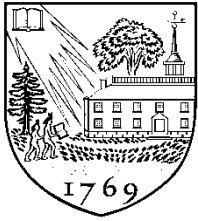




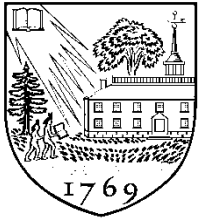
DARTMOUTH COLLEGE

Restricted Funds Management



AGENDA

- Introduction and Overview
 - ❖ What are Restricted Funds?
 - ❖ Why is it important that we properly manage Restricted Funds?
- Review Roles and Responsibilities
- Discussion of Restricted Funds Management
 - ❖ Category designations
 - ❖ Journal entries and examples
 - ❖ Reporting and tools
 - ❖ Ongoing help



WHY RESTRICTED FUND MANAGEMENT MATTERS

- Dartmouth College is committed to using restricted funds according to the donor's intention
- Dartmouth College has a legal requirement to spend funds in accordance with the donor's intent
- Whenever possible, restricted funds should be spent first
 - ❖ Increases financial flexibility
 - ❖ Donors expect their funds are being used
- Documentation of compliance with the terms of the restriction
 - ❖ Required for financial stewardship
 - ❖ Required if there is a need to modify terms on extremely restrictive funds
 - Living donors can be contacted for a new Statement of Understanding
 - If the donor is no longer living we may be able to release the restrictions
 - ❖ Important for donor reporting



WHAT ARE RESTRICTED FUNDS?

- Funds available for use in operations that have a donor designated use

- There are three types of restricted funds:
 - ❖ Current use gifts*
 - ❖ Facility gifts*
 - ❖ Endowment distributions and reserves
 - A result of prior year gifts, or transfers, and earnings appreciation

Note: the scope of this presentation is limited to **ENDOWMENT DISTRIBUTIONS*



ROLES AND RESPONSIBILITIES

Divisions & Departments

Fiscal Officers

- Ensure funds are spent in accordance with donor intent
- Review transactions and financial results of restricted funds
- Review budget submissions for RFM compliance
- Provide first point of contact for departmental support and guidance

Department Administrators

- Maintain list of funds and understand donor intent
- Code initial transactions within the RFM requirements
- Review transactions for RFM compliance
- Utilize funds first before unrestricted dollars when appropriate
- Be good stewards for these funds!



ROLES AND RESPONSIBILITIES

Central Departments (host departments)

Endowment Administration

- Review/categorize fund assignments
- Help with understanding donor intent
- Maintain fund category assignments

Financial Planning & Budgeting

- Establish and communicate Budget Guidelines
- Perform budget target calculations given RFM requirements
- Review budget submissions and quarterly statements for RFM compliance

Accounting/Financial Reporting

- Establish & maintain accounting procedures
- Set up GL funding and/or activity values
- Ensure the RFM attribute (category assignments) is current
- Create reports and tools that assist the end user

