Restricted Funds Management

**Policies:**
Dartmouth College is legally obligated to honor donor directives regarding the use of their gifts. Current use gifts and distributions from restricted endowments must be used for purposes consistent with donor intentions and should be the first source of funding to support programs and activities meeting the restriction. Unrestricted resources may be applied to such programs after gifts and distributions restricted to those purposes have been fully exhausted.

**Purpose:**
To ensure compliance with donor intent and to promote practices that result in the greatest flexibility in long-term financial planning and utilization.

**Accountabilities:**
- The Office of Endowment Administration is responsible for interpreting and recording donor intent (restrictions and preferences) and assigning restriction level codes and other applicable classifications in "Fundriver" (Dartmouth’s Endowment Fund System) for use by Fiscal Officers and others who oversee the use of endowment distributions. The Endowment Office is also responsible for maintaining a permanent record of all endowment gift agreements and preparing a narrative summary of the fund terms. Guidance regarding donor intent and/or the legal obligations of Dartmouth College shall be sought from the Office of General Counsel if needed.

- The Gift Recording Office in collaboration with the Controller’s Office is responsible for reviewing current use gift documentation for donor intent and assigning restriction level codes to current use gift accounts for use by Fiscal Officers and others who oversee the use of gifts.

- Fiscal Officers are responsible for managing current use gift and endowment spending in their area of oversight to ensure that expenditures charged against restricted gifts and endowment distribution reserves are consistent with donor intent, the educational mission of Dartmouth College, and its tax-exempt purpose. If there is difficulty interpreting the donor’s intention, Fiscal Officers should contact the Office of Endowment Administration for clarification on endowment distributions and Gift Recording for current-use gifts.

- Fiscal Officers are also responsible for ensuring that restricted gifts and endowment income is utilized for purposes meeting the restriction before using unrestricted funds for such purposes. If annual income cannot be fully utilized on an on-going basis for the restricted purpose, Fiscal Officers should contact the Office of Endowment Administration for guidance. Current-use gifts that cannot be spent in the near term due to narrow restrictions should be brought to the attention of the Director of Advancement Records.
• The Controller’s Office is responsible for ensuring that facility gifts are used to fund capital projects in compliance with donor intent based on a donor-signed Statement of Understanding. This includes funding project costs as they are incurred and transferring gifts remaining after construction is complete to establish an operations and maintenance endowment, provided the terms of the Statement of Understanding allow for such.

**Controls:**

• The Office of Endowment Administration conducts periodic reviews to help ensure that endowment funds are classified correctly and that restrictions are recorded accurately and completely.

• The Controller’s Office conducts periodic testing to help ensure that income distributions and gifts are being used in accordance with donor restrictions, and that income is spent in a timely manner.

Effective Date: July 2007
Approved or last revised date: October 2017
Responsible Offices: Endowment Administration, Controllers Office, Gift Recording