounting Period:</b> 9-Mar						
<b>Business Unit:</b> UMS02		University of Maine at Farmington						
<b>Department:</b> 2700001		General Ledger						
<b>Fund Code:</b> 21		Restricted Quasi Endowment						
<b>Program:</b> 20175		Allen & Black Scholarship						
<b>Project:</b>								
<b>Operating Unit:</b>								
<b>Statistics</b>								
Account	Class	Statistics Code	Description	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance
12160		EPS	EndowPool Shares	0.000	3,478.732	0.000	3,478.732	3,478.732
12160		EPV	EndowPool Share Value	0.000	293.482	0.000	293.482	293.482
<b>Assets/Liabilities</b>								
Account	Description	Class	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance	
12160	Invested in Endowment Pool		0.00	990,000.00	0.00	990,000.00	990,000.00	
12161	Distributed Realized Gains		0.00	-213,820.34	0.00	-213,820.34	-213,820.34	
	Total Cost Basis		0.00	776,179.66	0.00	776,179.66	776,179.66	
12162	Distributed Unrealized Gains		0.00	244,765.63	0.00	244,765.63	244,765.63	
	Total Market Value		0.00	1,020,945.29	0.00	1,020,945.29	1,020,945.29	
<b>Revenues/Expenses</b>								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
43660	Gifts - Individuals		0.00	0.00	-480,826.00	-1,470,826.00	0.00	-1,470,826.00
44091	Distributed Realized Gains/Losses		0.00	0.00	0.00	213,820.34		213,820.34
44092	Distributed Unrealized Gains/Losses		0.00	0.00	0.00	-244,765.63		-244,765.63
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>-480,826.00</b>	<b>-1,501,771.29</b>	<b>0.00</b>	<b>-1,501,771.29</b>
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>-480,826.00</b>	<b>-1,501,771.29</b>	<b>0.00</b>	<b>-1,501,771.29</b>

At the end of March, the System Accounting Department runs an allocation process to add an amount equal to March's gifts to the corpus for the Allen & Black Scholarship Endowment. The allocation process generates the following entry. Please note that PeopleSoft GL automatically generates the interunit portion of this entry to balance the entry for each business unit.

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jln Line Description</u>
ACTUALS	UMS02	2700001	21	20175		12160		480,826.00	Record corpus
ACTUALS	UMS08	8150108	31	80073		12160		(480,826.00)	Record corpus
ACTUALS	UMS08	8000099	00			13900		480,826.00	InterUnit
ACTUALS	UMS02	2000099	00			13900		(480,826.00)	InterUnit

Below is a representation of the GL Inquiry display you would see in March for the Allen & Black Scholarship program just after the allocation process is run to record the corpus:

<b>Fiscal Year:</b> 2005		<b>Accounting Period:</b> 9-Mar						
<b>Business Unit:</b> UMS02		University of Maine at Farmington						
<b>Department:</b> 2700001		General Ledger						
<b>Fund Code:</b> 21		Restricted Quasi Endowment						
<b>Program:</b> 20175		Allen & Black Scholarship						
<b>Project:</b>								
<b>Operating Unit:</b>								
<b>Statistics</b>								
Account	Class	Statistics Code	Description	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance
12160		EPS	Endow Pool Shares	0.000	3,478.732	0.000	3,478.732	3,478.732
12160		EPV	Endow Pool Share Value	0.000	293.482	0.000	293.482	293.482
<b>Assets/Liabilities</b>								
Account	Description	Class	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance	
12160	Invested in Endowment Pool		0.00	990,000.00	480,826.00	1,470,826.00	1,470,826.00	
12161	Distributed Realized Gains		0.00	-213,820.34	0.00	-213,820.34	-213,820.34	
	Total Cost Basis		0.00	776,179.66	480,826.00	1,257,005.66	1,257,005.66	
12162	Distributed Unrealized Gains		0.00	244,765.63	0.00	244,765.63	244,765.63	
	Total Market Value		0.00	1,020,945.29	480,826.00	1,501,771.29	1,501,771.29	
<b>Revenues/Expenses</b>								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
43660	Gifts - Individuals		0.00	0.00	-480,826.00	-1,470,826.00	0.00	-1,470,826.00
44091	Distributed Realized Gains/Losses		0.00	0.00	0.00	213,820.34		213,820.34
44092	Distributed Unrealized Gains/Losses		0.00	0.00	0.00	-244,765.63		-244,765.63
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>-480,826.00</b>	<b>-1,501,771.29</b>	<b>0.00</b>	<b>-1,501,771.29</b>
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>-480,826.00</b>	<b>-1,501,771.29</b>	<b>0.00</b>	<b>-1,501,771.29</b>