Internal Controls

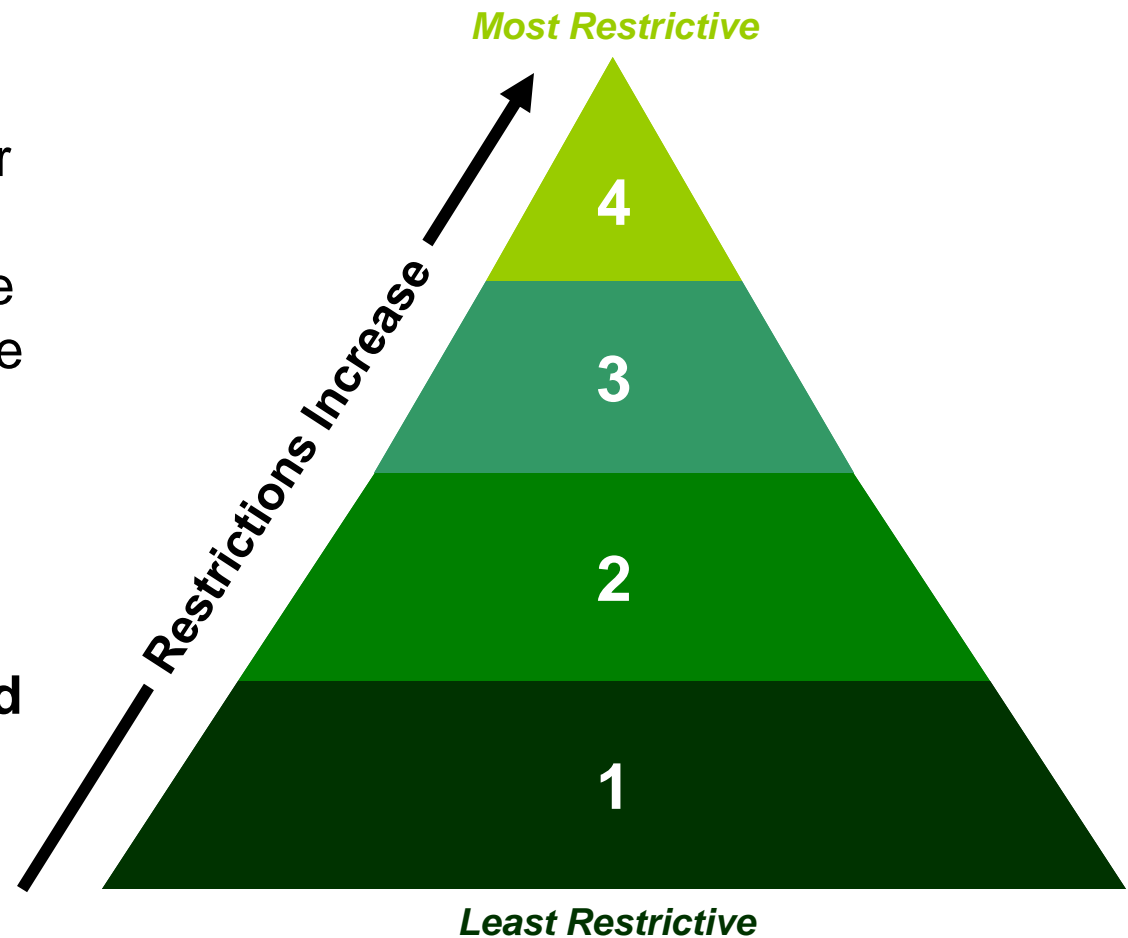
- Review/test transactions for compliance



HOW DARTMOUTH MANAGES RESTRICTED FUNDS

- Created a classification system based on the degree of restriction
- Ranking system has four levels, with Category 1 being the least restrictive and Category 4 being the most restrictive
- **Not a substitute for understanding the specific terms of a fund**

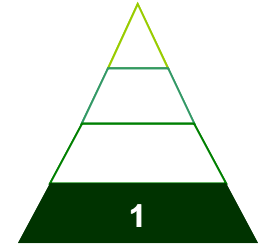
Levels of Restriction





RESTRICTION CATEGORY: FUND LEVEL 1

Broadly restricted to Dartmouth College or to one of the professional schools and distributed for general purposes

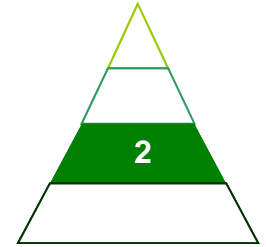


- Examples - Monies can be used for:
 - ❖ General support for Dartmouth College
 - ❖ General Support for Dartmouth Medical School

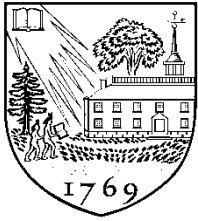


RESTRICTION CATEGORY: FUND LEVEL 2

Restricted to a division, department, or for the general needs of a large program

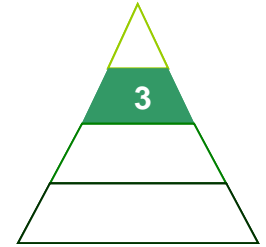


- Examples - Monies can be used for:
 - ❖ The benefit of the library
 - ❖ Support of the Chemistry department
 - ❖ Support general financial aid
 - ❖ Support of general athletics and recreational activities
 - ❖ Professorships with a provision for excess income

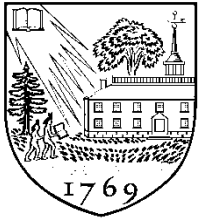


RESTRICTION CATEGORY: FUND LEVEL 3

Restricted to items, programs, or activities that are a subset of the items or programs contained in one Activity value

