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## UNIVERSITY OPERATING PROCEDURE

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### **Title:**      Restricted Gift Fund Administration

#### Overview

It is the stewardship responsibility of the University to ensure compliance with the spending guidelines and/or restrictions set forth by a donor in governing gift agreements of Restricted Gift Funds. The University of Vermont and State Agricultural College Foundation, Inc. (the Foundation") in active consultation with the Vice President for Finance and Administration shall communicate notice of available funds, and any guidelines or restrictions relevant to expenditures, to the dean or equivalent official of the department or unit using the funds, as well as the applicable Fiscal Officer. It is the responsibility of departments and units to reference the applicable gift agreement when making expenditures of Restricted Gift Funds.

This UOP does not apply to grants and contracts. Awards classified as grants or contracts shall be administered by [Sponsored Program Administration](#).

#### Applicability of the Procedure

This procedure applies to all University of Vermont faculty, staff, and students.

#### Definitions

**Fiscal Officer:**      The individual responsible for spending management of a restricted fund. Typically, the Fiscal Officer is the department or unit head as appointed by the dean.

**Restricted Gift Funds:**      Those funds provided by gift to the University that carry donor-imposed restrictions. As such, expenditure of these funds is limited to the initiative specified by the donor (i.e., student scholarships, named deanship, chair or professorship, departmental or programmatic initiatives, teaching and research awards, etc.). Broadly, Restricted Gift Funds may take one (or both) of the following forms:

- **Endowment Funds:** A self-renewing resource that the University holds in perpetuity. Customarily the principal amount of an endowment fund cannot be spent. Instead, the principal is invested, and the earnings distribution on the endowment are applied toward the purpose(s) identified by the donor.
- **Outright Gift Funds:** An outright gift usually allows for the principal of that gift to be expended toward the purpose(s) identified by the donor.

## Procedures

### **Documentation of Restrictions**

The University, through the Office of the Controller, shall maintain a permanent record of all endowment gift agreements in accordance with the University's Gifts Policy for those endowment gifts made to the University prior to January 1, 2012, as well as those endowment gifts made directly to the University thereafter. The Foundation shall maintain a permanent record of all endowment gift agreements for endowment gifts made for the benefit of the University through the Foundation after January 1, 2012 and all outright gift agreements before and after January 1, 2012 in accordance with the Foundation's Gift Acceptance Policy.

In addition to the permanent records described above, the Foundation, in cooperation and consultation with the University, shall create and maintain a database of each Restricted Gift Fund's terms, for use by Fiscal Officers and Unit/Department Heads in carrying out their responsibilities relative to spending of the Fund.

Requests for guidance regarding donor intent, or interpretation thereof, or the appropriate use of Restricted Gift Funds held by the University, shall be directed to the Office of the General Counsel. If donor restrictions can no longer be met, expenditures from the Restricted Gift Fund must be suspended, and the Fiscal Officer must promptly contact the Office of the General Counsel. The Office of the General Counsel will then determine whether modification to, or release of, the applicable restriction language is possible pursuant to the Vermont Uniform Prudent Management of Institutional Funds Act (14 V.S.A. §3411 et al) and, if not, what other disposition of the Fund must be made. Requests for guidance relative to donor intent, or interpretation thereof, or the appropriate use of Restricted Gift Funds held by the Foundation, shall be directed to the Foundation's President and CEO.

### **Responsibility for Ensuring Compliance with Donor Intent**

The dean or equivalent official of the relevant unit is ultimately responsible for ensuring compliance with donor intent and University policies and procedures. Operationally, the dean or equivalent official of the relevant unit will assign a Fiscal Officer for each fund. Fiscal Officers are responsible for the daily management of Restricted Gift Fund spending in their area of oversight to ensure that expenditures charged against said Fund are consistent with donor intent, the educational mission of the University, and its tax-exempt purpose.

### **Budgeting and Expenditures**

Budgeting of the Restricted Gift Funds is the responsibility of University Financial Services and the Foundation in cooperation with the Financial Analysis and Budgeting office.

Adherence to policies and procedures for the spending of Restricted Gift Funds shall be the responsibility of the deans/equivalent officials and Fiscal Officers as, consistent with the following:

- All expenses associated with Restricted Gift Funds may only be charged directly against the Funds themselves. Restricted Expendable Gift Funds may not be transferred to other discretionary, expendable or reserve funds.
- Restricted Gift Funds should be expended before unrestricted resources are used for the restricted purpose. The Provost and Senior Vice President is authorized to require specific Restricted Gift Funds to be expended before unrestricted resources are used for the restricted purpose.
- Fiscal Officers are responsible for ensuring that Restricted Gift Funds are not overspent. To the extent a Fund is overspent as of June 30, the unit will be financially responsible for covering any over-expenditure.

- Restricted Gift Funds shall be incorporated into the University's quarterly budget certification process, thereby requiring Fiscal Officers to certify appropriate expenditures are being made.

**Internal Controls**

Funds received for restricted purposes are separately accounted for in accordance with generally accepted accounting principles.

Ultimate and primary responsibility for compliance with Fund restrictions rests with the dean or equivalent official of the unit or department using the funds.

The University's Internal Auditor Office shall also periodically review Restricted Gift Fund accounts to ensure that they are being administered properly.

**Contacts**

<b>Questions concerning the daily operational interpretation of this UOP should be directed to the following:</b>	
<b>Title(s)/Department(s):</b>	<b>Contact Information:</b>
University Controller	222E Waterman Building (802) 656-2903
Office of the General Counsel	357 Waterman Building (802) 656-8585

**Forms/Flowcharts/Diagrams**

- None

**Related Documents/Policies**

- [Endowment Budget Policy](#)
- [Statement of Investment Policies and Objectives](#)
- [University Gift Policy](#)
- [UVM Foundation Gift Acceptance Policy](#)

**Training/Education**

Training will be provided on an as-needed basis as determined by the Approval Authority or the Responsible Official.

**About This Procedure**

<b>Responsible Official:</b>	Vice President for Finance and Administration	<b>Approval Authority:</b>	Vice President for Finance and Administration
<b>Affiliated Policy Number(s):</b>	V. 4.7.1	<b>Effective Date:</b>	May 14, 2019
<b>Revision History:</b>	January 7, 2014 Reaffirmed April 11, 2025		

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