



# Accounting Change for Endowment Gifts

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# What, Why and When the Change?

- New endowment gifts received will be unitized over a 3 month period.
- The new process will mitigate the fact that unit values assigned to new gifts may not reflect up-to-date valuations of certain, less liquid asset classes (e.g., private equity, real estate).
- New process was put into place as of November 2008.



# What you will see in the General Ledger

- An interim process was put into place until a permanent change in the system could be made.
- In the interim, 100% of the gift will post along with units to object 9510-END Gifts for Capital, Endow. This is done via a feed from the gift system.
- The entries created from the gift system to the general ledger will then be moved to a new object code, 9520-END Gifts for Capital non-unitized, Endow.
- 1/3 of the gift received in the current month will then be moved back to object 9510 with units based on the prior month's unit value rate.
- In the next month, a second entry will be made to move a second 1/3 of the gift received in the prior month to object 9510 with units based on the prior month's unit value rate.
- The final 1/3 will be moved the following month to object code 9510 with units based on the prior month's unit value rate. At this point object 9520 will be zero as long as no new gifts have come in.



# An Illustration

## Illustration of 3 Month Unitization Process for Endowment Gifts

	Nov. 08	Dec. 08	Jan. 09
<b>Gifts</b>	#1 - Fund 111, \$3M	No New Gifts	No New Gifts
<b>Current GL feed</b>	<i>Unitizes @ 10/31/08 Rate</i>	<i>Unitizes @ 11/30/08 Rate</i>	<i>Unitizes @ 12/31/08 Rate</i>
<b>GL Feed (Automated)</b>	Dr. "RSO Cash" \$3M Cr. Fund 111 \$3M (9510)		
<b>Reverse GL Feed Unitization of <u>Curr. Mo. Gifts</u></b>	Dr. Fund 111 \$3M (9510) Cr. Fund 111 \$3M (9520)		
<b>Note: Above reversal is for New Gifts only; modifications require specific review to determine appropriate rates to use</b>			
<b>Note on G/L Feed Reversal entry: 9510= unitized object code; 9520 = non-unitized object code</b>			
<b>Manual JE (1/3) Unitization of Nov. 08 Gifts</b>	Dr. Fund 111 \$1M (9520) Cr. Fund 111 \$1M (9510)	Dr. Fund 111 \$1M (9520) Cr. Fund 111 \$1M (9510)	Dr. Fund 111 \$1M (9520) Cr. Fund 111 \$1M (9510)
	<i>Unitizes @ 10/31/08 Rate</i>	<i>Unitizes @ 11/30/08 Rate</i>	<i>Unitizes @ 12/31/08 Rate</i>



# Additional Comments

- It will be important to look at both object codes; 9510-END Gifts for Capital, Endow and 9520-END Gifts for Capital non-unitized, Endow when reporting on new gifts to a fund.
- When reporting on the market value of a fund, you need to multiply the units a fund holds x the current unit value plus add the value in object 9520.
- For questions please call Gail Pisapio @ 6-4197.