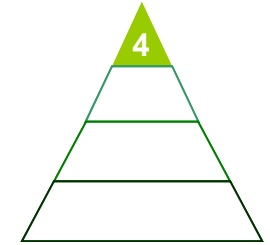


- Examples - Monies can be used for:
 - ❖ Tucker Foundation Internships
 - ❖ General Hood Acquisitions
 - ❖ Purchase of rare books
 - ❖ Support for cabins and trails

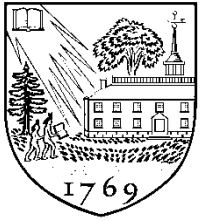


RESTRICTION CATEGORY: FUND LEVEL 4

Restricted to very specific items, programs, or activities that, in most cases, have their own Activity value in the new Chart of Accounts



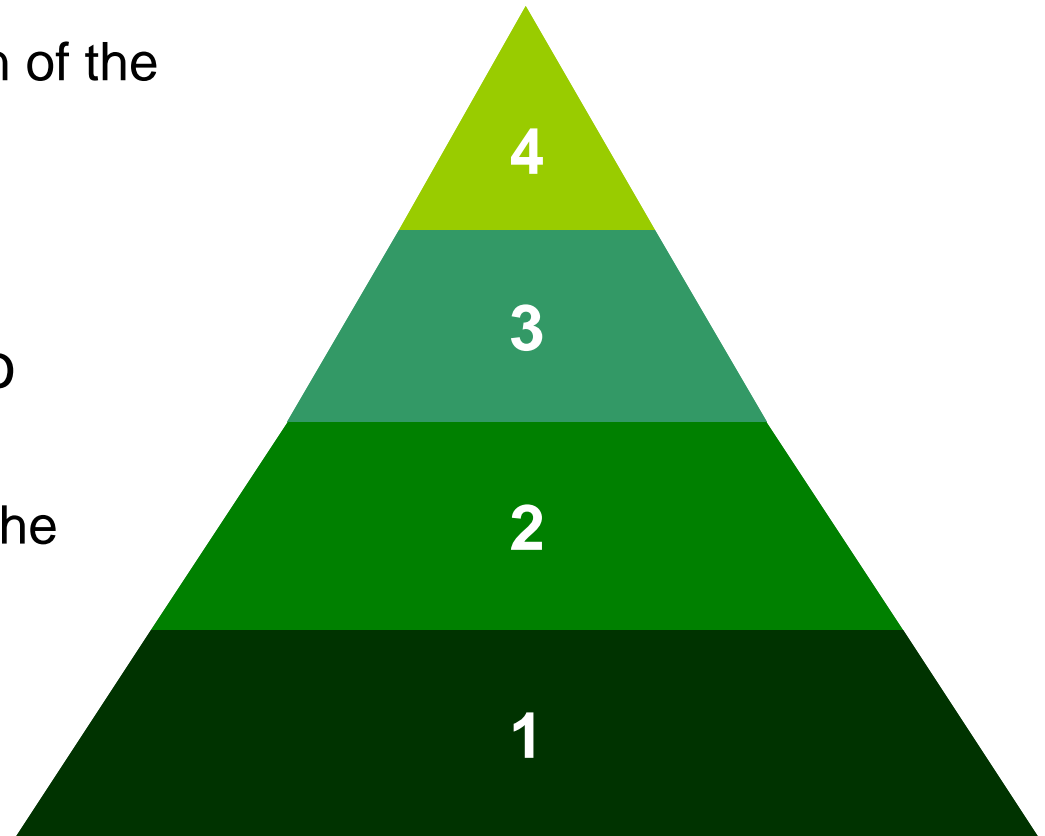
- Examples - Monies can be used for:
 - ❖ Forensic Union team travel to the Freshman Nationals
 - ❖ Faculty or student research in a specific area of study
 - ❖ Maintenance of a specific space within a specific building
 - ❖ Trumpeters at Commencement



RESTRICTED FUNDS MANAGEMENT EXAMPLE

- Updates to the Funkhouser endowment system allows the user to:
 - ❖ See the level of restriction of the fund
 - ❖ Query multiple funds

- Funkhouser continues to allow the user to:
 - ❖ Understand the terms of the restriction
 - ❖ View distribution updates
 - ❖ See fund history





RFM – SAMPLE TRANSACTIONS

CATEGORY 1

Broadly restricted to Dartmouth College or to one of the professional schools

Example #1

EFS Fund Name: COUCH BENJAMIN W 1896 MEM FUND

Restriction: To support the College's unrestricted purposes

Record Endowment Distribution:	Cr	20	500	363011	950010	0000	4302
		College Only	EVP Central	Unrestricted Endowment College	General Support Unrestricted	Default	ENDOW DIST Depart Program Costs

Record Spending:	Dr	10 - 29	001 - 909	36800X	100000 - 789999	Multiple	6000 - 8999
		Multiple	Multiple	Subvention	As Appropriate	Multiple	As Appropriate
Funds become available to support the College's budget therefore any valid College chart string can be used.							



