Acceptance and Administration of Gifts

Policy Type:  Board of Visitors
Responsible Office:  University Controller’s Office
Initial Policy Approved:  March 1994
Current Revision Approved:  09/07/2016

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.

Noncompliance with this policy may result in disciplinary action up to and including termination. VCU supports an environment free from retaliation. Retaliation against any employee who brings forth a good faith concern, asks a clarifying question, or participates in an investigation is prohibited.

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Who Should Know This Policy

Deans, department heads and fiscal administrators who have custody of gift funds are responsible for knowing this policy and familiarizing themselves with its contents and provisions.

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.

Contacts

VCU University Controller’s Office officially interprets this policy and is responsible for obtaining approval for any revisions as required by the policy Creating and Maintaining Policies and Procedures through the appropriate governance structures. Please direct policy questions to VCU University Controller’s Office.

Policy Specifics and Procedures

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

   - 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.

   - 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

   - 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.

   - 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

- Reference the guidance on Development and Alumni Relations website located at https://www.support.vcu.edu/policies/.

Forms

There are no forms associated with this policy and procedures.

Related Documents

University Advancement Policies and Procedures: A Handbook Provided by the Office of University Advancement

Revision History

This policy supersedes the following archived policies:

March 1994       Acceptance and Administration of Contributions
February 22, 2007 Acceptance and Administration of Contributions

FAQ

There are no FAQ associated with this policy and procedures.