**FAQ’s**

When are Funds Classified as a Gift

Funds should generally be classified as gifts when the intention of the donor is to make a charitable contribution, the donor does not impose contractual requirements, and funds are awarded irrevocably.

What is an Endowment

Endowment gifts contain a legal stipulation that the original gift may never be expended. These gifts are held and invested in perpetuity by The Regents of the University of California and the UCM Foundation. Endowment gifts generate a permanent expendable income stream from the return on the gift for the purpose the donor desires.

What is the Difference Between a Gift and a Grant for Research

In general, gifts have the following characteristics:

* + donor does not impose contractual requirements;
  + funds are awarded irrevocably.

In general, grants have the following characteristics:

* provision for audits by or on behalf of the grantor;
* the grantor is entitled to receive some consideration such as a detailed technical report of research results or a report of expenditures;
* testing or evaluating of proprietary products is involved;
* the research is directed to satisfying specific grantor requirements (e.g., terms and conditions stating a precise scope of work to be done rather than a general area of research);
* a specified period of performance is prescribed or termination is at the discretion of the grantor;
* funds unexpended at end of period shall be returned to the grantor;

patent rights requested by grantor

How is an Endowment Invested

The Regents of the University of California and the Board of Trustees of the UCM Foundation each have a fiduciary responsibility for the investment of their respective endowments. Both The Regents and the Foundation are guided by basic principles in endowment management as follows:

o Maximizing long-term return

o Maximizing the stability and predictability of the endowment spending allocations from the return generated

To accomplish this goal, both The Regents and the Foundation, like many large educational and non-profit organizations, invest their endowment using a diversified portfolio of assets comprised primarily of equity, fixed income, and alternative asset classes. Most larger institutions recognize that while the equity markets can be volatile in short runs. Over the long term, they produce the greatest total return. Total return in any given period is defined as the sum of cash earnings on investments, such as dividends and interest, plus the realized or unrealized appreciation or depreciation in the market value of those investments for that period.

The Regents receive and manage endowed gifts directly for the benefit of each campus, including UCM, and those funds are invested by the Treasurer’s Office of the Regents in their General Endowment Pool (GEP).

How is the Foundation’s Endowment different from The Regents

Although the Campus Foundation was created solely in support of the University’s interests, the Foundation is a separate 501(c)(3) organization. The Foundation’s endowment is separate from that of The Regents, and is invested based on a policy approved by its Board of Trustees, and carried out by its Investment Committee. All ten UC campus foundations have the option of hiring the Treasurer’s Office of the Regents as a manager and of investing in the UC Pools, including the General Endowment Pool (GEP), or of hiring external managers, making their own determination of investments, or a combination of them all. The UCM Foundation uses the GEP as the core investment in its endowment investment strategy.

What is the Policy on Expenditure of the Return Earned on Endowed Funds

The Regents and the Foundation utilize the same spending policy. The policy is set at 4.75% of the 60-month average market value. Both entities’ spending policy include a cost recovery fee of .55% that is recovered for annual endowment administration costs incurred internally.

What is a Gift in Kind

A gift-in-kind is a contribution of equipment, supplies or other property in lieu of money.

What is a Fund Functioning as an Endowment

Funds Functioning as Endowments are created by a gift or bequest where a donor does not explicitly instruct that it be used as either a current gift or an endowment. At its own discretion the University may create a fund functioning as an endowment.