RFM – SAMPLE TRANSACTIONS

CATEGORY 1

Broadly restricted to Dartmouth College or to one of the professional schools

Example #2

EFS Fund Name: ZIMMERMAN CHARLES J 23/OPAL #3

Restriction: To support the Tuck School for its general purposes

Record Endowment Distribution:	Cr	34	883	363004	950010	0000	4302
		Tuck School	Tuck Central	Central Funding Tuck	General Support Unrestricted	Default	ENDOW DIST Depart Program Costs

Record Spending:	Dr	34	860 - 909	36800X	100000 - 789999	Multiple	6000 - 8999
		Tuck School	Multiple	Subvention	As Appropriate	Multiple	As Appropriate
Funds become available to support the College's budget therefore any valid College chart string can be used.							



RFM – SAMPLE TRANSACTIONS

CATEGORY 2

Restricted to a division, department, or for the general needs of a large program. Appropriate specific Org value must be used.

Example #1

EFS Fund Name: ACKERMAN FAMILY SCHOLARSHIP

Restriction: To support a named scholarship with a preference that a female student receive the benefit of the fund.

Record Endowment Distribution:	Cr	20	640	721233		415502	0000	4302
		College Only	Financial Aid Office	Scholarship	General	Undergrad Financial Aid	Default	ENDOW DIST Depart Program Costs

Record Spending Initially:	Dr	20	640	36800X		415502	0000	7000 - 7009 SCHOLARSHIP AWRDS As Appropriate
		College Only	Financial Aid Office	Subvention		Undergrad Financial Aid	Default	
Replenish Subvention :	Dr	20	640	721233		415502	0000	4972
		College Only	Financial Aid Office	Scholarship	General	Undergrad Financial Aid	Default	Transfer To
	Cr	20	640	36800X		415502	0000	4971
		College Only	Financial Aid Office	Subvention		Undergrad Financial Aid	Default	Transfer From

OR

Record Spending:	Dr	20	640	721233		415502	0000	7000 - 7009 SCHOLARSHIP AWRDS As Appropriate
		College Only	Financial Aid Office	Scholarship	General	Undergrad Financial Aid	Default	



RFM – SAMPLE TRANSACTIONS

CATEGORY 2

Restricted to a division, department, or for the general needs of a large program. Appropriate specific Org value must be used.

Example #2

EFS Fund Name: DAE-WALLIN CARL J ATHLETICS

Restriction: To support the College's comprehensive athletics and recreational programs with a preference that income support the Track and Field Program.

Record Endowment Distribution:	Cr	20	250	664111	950000	0000	4302
		College Only	Athletics Admin	DAE - General	General Support Restricted	Default	ENDOW DIST Depart Program Costs

Record Spending Initially:	Dr	20	250	36800X	701001	0000	6000 - 8999
		College Only	Athletics Admin	Subvention	Team Program Administration	Default	As Appropriate
Replenish Subvention:	Dr	20	640	664111	701001	0000	4972
		College Only	Financial Aid Office	DAE - General	Team Program Administration	Default	Transfer To
	Cr	20	640	36800X	701001	0000	4971
		College Only	Financial Aid Office	Subvention	Team Program Administration	Default	Transfer From

OR

Record Spending:	Dr	20	250	664111	701001	0000	6000 - 8999
		College Only	Athletics Admin	DAE - General	Team Program Administration	Default	As Appropriate



RFM – SAMPLE TRANSACTIONS

CATEGORY 2

Restricted to a division, department, or for the general needs of a large program. Appropriate specific Org value must be used.

Example #3

EFS Fund Name: HALL FAMILY FUND

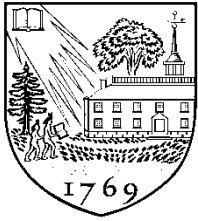
Restriction: To provide a permanent source of funding for the William Jewett Tucker Foundation. One half of the income is intended to support existing operations.

