



University of Dallas

**Financial
Managing Restricted Gift
Funds**

POLICY FRG

Responsible Executive:
Vice President for Finance and Chief
Financial Officer
Responsible Office:
Vice President for Finance and Chief
Financial Officer
Issued: 8.26.21
Revised: n/a

1. PURPOSE

The purpose of this Policy is to establish procedures for the departmental management of funds that are spendable pursuant to restrictions placed by the donor.

- 1.1. **Scope.** This policy applies to all restricted funds received by the University. The policy applies to all members of the University community.

2. FIDUCIARY RESPONSIBILITY FOR FUND BALANCES

Individual fund balances are controlled by the fund manager. This may be a faculty member or principal investigator, a department chair/head, or a University officer. The manager of the fund has the fiduciary responsibility for prudent management of fund balances. While at any time during the fiscal year a fund may go into deficit, by the end of the fiscal year, all funds in deficit must be made whole by some other appropriate funding source. Exceptions to this policy must be approved by the University’s Chief Financial Officer.

- 2.1. While fund managers have a fiduciary responsibility for spending fund balances, an expenditure deemed to be inconsistent with a fund’s purpose may be refused by Business Office. All expenditures represent a legal obligation of the University and must be consistent with the University’s exempt purpose.
- 2.2. All expenditures against a restricted fund must comply with the university’s Signature Authority and Delegation Policy.
- 2.3. There are many factors to consider when establishing a new restricted gift fund including, but not limited to, the anticipated gift revenue, the University’s ability to meet time or purpose restrictions, etc. Generally, a unique restricted fund will not be established with less than \$25,000 anticipated gift revenue, but exceptions may be granted by the President or Vice President for Advancement. [See University Policy AVS – Solicitation Policy].

3. CARRYFORWARD BALANCES

During a fiscal year, all or a portion of the spendable gift or endowment distribution might not be able to be spent when there are no or not enough corresponding expenses that meet the donor restrictions. In those instances, the unspent balance will be carried forward to the next fiscal year and is available to be spent. It is recommended that during the budgeting and planning process departments plan on how best to utilize prior year unspent balances,

in accordance with the donor-imposed restrictions. Generally, restricted funds should be spent before unrestricted funds for the same purpose.

- 3.1. If a fund manager does not draw from a restricted fund for any expense activity for three consecutive fiscal years, the restricted fund may be considered dormant. Dormant funds may be recovered by the university administration and resolved in accordance with donor intention, as well as applicable state and federal law.

4. ANNUAL REVIEW

Restricted funds will be reviewed by the fund manager no less than annually. If a fund is not expected to be spent within 3 years, the CFO should be notified of an identified spend plan for the fund. For example, accumulating funds for purchase of large equipment to be purchased in 5 years. Remember, donors have given gifts to the University with the intention that the department will spend these funds in accordance with their given purpose.

- 4.1. Any department whose operating budget is in deficit at the end of a fiscal year will be asked to identify any restricted fund balances that may be used to cover the deficit. Any expenses originally charged to the department's operating budget that fulfill the restrictions set forth in a restricted fund may be moved to the restricted fund ledger.

5. DEFINITIONS

- 5.1. **“Chief Financial Officer”** or **“CFO”** means the chief financial officer for the University.
- 5.2. **“Gift Agreement”** means a written Agreement between the University and a donor that documents the terms and conditions of a philanthropic gift to the University.
- 5.3. **“Endowment”** means a fund established in accordance with donor or Board restrictions to exist and maintain its value in perpetuity. The original value of the endowment gift may not be spent, however, earnings from an endowment's investment may be distributed (“endowment distribution”) and spent in a manner restricted by a donor or Board.
- 5.4. **“Endowment distribution”** means the approved amount available to be spent in a current fiscal year. The endowment payout is expected to be spent in the current year, or when the donor-imposed restriction is met. Unspent endowment payout is carried forward until spent.
- 5.5. **“Restricted Gift Fund”** means a fund that has been restricted to a specific purpose by a donor through a written Gift Agreement. Funding provided by external agencies or corporations for specific grant or contract work are also considered restricted but are not *gifts*. A restriction is considered to be legally binding and cannot be changed without the consent of the donor or by court order.
- 5.6. **“Signature Authority”** means the legal right to execute contracts and other written instruments in the name of and on behalf of the University and to bind the University to an obligation or promise.
- 5.7. **“University”** and **“the University”** mean the University of Dallas.

6. RESPONSIBILITIES

Responsible Party	List of Responsibilities
Office of General Counsel	1. Monitor compliance with this Policy.
Chief Financial Officer	1. Monitor compliance with this Policy. 2. Decide whether to grant exceptions under Section 2 of this Policy. 3. Receive and evaluate identified spend plans under Section 4 of this Policy.
Fund Manager	1. Manage and use restricted funds in accordance with their restrictions and the exempt purposes of the University.
Business Office	1. Authorizing expenditures approved by the fund manager that are consistent with consistent with the restricted fund's purpose. 2. Refusing to authorize expenditures, even if approved by the fund manager, if they are inconsistent with the restricted fund's purpose.

7. PROCEDURES

Task	Procedure
Expenditure of restricted funds	1. The fund manager, in accordance with the fiduciary obligations of the position, will approve expenditures of restricted funds. 2. The Business Office will authorize use of restricted funds, unless inconsistent with the restricted fund's purpose or because the use would violate the University's exempt purposes or policies.
Annual review	1. The fund manager will, at least annually, review the restricted fund(s) for which the fund manager is responsible. 2. If the funds will not be used within one calendar year, the fund manager will submit an identified spend plan to the Chief Financial Officer.

8. POLICY ENFORCEMENT

Enforcement	The Office of General Counsel or the Office of the Chief Financial Officer will investigate suspected violations of this Policy, and take appropriate action in accordance with University policy.
Reporting Violations	Report suspected violations of this Policy to the Office of General Counsel or the Office of the Chief Financial Officer.

9. RELATED DOCUMENTS

Policy or Document	Web Address
Policy AVS – Solicitation Policy	https://udallas.edu/about/university-policies/index.php

10. CONTACTS

Subject	Office or Position	Telephone Number	Office Email or URL
Policy Clarification	Office of General Counsel	(972) 721-5363	hlachenauer@udallas.edu
Implementation	Office of the Vice President for Finance and Chief Financial Officer	(972) 721-5236	rwatling@udallas.edu
Web Address for this Policy		https://udallas.edu/about/university-policies/index.php	