



## **UC SAN DIEGO FOUNDATION DEFINITION OF ACCOUNTING FUND TYPES**

### **FUND ACCOUNTING**

The accounts of the UC San Diego Foundation are maintained in accordance with the principles of fund accounting in order that they properly reflect limitations and restrictions placed on the use of resources available to the Foundation.

Separate accounts are maintained for each fund. Funds that have similar characteristics have been combined into fund groups in the financial statements. All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that held the assets.

### **FUND TYPES**

The funds of the Foundation are reported in the financial statements in three groups, as follows:

#### **CURRENT FUNDS:**

**Unrestricted Funds**, which include the Foundation operating funds, represent funds available to support UCSD activities and operations at the discretion of the Foundation's Board of Trustees and the Chancellor. The fund type also includes the spendable income allocated to any unrestricted endowment funds.

**Restricted Funds**, represent amounts which, as a result of whether donor or Board of Trustees imposed restrictions, are limited as to the purposes for which they can be expended. These funds include donations which are restricted to a specific department or program, but are unrestricted as to expenditure within the department or program. This fund type also includes the spendable income allocated to restricted endowment funds. Restricted funds include those donations undesignated as to purpose or restriction by the donor at the time of the donation, with the understanding that the donor will recommend a use at his/her discretion from time-to-time. These funds are labeled "Discretionary Funds." Gifts to discretionary funds are non-refundable, and in event of a donor death prior to designation of purpose, the fund purpose will be determined by Board action.

Current funds are pooled and invested under the Managed Short Term Funds investment Policy of the Foundation. In unusual cases, they may be invested under the Intermediate Total Return Fund Investment Policy.

## **NON-CURRENT FUNDS:**

**Endowment Funds** represent funds that are subject to restrictions of gift instruments requiring that the principal of the gift be invested in perpetuity and permitting only the income earned on the principal to be distributed. The University and the Foundation are legally bound to keep the principal intact and to comply with the donor restrictions governing the use of the income. Only the principal of the endowment is presented under this heading of the financial statements. The spendable income allocated to endowment funds is reported as Current Funds.

**Funds Functioning as Endowments** are funds set aside by administrative action to be invested and held in the manner of an endowment fund. The amount set aside, or the principal, is held inviolate, and only the allocated income may be expended. Although the intention of such “set asides” is to maintain the endowment status in perpetuity, in unusual cases the decision may be reversed by appropriate administrative action.

All non-current funds in the Foundation are pooled and invested under the Endowment Investment and spending Policies and Guidelines, unless a donor instrument specifically precludes pooling for investment purposes and requires separate investment.

## **ANNUITY AND LIFE INCOME FUNDS:**

**Annuity and Life Income Funds** represent funds which have been donated to the Foundation, but the donor has retained a life estate in the asset, or an annuity payment is to be paid to the donor by virtue of a trust instrument or a charitable gift annuity contract. In the case of charitable remainder trusts, the Foundation may be acting as the Trustee.

Annuity and Life Income funds are invested separately and in a manner which addresses the terms and conditions of each gift instrument.