Accounting Services Town Hall: Chartfield Maintenance, Gift & Endowment, and Other General Topics

Evanston – July 25, 2018
Chicago – August 15, 2018

Northwestern
Presentation Topics

I. Chartfield Maintenance

II. Gift and Endowment

III. Other General Topics
Chartfield Maintenance
Chartfield Maintenance Topics

I.  Chart of Accounts (COA)

II. Authorized Submitter/Approver

III. Request a New Chartfield Value

IV. Inactivate a Chartfield Value or ChartString

V.  Frequently Asked Questions

VI. Resources
Chart of Accounts

The Chart of Accounts (COA) is a string of informational fields that identifies, segregates, and categorizes transactional and budget data. It provides the organizing framework for both financial and management reporting.

Chart fields are individual valid values (e.g. Fund) used in unique combinations called chart strings (e.g. Fund + Department) to capture data for management and financial accounting.

Chartfield Maintenance is the activity of managing the structure of the COA and establishing the values used to record financial transactions.
Chartfield Values

The **Fund** code is the first three digits of a chart string and indicates the type of funding for a transaction or budget. Examples: 110, 320, 450, 610

The **Department ID** (seven digits) identifies the financial entity or management unit that is responsible for the activity. The first two digits identify the grouping of units within which DeptIDs belong. This is *different* than the 6-digit HR Department ID.

The **Project ID** (eight digits) is used to identify financial activity for a distinct unrestricted or restricted purpose. The first digit of the Project ID typically matches the fund.
Chartfield Values

The **Activity ID** (two digits) is required when a Project ID is used. Generally, 01 is used, but certain Grants and Plant projects may use other activity ids to represent the grant year or phase of construction.

The **Program Code** (four digits) can be used to unite collaborative activities *across units* to provide multiple users access to reporting.

Example: A conference hosted by two schools and the Office of Research; Program Code 1087 – Basic Sciences Seminar.

The **Chartfield1** value is for the activity within the individual unit to provide more specific reporting and analysis.

Example: CF1 value 1134 – Faculty #1
Chartfield Values

The Account Code (five (5) digits) classifies a transaction as revenue, expense, or balance sheet.

Most commonly used account groupings:
- 40000’s Revenues (from external entities)
- 50000’s Internal revenues (intra-university sales)
- 60000’s Personnel Expenses (e.g. salary and benefits)
- 70000’s Non-personnel expenses (e.g. services and supplies)
- 80000’s Transfers (intra-university movement of funds)

The Account Code Guide provides a detailed listing of account codes available for use.
Submitting Chartfield Requests

Request a new Chartfield value when existing values do not capture unique financial activity for appropriate monitoring or financial accounting purposes. Please review existing values prior to submission.

With the 9.2 upgrade, anyone can submit the chartfield request to update or add a new value through NU Financial.

All chartfield request goes through the workflow approval and are approved by a registered department/unit approver. Workflow is viewable within the chartfield request. **Projects have specialized workflows.**

To become a registered approver, submit a security form to FOIT: [https://www.northwestern.edu/controller/financial-operations-it/ffra-security-forms-and-reports/index.html](https://www.northwestern.edu/controller/financial-operations-it/ffra-security-forms-and-reports/index.html)
Chartfield Requests - Attributes

There are three attributes for project requests:

**Class** - should align with activity supported by Chartfield, supports Financial Statement revenue and expense reporting. Accounting Services will have final approval.

**Purpose** – should align with activity supported by Chartfield and class, supports department reporting in Cognos.

**Fund** – this is the Chartfield value for funding identification, e.g. 320. This will align with the project type.
Using NU Financials Tool

• In order to be notified, your email address must be included on the notification list in question 3, even if you are the requestor.

• Attach support for the request – this will assist approvers understanding the intent of the request. Attachments will live within the chartfield profile permanently.

• Approval workflow is viewable in the request via a hyperlink.
  – turnaround time is 5-7 days from submission to completion. Rush can be requested by contacting Accounting Services.