Record Endowment Distribution:	Cr	20	740	759103	950000	0000	4302
		College Only	Tucker Foundation	Hall Family Deans Discretionary	General Support Restricted	Default	ENDOW DIST Depart Program Costs

Record Spending Initially:	Dr	20	740	36800X	XXXXXX	0000	6000 - 8999
		College Only	Tucker Foundation	Subvention	As Appropriate	Default	As Appropriate
Replenish Subvention :	Dr	20	740	759103	950000	0000	4972
		College Only	Tucker Foundation	Hall Family Deans Discretionary	General Support Restricted	Default	Transfer To
	Cr	20	740	36800X	950000	0000	4971
		College Only	Tucker Foundation	Subvention	General Support Restricted	Default	Transfer From

OR

Record Spending:	Dr	20	740	759103	XXXXXX	0000	6000 - 8999
		College Only	Tucker Foundation	Hall Family Deans Discretionary	As Appropriate	Default	As Appropriate



RFM – SAMPLE TRANSACTIONS

CATEGORY 3

Restricted to items, programs, or activities that are a subset of the items or programs contained in one Activity value

Example #1

EFS Fund Name: OHIO SCHOLARS

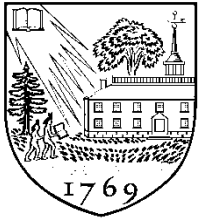
Restriction: To support an Ohio Scholars program at DMS.

Record Endowment Distribution:	Cr	30	204	721058	413200	0000	4302
		DMS	DMS Financial Aid	Ohio Scholars	Graduate MD Financial Assistance	Default	ENDOW DIST Depart Program Costs

Record Spending Initially:	Dr	30	204	36800X	413200	0000	4972
		DMS	DMS Financial Aid	Subvention	Graduate MD Financial Assistance	Default	Transfer To
Replenish Subvention:	Dr	30	204	721058	413200	0000	4971
		DMS	DMS Financial Aid	Ohio Scholars	Graduate MD Financial Assistance	Default	Transfer From
	Cr	30	204	36800X	413200	0000	7000 - 7009
		DMS	DMS Financial Aid	Subvention	Graduate MD Financial Assistance	Default	SCHOLARSHIP AWRDS As Appropriate

OR

Record Spending:	Dr	30	204	721058	413200	0000	7000 - 7009
		DMS	DMS Financial Aid	Ohio Scholars	Graduate MD Financial Assistance	Default	SCHOLARSHIP AWRDS As Appropriate



RFM – SAMPLE TRANSACTIONS

CATEGORY 3

Restricted to items, programs, or activities that are a subset of the items or programs contained in one Activity value

Example #2

EFS Fund Name: FOLEY JOAN & EDWARD 1933 PROF

Restriction: Professorship will be held by member of Faculty of Arts and Sciences preferably by a professor working in the area of Earth Sciences.

Record Endowment Distribution:	Cr	20	473	742027	392602	0000	4302
		College Only	Sciences General	Foley Professorship	AS Classroom Teaching	Default	ENDOW DIST Depart Program Costs

Record Spending Initially:	Dr	20	473	36800X	392602	0000	4972
		College Only	Sciences General	Subvention	AS Classroom Teaching	Default	Transfer To
Replenish Subvention:	Dr	20	473	742027	392602	0000	4971
		College Only	Sciences General	Foley Professorship	AS Classroom Teaching	Default	Transfer From
	Cr	20	473	36800X	392602	0000	6000 - 8999
		College Only	Sciences General	Subvention	AS Classroom Teaching	Default	As Appropriate

OR

Record Spending:	Dr	20	473	742027	392602	0000	6000 - 8999
		College Only	Sciences General	Foley Professorship	AS Classroom Teaching	Default	As Appropriate



RFM – SAMPLE TRANSACTIONS

CATEGORY 3

Restricted to items, programs, or activities that are a subset of the items or programs contained in one Activity value

Example #3

EFS Fund Name: WETZEL FAMILY FUND

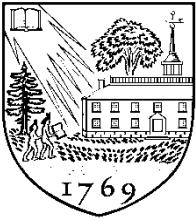
Restriction: To support the Dartmouth College Arts Education Program which will enable the Hopkins Center to further develop the mission of Arts Educational Services and address a broad range of educational needs on the Dartmouth campus and in the community.