*Below is a representation of the GL Inquiry display you would see in March for the control program for the endowment pool just after the allocation process is run to record the corpus and assuming that the gift monies have been invested:*

<b>Fiscal Year:</b> 2005		<b>Accounting Period:</b> 9-Mar						
<b>Business Unit:</b> UMS08		UMS System-Wide Services						
<b>Department:</b> 8150108		Endowment Pool Income						
<b>Fund Code:</b> 31		Restricted Non-Expendable						
<b>Program:</b> 80073		Investment Pool						
<b>Project:</b>								
<b>Operating Unit:</b>								
<b>Assets/Liabilities</b>								
Account	Description	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance		
12160	Invested in Endowment Pool	-58,154,557.70	-60,521,305.83	-480,826.00	-2,847,574.13	-61,002,131.83		
12170	Investments - Endowment Pool	76,435,213.54	79,364,045.61	480,826.00	3,409,658.07	79,844,871.61		
33100	Net Assets - Endowment	-18,360,663.55	-19,140,249.62	0.00	-779,586.07	-19,140,249.62		
<b>Revenues/Expenses</b>								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
44000	Interest & Dividends Endowments		0.00	0.00	0.00	-1,925,169.39	0.00	1,925,169.39
44000	Interest & Dividends Endowments	02	0.00	0.00	0.00	2,593,440.84	0.00	-2,593,440.84
44001	Realized Gains on Investments		0.00	0.00	0.00	-1,507,232.00	0.00	1,507,232.00
83100	Trfr From Restr Endow NonEx		0.00	0.00	0.00	-25,303.14	0.00	25,303.14
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-864,263.69</b>	<b>0.00</b>	<b>864,263.69</b>
73100	Trfr To Restr Endowment NonEx		0.00	0.00	0.00	84,677.62	0.00	-84,677.62
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>84,677.62</b>	<b>0.00</b>	<b>-84,677.62</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-779,586.07</b>	<b>0.00</b>	<b>779,586.07</b>

**>> Number of Pool Shares Held**

The System Accounting Department will also run an allocation process at the end of each month to allocate shares to (or in some cases delete shares from) the individual endowments, based on the change in corpus for the month. Each program will 'buy' or 'sell' shares based on the market value per share at the end of the previous month. The number of shares associated with each endowment are recorded in a statistics code chartfield called 'EPS' used in combination with the business unit, department, fund, and program representing the individual endowment and account code '12160-Invested in Endowment Pool.'

*Illustration: We will continue with the illustration of the addition to the Allen & Black Scholarship Endowment. After the System Accounting Department runs the allocation to record corpus, they now run the allocation to add or subtract shares accordingly. In this case, the net change to corpus for the month of March was the \$480,826 in gifts. The market value per share at which the endowment will purchase shares is \$293.482 per share (the market value per share as of the prior month end). Therefore, the Allen & Black Scholarship Endowment receives 1,638.349 shares for March. The following entry is posted:*

LEDGER	BU	DEPT	FUND	PROGRAM	PROJECT	ACCOUNT	CLASS	AMOUNT	STAT	STAT Amount	UOM	Jln Line Description
ACTUALS	UMS02	2700001	21	20175		12160		-	EPS	1,638.349	UNT	Record shares

**Please note that because the shares are posted to a statistics chartfield the entry does not need to balance.**

Below is a representation of the GL Inquiry display you would see in March for the Allen & Black Scholarship program **just after the allocation process is run to record the new shares:**