• Updating the manager does not require a chartfield update request. Please update via Manager/Attributes tool. Managers must be active in FASIS. Job aid is available.
Additional Project Request Support

Additional approval required prior to submission:
• Recharge center projects → Office of Cost Studies
• Grant projects → OSR/ASRSP
• Plant project → FM and Budget Office
  – and a Construction Project Budget Form.

Additional support for gift projects:
• Required: Proof of cash receipt (e.g. check, transmittal form)
• Recommended: Support for gift terms and use of fund (e.g. gift agreement or emails) and the expected gift amount (we recommend $10,000 minimum for new projects)

Gifts may only sit in a TBD account (330) for up to 90 days.
Endowment Chartfield Requests

• Before a Chartfield can be requested, there must be a signed gift agreement.
  – Gift Acceptance will work with the School/Unit to establish

• Gift Acceptance will create the Chartfield Request and it will be routed to the designated department for review. Upon completion, gifts in TBD will be reallocated to the new project.

• For any changes to active endowed projects, please contact Gift Acceptance for a compliance review.
  – This includes department ID, attributes, purpose, etc.

• Gifts may only sit in a TBD account (460) for up to 90 days. Gifts will **not** earn income while in fund 460.
Chartfield Inactivation Requests

To inactivate a single Chartfield value (i.e. project, department):
• ChartField value must have zero balance for any combination that the value is associated with; use Cognos reports for support.
• You cannot inactivate a value that has current activity on multiple chart strings.
• Inactivation will be valid as of date approved – you cannot request a future date

To inactivate a chartstring (i.e. Fund + Department):
• Does not inactivate use on any particular value, only use of the combination of values.
• ChartString must have a zero balance; use Cognos reports for support.
• Submit excel template to Chartfield Maintenance – cannot be requested via NU Financials tool. Processed quarterly.
FAQs: Budget

Who sets up a budget?
A zero-dollar or specific budget will be established by the chartfield request process upon chartfield set up. Any future changes should be handled by the department and/or the Budget Office.

What if I don’t want a budget attached to the chartfield?
When submitting a chartfield request, there is an option to select a zero-dollar budget, specific budget, or no budget. It is a required field.

No budget exists, who can help me create one?
The Budget Office can assist if this is not related to a new project request. If a budget was not created during the set up of a new project, please contact Chartfield Maintenance for support.
FAQs: Reporting

How do I make changes to the department tree?
Send an email request to Chartfield Maintenance with the description of the change, reason for the change, and tree with requested changes. The Budget Office will be required to approve. Please note that there are predetermined ranges departments will fall under.

Why can’t I view the chartfield in a report?
Users must have security access to their unit or applicable range of values in order to view related chartfield values. Financial Operations IT will be able to assist with security access updates.

Why does an inactive chartfield still appear on my report?
Values will remain on reports until the next fiscal year. You may filter out inactive values when pulling reports.
FAQs: Errors

Project ID does not exist:
Common processing issues are:
• Incorrect fund was used
• PC Business Unit was not filled out in the transaction detail
If you still run into errors, please reach out to Accounting Services.

Invalid Combo Error:
If the combination of chartfields is correct, please reach out to Chartfield Maintenance. This may not have been set up correctly.

Opening an account on a chartstring:
Once a budget is established, all active account codes should be available for use. Please reach out to ASRSPs if related to a grant project, as they are treated differently.
Resources

Chartfield Maintenance Resources
https://www.northwestern.edu/controller/accounting-services/chartfield-maintenance/resources-forms.html

Class Functional Coding
https://www.northwestern.edu/coststudies/functional.html

Account Code Guide
https://www.northwestern.edu/financial-operations/policies-procedures/reporting/guide-to-accounts.html

Chartfield Email
Chartfield_request@northwestern.edu
Gift & Endowment
Agenda

I. Types of gifts Northwestern receives

II. How Northwestern’s endowment fund operates

III. Changes to Quasi-Endowments processes

IV. Roles and responsibilities of Gift Administration and Contribution Processing

V. Fiduciary responsibilities for department’s restricted funds

VI. Resources and contacts
Types of Gifts Received

Donor transfers 400 shares of XYZ stock to Northwestern...