Record Endowment Distribution:	Cr	20	655	682077	612851	0000	4302
		College Only	Hopkins Admin	Wetzel Fam Arts Edu	Arts Education Service	Default	ENDOW DIST Depart Program Costs

Record Spending Initially:	Dr	20	655	36800X	612851	0000	6000 - 8999
		College Only	Hopkins Admin	Subvention	Arts Education Service	Default	As Appropriate
Replenish Subvention:	Dr	20	655	682077	612851	0000	4971
		College Only	Hopkins Admin	Wetzel Fam Arts Edu	Arts Education Service	Default	Transfer From
	Cr	20	655	36800X	612851	0000	6000 - 8999
		College Only	Hopkins Admin	Subvention	Arts Education Service	Default	As Appropriate

OR

Record Spending:	Dr	20	655	682077	612851	0000	6000 - 8999
		College Only	Hopkins Admin	Wetzel Fam Arts Edu	Arts Education Service	Default	As Appropriate



RFM – SAMPLE TRANSACTIONS

CATEGORY 4

Fund is restricted to very specific items, projects or activities that, in most cases, have their own unique Activity value in the new chart. Expenditures from these funds must be directly charged to the exact Funding and Activity combination to ensure appropriate management of the funds.

Example #1

EFS Fund Name: MOORE THEATRE MAINTENANCE FUND

Restriction: Restricted to annual operations, maintenance cost and future repairs for Moore Theater.

Record Endowment	Cr	20	511	711039	440153	0000	4302
Distribution:		College Only	FOM Oper	Moore Theater Maint	Hopkins Center	Default	ENDOW DIST Depart Program Costs

Record Spending:	Dr	20	511	711039	440153	0000	6000 - 8999
		College Only	FOM Oper	Moore Theater Maint	Hopkins Center	Default	As Appropriate



RFM – SAMPLE TRANSACTIONS

CATEGORY 4

Fund is restricted to very specific items, projects or activities that, in most cases, have their own unique Activity value in the new chart. Expenditures from these funds must be directly charged to the exact Funding and Activity combination to ensure appropriate management of the funds.

Example #2

EFS Fund Name: LINK JR GEORGE ENDOW FOR ENV S

Restriction: To be used to sponsor public lectures and presentations relating to environmental topics including the costs of honoraria, travel, lodging and entertainment for visiting speakers.

Record Endowment Cr Distribution:	20	448	645121	249301	0000	4302
	College Only	Environmental Studies	Link George Env Study Lecture Series	AS Lectures and Symposia	Default	ENDOW DIST Depart Program Costs

Record Spending: Dr	20	448	645121	249301	0000	6000 - 8999
	College Only	Environmental Studies	Link George Env Study Lecture Series	AS Lectures and Symposia	Default	As Appropriate



RFM – SAMPLE TRANSACTIONS

CATEGORY 4

Fund is restricted to very specific items, projects or activities that, in most cases, have their own unique Activity value in the new chart. Expenditures from these funds must be directly charged to the exact Funding and Activity combination to ensure appropriate management of the funds.

Example #3

EFS Fund Name: AUSTIN BOB '40 FUND

Restriction: To support a student internship in the newsletter section of the Alumni Affairs office.

Record Endowment	Cr	20	764	768555	326501	0000	4302
Distribution:		College Only	Alumni Relations	AR Bob Austin Internship	AR Bob Austin Internship Program	Default	ENDOW DIST Depart Program Costs

Record Spending:	Dr	20	764	768555	326501	0000	6000 - 8999
		College Only	Alumni Relations	AR Bob Austin Internship	AR Bob Austin Internship Program	Default	As Appropriate



RFM Reporting

- **GL Transactions Report**
 - ❖ Verify appropriateness of transactions
 - ❖ Research unexpected amounts identified on GL Rollups report
- **RFM Report**
 - ❖ Ability to select Org(s), Funding(s) and/or RFM category(ies) to retrieve a list of Fundings and their RFM attribute
 - ❖ Ability to see detail of transactions by RFM category(ies) and Funding(s)
 - ❖ Ability to see Funding balances by RFM category



RESTRICTED FUNDS MANAGEMENT

- How do I get help?
 - ❖ Call your Fiscal Officer
 - ❖ Endowment Admin. – Sarah K. LaBombard (6-3400)
 - ❖ Financial Planning & Budget –
 - ❖ Financial Reporting – Dianne Ingalls (6-2360)
 - ❖ Institutional Accounting – Tawnia Boutin (6-2905)