Fiscal Year: 2005		Accounting Period:		9-Mar				
<b>Business Unit:</b> UMS02		University of Maine at Farmington						
<b>Department:</b> 2700001		General Ledger						
<b>Fund Code:</b> 21		Restricted Quasi Endowment						
<b>Program:</b> 20175		Allen & Black Scholarship						
<b>Project:</b>								
<b>Operating Unit:</b>								
Statistics								
Account	Class	Statistics Code	Description	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance
12160		EPS	EndowPool Shares	0.000	3478.732	1638.349	5117.081	5117.081
12160		EPV	EndowPool Share Value	0.000	293.482	0.000	293.482	293.482
Assets/Liabilities								
Account	Description	Class	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance	
12160	Invested in Endowment Pool		0.00	990,000.00	480,826.00	1,470,826.00	1,470,826.00	
12161	Distributed Realized Gains		0.00	-213,820.34	0.00	-213,820.34	-213,820.34	
	Total Cost Basis		0.00	776,179.66	480,826.00	1,257,005.66	1,257,005.66	
12162	Distributed Unrealized Gains		0.00	244,765.63	0.00	244,765.63	244,765.63	
	Total Market Value		0.00	1,020,945.29	480,826.00	1,501,771.29	1,501,771.29	
Revenues/Expenses								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
43660	Gifts - Individuals		0.00	0.00	-480,826.00	-1,470,826.00	0.00	-1,470,826.00
44091	Distributed Realized Gains/Losses		0.00	0.00	0.00	213,820.34		213,820.34
44092	Distributed Unrealized Gains/Losses		0.00	0.00	0.00	-244,765.63		-244,765.63
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>-480,826.00</b>	<b>-1,501,771.29</b>	<b>0.00</b>	<b>-1,501,771.29</b>
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>-480,826.00</b>	<b>-1,501,771.29</b>	<b>0.00</b>	<b>-1,501,771.29</b>

**>> Share of Endowment Pool's Cost Basis**

Prior to PeopleSoft General Ledger, the System Accounting Department tracked each endowment program's share of the pool's cost basis in a shadow system rather than in FAST. However, in PeopleSoft GL a monthly allocation process will be run by the System Accounting Department to allocate the cost basis of the endowment pool (account code '12170-Investments – Endowment Pool') to the individual endowment programs. Account codes 12161-Distributed Realized Gains and 44091-Distrib of Realized Gains in the chartfield combination for each individual endowment program will be debited or credited accordingly. Offsetting debits and credits will be made to these same account codes in the chartfield combination for the pool's control program.

Please note that the amount recorded in account code 12161 actually represents the difference between the individual endowment's share of the pool's cost basis and the corpus amount for the individual endowment. To determine the total cost basis of the individual endowment you need to add the amount of corpus in account code 12160 and the cost basis adjustment in account code 12161.

*Illustration: We will continue with the illustration of the addition to the Allen & Black Scholarship Endowment. After the System Accounting Department runs the allocations to record corpus and to add or subtract shares, they now run the allocation to allocate the change in the cost basis of the endowment pool to the individual endowment programs.*

*The total cost basis of the pool is \$79,844,871.61 and the total number of shares is 344,242, which results in a cost per share of \$231.944. As previously illustrated, the Allen & Black Scholarship program holds 5,117.081 shares after the March allocation is run. The cost basis of*

this program at the end of March should therefore be \$1,186,876.24 (5,117.081 shares x \$231.944 per share).

The entry to be made by the allocation process is calculated as follows:

What the cost basis should be	\$1,186,876.24
Less corpus in account 12160	( 1,470,826.00)
Less existing balance in account 12161	<u>213,820.34</u>
Adjustment Needed	<u>(\$ 70,129.42)</u>

The allocation process generates the following entry related to the Allen & Black Scholarship program:

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>J/n Line Description</u>
ACTUALS	UMS02	2700001	21	20175		44091		70,129.42	Adjust cost basis
ACTUALS	UMS08	2700001	21	20175		12161		(70,129.42)	Adjust cost basis
ACTUALS	UMS08	8150108	31	80073		12161		70,129.42	Adjust cost basis
ACTUALS	UMS02	2000099	31	80073		44091		(70,129.42)	Adjust cost basis

Below is a representation of the GL Inquiry display you would see in March for the Allen & Black Scholarship program just after the allocation process is run to allocate the pool's cost basis:

<b>Fiscal Year:</b> 2005		<b>Accounting Period:</b> 9-Mar						
<b>Business Unit:</b> UMS02		University of Maine at Farmington						
<b>Department:</b> 2700001		General Ledger						
<b>Fund Code:</b> 21		Restricted Quasi Endowment						
<b>Program:</b> 20175		Allen & Black Scholarship						
<b>Project:</b>								
<b>Operating Unit:</b>								
<b>Statistics</b>								
Account	Class	Statistics Code	Description	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance
12160		EPS	Endow Pool Shares	0.00	3,478.732	1,638.349	5,117.081	5,117.081
12160		EPV	Endow Pool Share Value	0.00	293.482	0.000	293.482	293.482
<b>Assets/Liabilities</b>								
Account	Description	Class	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance	
12160	Invested in Endowment Pool		0.00	990,000.00	480,826.00	1,470,826.00	1,470,826.00	
12161	Distributed Realized Gains		0.00	-213,820.34	-70,129.42	-283,949.76	-283,949.76	
	Total Cost Basis		0.00	776,179.66	410,696.58	1,186,876.24	1,186,876.24	
12162	Distributed Unrealized Gains		0.00	244,765.63	0.00	244,765.63	244,765.63	
	Total Market Value		0.00	1,020,945.29	410,696.58	1,431,641.87	1,431,641.87	
<b>Revenues/Expenses</b>								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
43660	Gifts - Individuals		0.00	0.00	-480,826.00	-1,470,826.00	0.00	-1,470,826.00
44091	Distributed Realized Gains/Losses		0.00	0.00	70,129.42	283,949.76		283,949.76
44092	Distributed Unrealized Gains/Losses		0.00	0.00	0.00	-244,765.63		-244,765.63
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>-410,696.58</b>	<b>-1,431,641.87</b>	<b>0.00</b>	<b>-1,431,641.87</b>
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>-410,696.58</b>	<b>-1,431,641.87</b>	<b>0.00</b>	<b>-1,431,641.87</b>

**>> Share of Endowment Pool’s Market Value**

The market value of each individual endowment will be calculated monthly and recorded in PeopleSoft GL. The process for doing this is similar to the process for allocating the cost basis of the endowment pool:

1. Determine market value of the endowment pool.
2. Determine the market value per share.
3. Determine what the market value of the individual endowment should be.
4. Determine what is already recorded in the endowment for corpus (account 12160) and cost basis adjustment (12161).
5. Post an entry for the difference between steps 3 and 4 above.

Account codes 12162-Distributed Unrealized Gains and 44092-Distrib of Unrealized Gains in the chartfield combination for each individual endowment program will be debited or credited accordingly for the amount in step 5 above. Offsetting debits and credits will be made to these same account codes in the chartfield combination for the pool’s control program.

**Please note that the amount recorded in account code 12162 actually represents the difference between the individual endowment’s share of the pool’s market value and the corpus amount and cost basis adjustment for the individual endowment. To determine the total market value of the individual endowment you need to add the following account codes together: corpus in account code 12160, cost basis adjustment in account code 12161, and market value adjustment in 12162.**

*Illustration: We will continue with the illustration of the addition to the Allen & Black Scholarship Endowment. After the System Accounting Department runs the allocations to record corpus, to add or subtract shares, and to allocate the cost basis, they now run the allocation to allocate the change in the market value of the endowment pool to the individual endowment programs.*

*The total market value of the pool is \$99,274,956.00 and the total number of shares is 344,242, which results in a cost per share of \$288.387. As previously illustrated, the Allen & Black Scholarship program holds 5,117.081 shares after the March allocation is run. The market value of this program at the end of March should therefore be \$1,475,699.64 (5,117.081 shares x \$288.387 per share).*

*The entry to be made by the allocation process is calculated as follows:*

What the market value should be	\$1,475,699.64
Less corpus in account 12160	( 1,470,826.00)
Less balance in account 12161	283,949.76
Less existing balance in account 12162	<u>( 244,765.63)</u>
Adjustment Needed	<u>\$ 44,057.77</u>

*The allocation process generates the following entry related to the Allen & Black Scholarship program:*

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>JIn Line Description</u>
ACTUALS	UMS02	2700001	21	20175		12162		44,057.77	Adjust market value
ACTUALS	UMS02	2700001	21	20175		44092		(44,057.77)	Adjust market value
ACTUALS	UMS08	8150108	31	80073		44092		44,057.77	Adjust market value
ACTUALS	UMS08	8150108	31	80073		12162		(44,057.77)	Adjust market value

Below is a representation of the GL Inquiry display you would see in March for the Allen & Black Scholarship program just after the allocation process is run to allocate the pool's market value:

<b>Fiscal Year:</b> 2005		<b>Accounting Period:</b> 9-Mar						
<b>Business Unit:</b> UMS02		University of Maine at Farmington						
<b>Department:</b> 2700001		General Ledger						
<b>Fund Code:</b> 21		Restricted Quasi Endowment						
<b>Program:</b> 20175		Allen & Black Scholarship						
<b>Project:</b>								
<b>Operating Unit:</b>								
<b>Statistics</b>								
Account	Class	ics Code	Description	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance
12160		EPS	Endow Pool Shares	0.000	3,478.732	1,638.349	5,117.081	5,117.081
12160		EPV	Endow Pool Share Value	0.000	293.482	-5.095	288.387	288.387
<b>Assets/Liabilities</b>								
Account	Description	Class	Beginning of Year	Beginning of Month	Current Month	Year-to-Date Activity	Current Balance	
12160	Invested in Endowment Pool		0.00	990,000.00	480,826.00	1,470,826.00	1,470,826.00	
12161	Distributed Realized Gains		0.00	-213,820.34	-70,129.42	-283,949.76	-283,949.76	
	<b>Total Cost Basis</b>		<b>0.00</b>	<b>776,179.66</b>	<b>410,696.58</b>	<b>1,186,876.24</b>	<b>1,186,876.24</b>	
12162	Distributed Unrealized Gains		0.00	244,765.63	44,057.77	288,823.40	288,823.40	
	<b>Total Market Value</b>		<b>0.00</b>	<b>1,020,945.29</b>	<b>454,754.35</b>	<b>1,475,699.64</b>	<b>1,475,699.64</b>	
<b>Revenues/Expenses</b>								
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Encumb	Balance Available
43660	Gifts - Individuals		0.00	0.00	-480,826.00	-1,470,826.00	0.00	-1,470,826.00
44091	Distributed Realized Gains/Losses		0.00	0.00	70,129.42	283,949.76		283,949.76
44092	Distributed Unrealized Gains/Losses		0.00	0.00	-44,057.77	-288,823.40		-288,823.40
	<b>Total Revenues and Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>-454,754.35</b>	<b>-1,475,699.64</b>	<b>0.00</b>	<b>-1,475,699.64</b>
	<b>Total Expenses &amp; Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Net</b>		<b>0.00</b>	<b>0.00</b>	<b>-454,754.35</b>	<b>-1,475,699.64</b>	<b>0.00</b>	<b>-1,475,699.64</b>

# Distributed Income in PeopleSoft GL

## Temporary Investment Income

Gift programs in PeopleSoft GL will earn temporary investment income as they did in our old accounting system. The income will be distributed to the eligible gift programs on a monthly basis through an automated allocation process run by the SAD. These earnings will be posted to account code '44199-Tmp Invest Income Distribution' for each eligible program code.

A PeopleSoft report (YTD Temporary Invest Income) is available that shows the year-to-date temporary investment income that has been distributed. An excerpt of the output from this report is show below.

Report ID: UMYTDTH	University of Maine System	Page #: 1
Query: UM RPT 144	YTD TEMPORARY INVESTMENT INCOME	Run Date:4/13/2005
Source: UM GLQ BALANCES	University of Maine at Somewhere	Run Time: 2:58:25PM

		Fiscal Year:2004	Period:12			
<u>Fund</u>	<u>Dept</u>	<u>Program</u>	<u>Program Description</u>	<u>Project</u>	<u>Project</u>	<u>Actuals YTD</u>
10	9100501	97601	Pres Dev-Gifts			(0.16)
20	9804011			9301004	UMS License Plate Sch	(50.65)
20	9804011	90001	Bath Iron Works Schol Fund			(202.91)
20	9804011	90002	Edna L Higgins Ss			(127.82)
20	9150012	90006	Libra Professorship			(148.70)
25	9704000			9325000	Perkins Loans - UMX	(1,759.95)
26	9704000			9326000	Nursing Loans - UMX	(139.41)
50	9600011	99800	SGA General Assembly			(21.98)
					Business Unit UMS01 Total	<u>(2,451.58)</u>

## Endowment Income Distribution

Income for the Endowment Pool will continue to be distributed in accordance with policy approved by the UMS Board of Trustees Endowment Committee. The income will be distributed on a monthly basis through an automated allocation process run by the SAD. For most endowments, the distributed income will be credited to a chart field combination that includes the same program number as the Endowment program itself. The fund code; however, will differ to identify that the amount is expendable and is unrestricted, designated, or restricted: 00-Unrestricted, 10-Designated, or 20-Restricted. Also, the department code will be that of the department authorized to spend the earnings. Account code 44099-Endowment Income Distribution will be used to record the distribution.

Illustration: *We will continue with the illustration of the Allen & Black Scholarship Endowment. The chartfield combinations for the Endowment and the distributed income are as follows:*

	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>
Chartfield combination for the Endowment	UMS02	2700001	21	20175
Chartfield combination for the distributed income	UMS02	2700600	20	20175

**We may add an excerpt from the report later on.**