<table>
<thead>
<tr>
<th>Type</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted</strong></td>
<td>“Without further restriction” or “to support the areas of greatest need”</td>
</tr>
<tr>
<td><em>Gifts that can be used for any purpose</em></td>
<td></td>
</tr>
<tr>
<td><strong>Designated - Unrestricted</strong></td>
<td>“To support scholarships at the Kellogg School of Management”</td>
</tr>
<tr>
<td><em>Donor designates a gift for a specific purpose</em></td>
<td></td>
</tr>
<tr>
<td><strong>Endowment/Restricted</strong></td>
<td>“To establish an endowed fund to be known as XYZ Foundation Fellowship Fund... expendable income from the fund shall be used to provide support for a fellowship in Hematology/Oncology”</td>
</tr>
<tr>
<td><em>Gifts a donor designates to be invested and held in perpetuity with only the investment returns available to be spend</em></td>
<td></td>
</tr>
</tbody>
</table>
Restriction vs Designation

Restrictions – can you spend the gift?

• Restrictions are donor imposed.
  – Expendable: without donor restriction
  – Endowed: with donor restriction

• Restrictions restrict spending the principal of the gift.

Designations – you can use the gift, how can you spend it?

• Designations may be either donor or institution imposed.

• Designations limit the use of the gift or income distribution for a particular purpose.
Summary of Gift Types

• **If** the donor says you can spend the gift and does not provide a time or event restriction, **then** the gift is **unrestricted**.
  – Look for language like “without further restriction.”

• **If** the donor says you can spend the gift and provides an intention on how to spend it, **then** the gift is unrestricted with a **designation**.
  – Look for language like “assets/gift to support...”
  
  *The University may also designate the use of a gift.*

• **If** the donor says you can’t spend the gift or the gift must be invested, **then** the gift is **endowed/restricted**.
  – Look for language like “invested” and “earned income will be used for...”
  
  *Earned income can have a designation. Only a donor can restrict a gift.*
Exercise: Match the donor’s request to the type of gift.

1. “To establish an endowed fund to be known as XYZ Foundation Fellowship Fund... expendable income from the fund shall be used to provide support for a fellowship in Hematology/Oncology.”

2. “To support scholarships to those in greatest need.”

3. “To support scholarships...expendable income shall be used to provide support to those studying Physics and Astronomy.”

4. “To support the mission of Northwestern University.”

5. “To support the Kellogg School of Management in honor of Professor X with no further restrictions.”
Endowment Benefits & Obligations

• Endowments provide Northwestern with a significant and permanent source of funds to support professorships, research, financial aid, capital projects, Schools, Departments, Institutes, Centers, and more.

• Endowments impose upon Northwestern contractual, legal, ethical, financial, management, and reporting responsibilities.

• The proper management and administration of our endowment accounts helps maintain and enhance the confidence of Northwestern’s constituents, especially its donors.
Types of Endowments

- **True Endowment**
  - Permanent endowment established by a donor-restricted gift
  - Original gifts are preserved
  - Spending distribution provides a permanent stream of funds for Northwestern

- **Quasi – Endowment**
  - Typically, funds that Northwestern, internally, decides to treat as an endowment, without having a legal obligation to do so
  - Principal may be spent in accordance with Northwestern policy and procedure
  - **Three**-year rule to invade principal
Changes to Quasi-Endowment

• New policy in review – will be shared by leadership.

• Establishes a formal workflow for requests of additions and withdrawals to existing quasi-endowments, and establishing new quasi-endowments based on funding source.
  – Additional approvals based on thresholds

• Increases invasion of principal from three years to five years.

• Policy, forms, and supporting resources will be shared on the Financial Operations website.
Role & Responsibilities for Department Gift Administrators

- Familiarize yourself with donor documents and restrictions of all funds within your department.

- Distribute fund memos, which detail donor restrictions, to those involved in administering.

- Ensure all expenses comply with donor restrictions.

- Assist with the preparation of any donor reporting for which your area is responsible.
Compliance with Endowment Fund Restrictions – Expenditures

- Ensure the expenditures of endowment funds complies with:
  - Terms of the gift agreement,
  - Applicable legal and accounting standards, and
  - University policy.

