

Restricted Funds Management

Policies:

The College is legally obligated to honor donor directives regarding the use of their gifts. 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* 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 “Funkhouser” (a component of the College’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 the College shall be sought from the Office of General Counsel if needed.
- Fiscal Officers are responsible for managing endowment spending in their area of oversight to ensure that expenditures charged against restricted endowment income reserves are consistent with donor intent, the educational mission of the 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.
- Fiscal Officers are also responsible for ensuring that restricted endowment income is utilized for purposes meeting the restriction before using unrestricted funds for such purposes. If annual income cannot be fully utilized for the restricted purpose, Fiscal Officers should contact the Office of Endowment Administration for guidance.

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 are being used in accordance with donor restrictions, and that income is spent in a timely manner.

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Responsible Office: Office of Endowment Administration

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