

Acceptance and Administration of Contributions

Responsible Office:
University Controller's Office

POLICY STATEMENT AND PURPOSE

This policy governs the establishment and overall administration of unrestricted and restricted university funds and identifies what University monies may be transferred to affiliated Foundations for investment purposes. There are separate University policies, procedures and guidelines governing the solicitation of funds.

1. Acceptance and Accounting of Funds

The University shall generally accept all funds provided to the University, as long as the terms and conditions are in compliance with the mission of Virginia Commonwealth University.

The University shall ensure that separate identifiable accounts are established to record each type of fund. The University shall document the limitations on restricted funds at the time they are received.

2. Investment of Funds

(a) Expendable Funds, both Restricted and Unrestricted, will be invested as part of the University's Cash Management Investment Pool until expended or transferred to a Quasi-Endowment fund. Income will be classified as Unrestricted Funds.

(b) Endowment and Quasi-Endowment Funds, both Restricted and Unrestricted, may be transferred to an affiliated Foundation for investment management purposes. All income in excess of that required for current operations will be reinvested.

3. Board Delegation to Designate Quasi-Endowment Funds

(a) Unrestricted Quasi-Endowment Funds: The University may designate Unrestricted Fund balances in excess of \$50,000 as Unrestricted Quasi-Endowment Funds and transfer them to an affiliated Foundation for investment purposes. Should a situation occur in which these funds are required for general operating purposes, they may be redesignated as Unrestricted Funds by appropriate Board approval.

(b) Restricted Quasi-Endowment Funds: The University may designate expendable Restricted Fund balances in excess of \$50,000 as Restricted Quasi-Endowment funds if they are not projected to be spent, or if they are not actually spent within the two fiscal years following receipt. These funds may be transferred to an affiliated Foundation for

investment purposes for a period of not less than three years. When such a transfer occurs, the funds will be managed as a Restricted Quasi-Endowment Fund. The Board may, at any time, approve expenditure of these invested funds in accordance with specific donor restrictions.

The University will establish a general-purpose, unnamed Restricted Quasi-Endowment Fund for each School or Department. The minimum amount required to establish such a fund is \$10,000. The purpose of this fund is to pool expendable Restricted Funds that are projected not to be spent for a minimum period of three years. Additional expendable Restricted funds received on behalf of the School or Department may be deposited directly to this restricted quasi-endowment fund.

4. Naming of Endowment Funds

- (a) Named Endowment Fund: The University will establish a named endowment fund for any nonexpendable fund balance of at least \$10,000. The University will also establish a named endowment fund when the value is less than \$10,000, providing there is a documented intent to increase the value of the named endowment fund to \$10,000 within a reasonable period of time.
- (b) Named Quasi-Endowment Fund: The University will establish a named Unrestricted or Restricted Quasi-Endowment fund for any non-expendable fund balance of at least \$50,000.
- (c) Unnamed Quasi-Endowment Fund: School or Departmental general-purpose, Restricted Quasi-Endowment funds shall not carry the name of any one individual because they exist solely as a means of pooling and managing expendable Restricted funds as Restricted Quasi-Endowment.

WHO SHOULD READ THIS POLICY

All deans, department heads and fiscal administrators who have custody of gift funds.

RELATED DOCUMENTS

Procedures for the Administration and Accounting of Contributions

CONTACTS

VCU University Controller's Office officially interprets this policy and shall revise or eliminate any or all parts as necessary to meet the changing needs of Virginia Commonwealth University. Please direct policy questions to the VCU University Controller's Office.

TABLE OF CONTENTS

<u>Policy Statement and Purpose</u>	<u>1</u>
<u>Who Should Read This Policy</u>	<u>2</u>
<u>Related Documents</u>	<u>2</u>
<u>Contacts</u>	<u>3</u>
<u>Table of Contents</u>	<u>3</u>
<u>Definitions</u>	<u>3</u>

DEFINITIONS

Endowment Funds: There are three principal categories of endowment funds:

True endowment funds are funds received from a donor with the restriction that the principal is not expendable.

Term endowment funds are funds for which the donor stipulates that the principal may be expended after a stated period of time or upon the occurrence of a certain event.

Quasi-endowment funds, or funds functioning like an endowment, are funds that have been established by the governing board to function like an endowment fund but that may be expended at any time at the discretion of the Board.

Expendable Funds: Either restricted or unrestricted funds that may be expended by the institution.

Foundation: For the purposes of this policy, the term foundation refers to one of the University's affiliated fund raising foundations: MCV Foundation, Virginia Commonwealth University Foundation, Virginia Commonwealth University School of Engineering Foundation and Virginia Commonwealth University School of Business Foundation.

Restricted Funds: Restricted funds are provided to the University subject to legally binding limitations on their use. These limitations are imposed by the donor. If the University accepts such assets, it must abide by these limitations. Restricted funds are divided into two major types:

- **Expendable Restricted Funds:** Restricted funds which allow the asset to be expended in the normal course of meeting the restriction.
- **Unrestricted Endowment (Nonexpendable) Funds:** Funds which require that the donated assets be retained for investment purposes forever. The income from these investments is for unrestricted purposes.

Restricted Quasi-Endowment Funds: These are expendable restricted funds designated by the Board for long-term investment. The income from these investments is restricted to specific operating purposes which the donor has specified. The Board can, at any time, approve expenditure of these invested funds in accordance with the specific donor restrictions.

Unrestricted Funds: Unrestricted funds are those funds received by the University with no donor restriction on their use and are, therefore, expendable for any University purpose.

Unrestricted Quasi-Endowment Funds: These are unrestricted funds designated by the Board for long-term investment. The income from these investments is for unrestricted purposes. The Board can, at any time, approve expenditures of these invested funds for unrestricted use.