- Expenses incurred for endowment purposes should be charged, whenever practical, **directly** to the applicable spending account.

- Attaining proper approvals and maintaining documentation.

- Asking questions about interpretation and scope terms and restrictions as needed from the Office of Gift Administration and Accounting Services.
Compliance with Endowment Fund Restrictions – Pooling

• Aggregation of funds from different endowment accounts should be avoided.

• Situations where pooling may occur:
  – Pooling endowment accounts restricted to the same purpose may be appropriate after a thorough review of the restrictions of each fund.
Exercise: When can income from endowment funds be pooled?

Which of these funds can be pooled?

Why can’t they all be pooled?

a) Fund A: Fund to support research in breast cancer
b) Fund B: Fund to support research in liver cancer
c) Fund C: Fund to support research in cancer
d) Fund D: Fund to support research in medical research
Exercise: When can income from endowment funds be pooled?

<table>
<thead>
<tr>
<th></th>
<th>Breast Cancer Research</th>
<th>Liver Cancer Research</th>
<th>Cancer Research</th>
<th>Medical Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breast Cancer Research</td>
<td>✓</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Liver Cancer Research</td>
<td>X</td>
<td>✓</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cancer Research</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Medical Research</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Spend your most restricted dollars first!

*If you have questions about restrictions, designations, or cash availability and planning – please reach out to your Budget Office Liaison and Accounting Services.*
Monitoring Fund Balances

• Each school and/or department is responsible for monitoring fund balances.

• A deficit in one or more spending accounts must be covered by moving expense to another chart string to an appropriate designation.

• Endowment spending accounts should be expended regularly. It is recommended that you do not exceed a carryforward of over two years worth of distributions.

• Options of surplus spending income:
  – Support the next fiscal year’s activities,
  – Commit the funds for the future planned and approved programs that conform to donor restrictions, or
  – Reinvestment: consult with your Budget Office contact and Accounting Services

Please consult with your Dean or Vice President’s Offices to develop a spending plan. The Office of Budget and Planning can provide support as needed. Gift Acceptance can provide insight into spending restrictions.
Exercise: Gift Purposes

“If I can’t use the gift exactly for the purposes specific in the gift agreement, what can I do?”

a) Use it for a purpose that echoes the spirit of the gift?

b) Use it for a different purpose that is really important?

c) Use it for a different purpose because the donor is deceased?

d) Not use it and just forget about it?

e) Consult with the Office of Gift Administration about whether the purposes might be modified?
Potential Consequences of Non-Compliance are Serious

Compliance

Non-Compliance:

• Lawsuits and Investigations
  – Initiated by Attorney General
  – Private Right of Action
  – Regulatory Entities

• May be forced to return funding

• Jeopardize opportunities for future gifts

• Damage to Northwestern’s institutional reputation

Spending in accordance with donor intent and University policy and process
Resources

• **Fundriver** – a web-based endowment administration application designed to manage, track, and report on endowment funds

• **CATracks** – a web-based donor management system designed to manage, track, and report on gift transactions.

• **COGNOS** – GL062 combines activity of both endowment principal and spending chart strings.

• **Fund Memos and OnBase**

• **Accounting Services website:**
  – Links to monthly endowment unit price
  – Links to monthly projected income distribution post dates and Fundriver report availability dates
  – Links to this presentation and other training materials
Resources Access Requests

• **Fundriver** – fill out an access request form and send to Lauren Armstrong. Requires supervisor approval.

• **CATracks** – fill out security access and confidentiality forms and contact ARD User Services for access. Requires an ARD sponsor and user training.

• **OnBase** – contact ARD Information Management.

• **COGNOS** – fill out an access request form and send to FOIT. This form can also provide access to NU Financials.

• **Fund Memos** – new, amended, and terminated memos sent to a main contact within school/unit monthly. They are responsible for distributing to appropriate departments.
Resources: Accounting Services
Resources: Fundriver

Fiscal Year 2018 Monthly Unit Pricing for Long Term Merged Pool -750

<table>
<thead>
<tr>
<th>Month</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30</td>
<td>$242.7373</td>
</tr>
<tr>
<td>October 31</td>
<td>$245.8856</td>
</tr>
<tr>
<td>November 30</td>
<td>$247.2534</td>
</tr>
<tr>
<td>December 31</td>
<td>$247.8336</td>
</tr>
<tr>
<td>January 31</td>
<td>$252.4360</td>
</tr>
<tr>
<td>February 28</td>
<td>$249.8796</td>
</tr>
<tr>
<td>March 31</td>
<td>$249.6320</td>
</tr>
<tr>
<td>April 30</td>
<td>$251.9678</td>
</tr>
<tr>
<td>May 31</td>
<td></td>
</tr>
<tr>
<td>June 30</td>
<td></td>
</tr>
<tr>
<td>July 31</td>
<td></td>
</tr>
<tr>
<td>August 31</td>
<td></td>
</tr>
</tbody>
</table>

Endowment Distribution & Reporting Schedule for Fiscal Year 2018

Endowment Reports:
The schedule below highlights the dates you can expect to access period reports in Fundriver. For example, reports related to January, period 5, will be accessible by March 5, 2018 in Fundriver.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Accounting Period</th>
<th>Month</th>
<th>Date Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1</td>
<td>September</td>
<td>November 10</td>
</tr>
<tr>
<td>2018</td>
<td>2</td>
<td>October</td>
<td>December 5</td>
</tr>
<tr>
<td>2018</td>
<td>3</td>
<td>November</td>
<td>January 8</td>
</tr>
<tr>
<td>2018</td>
<td>4</td>
<td>December</td>
<td>February 5</td>
</tr>
<tr>
<td>2018</td>
<td>5</td>
<td>January</td>
<td>March 5</td>
</tr>
<tr>
<td>2018</td>
<td>6</td>
<td>February</td>
<td>April 4</td>
</tr>
<tr>
<td>2018</td>
<td>7</td>
<td>March</td>
<td>May 3</td>
</tr>
<tr>
<td>2018</td>
<td>8</td>
<td>April</td>
<td>June 5</td>
</tr>
<tr>
<td>2018</td>
<td>9</td>
<td>May</td>
<td>July 5</td>
</tr>
<tr>
<td>2018</td>
<td>10</td>
<td>June</td>
<td>August 3</td>
</tr>
<tr>
<td>2018</td>
<td>11</td>
<td>July</td>
<td>September 7</td>
</tr>
<tr>
<td>2018</td>
<td>12</td>
<td>August</td>
<td>October 3</td>
</tr>
</tbody>
</table>

Endowment Income Distributions:
The schedule below highlights the dates you can expect to see Endowment Income post in Cognos. For example, in the month of January, accounting period 5, December’s income will be posted in Cognos by January 16, 2018.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Accounting Period</th>
<th>Month</th>
<th>Posting Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1</td>
<td>September</td>
<td>October 16</td>
</tr>
<tr>
<td>2018</td>
<td>2</td>
<td>October</td>
<td>November 16</td>
</tr>
<tr>
<td>2018</td>
<td>3</td>
<td>November</td>
<td>December 18</td>
</tr>
<tr>
<td>2018</td>
<td>4</td>
<td>December</td>
<td>January 16</td>
</tr>
<tr>
<td>2018</td>
<td>5</td>
<td>January</td>
<td>February 16</td>
</tr>
<tr>
<td>2018</td>
<td>6</td>
<td>February</td>
<td>March 16</td>
</tr>
<tr>
<td>2018</td>
<td>7</td>
<td>March</td>
<td>April 16</td>
</tr>
<tr>
<td>2018</td>
<td>8</td>
<td>April</td>
<td>May 16</td>
</tr>
<tr>
<td>2018</td>
<td>9</td>
<td>May</td>
<td>June 17</td>
</tr>
<tr>
<td>2018</td>
<td>10</td>
<td>June</td>
<td>July 16</td>
</tr>
<tr>
<td>2018</td>
<td>11</td>
<td>July</td>
<td>August 16</td>
</tr>
<tr>
<td>2018</td>
<td>12</td>
<td>August</td>
<td>September 10</td>
</tr>
</tbody>
</table>

Fiscal 2017 Annual Spend rate per unit $10.15

Fundriver reporting, income distribution schedule, and unit price links are available on the Accounting Services website.
Example: COGNOS – GL062 (Gift & Endowment Detail Report)

Gift revenue posted to Principal Fund code (410, 420, 431)

Income distribution posted to spending chart-string (440, 450)
Example: Endowment Fund Memo

Northwestern

Fund Memo

Date: May 14, 2018

To: President, Provost, Gift & Records Services, Gift Acceptance and Fund Management, Donor Relations, Development, Fin. Aid

Accounting Services, Office of General Counsel, Controller, Vice President for Budget Planning, University Director of Fin. Aid, Asst. Director of Fin. Aid

Name of Fund: The Family Scholarship Endowed Fund

Donor(s): XXXXXXXXXX

Administrating Financial Aid

School/Unit:

Gift $100,000 Pledge

Transactions:

Date of May 2, 2018

Executed Gift Agreement:

Use of Principal: Hold as permanent endowment

Minimum Funding Level (MFL): $100,000

Deadline for Achievement of MFL: December 31, 2023

Purpose of Fund: The expandable income from the Fund shall be used to provide financial assistance to undergraduate Northwestern students without further restriction.

Stewardship: Northwestern shall prepare an annual report about the use of the Fund for the donor.

Special Notes: N/A

Fund# 410

DeptID# 1361000

ProjectID#
Contact Information

Should you have any questions, please don’t hesitate to reach out:

**Accounting Services**
- Jennifer Wander: 847-491-4726, j-helms@northwestern.edu
- Lauren Armstrong: 847-491-4468, lauren.armstrong@northwestern.edu
- Patricia Greenfeld: 847-491-4725, patricia.greenfeld@northwestern.edu

**Alumni Relations & Development**
- Gift Acceptance & Fund Management: ardgiftacceptance@northwestern.edu
- Gift and Records Services: giftupdate@northwestern.edu

**Office of Budget and Planning**
Analysts are designated to specific departments, see the organization chart here: https://www.northwestern.edu/budget/contact/index.html
Other General Topics
Journal Processing

• Five types of journals: correction, internal sales, transfer, agency, and balance sheet.
  – Types are related to account codes utilized in journal.

• Methods for journal entry: automated system interfaces, portal transactions with workflow, and spreadsheet uploads.

• When possible, please include attachments to support the journal transactions.

For more information, please visit: https://www.northwestern.edu/financial-operations/policies-procedures/finance/financejournalprocessing.html
Cognos Reports

- **GL005** – reports budgets vs. actuals in a summarized format.

- **GL008** – pulls revenue and expense activity related to criteria search by the user, e.g. project id.

- **GL061** – pulls revenue and expense activity, cash balances, and outstanding balances owed related to agency funds.

- **GL062** – summarizes actuals and budgets for endowment principal and spending funds; identifies cash availability.

Reports have transactional details and some include hyperlinks to journals for further detail when viewed in supportable formats. Users will be able to search through a combination of fund, department, project, account, and time period.

For more information about the Cognos upgrade and training opportunities, please visit: [https://www.it.northwestern.edu/admin-systems/announcements/cognos-upgrade.html](https://www.it.northwestern.edu/admin-systems/announcements/cognos-upgrade.html)
Resources

Accounting Services Functional Areas and Contact Information
https://www.northwestern.edu/controller/accounting-services/services.html

Policies and Procedures
https://www.northwestern.edu/financial-operations/policies-procedures/index.html

Forms
https://www.northwestern.edu/financial-operations/policies-procedures/forms/index.html

General Email
accounting@northwestern.edu
Fiscal Year End Reminders

Fiscal year end closing dates will be earlier than FY17

- Chartfield requests approved by 8/31/18
- Upload Journals received by 10AM on 9/11/18
- CATracks adjustments completed by 9/11/18
- Portal journals approved by 9/14/18
  - Please be mindful of timing for any reinvestment, quasi additions, or other endowment journal requests

Fiscal Year End Calendar can be found at: https://www.northwestern.edu/controller/fiscal-year-end/index.html
Questions?