



FLORIDA ATLANTIC UNIVERSITY

Foundation Board

<p>POLICY NUMBER Finance and Accounting - 4</p>	<p>EFFECTIVE DATE September 25, 2024</p>
<p>SUBJECT Gift Funds - Establishing, Maintaining and Closing</p>	<p>HISTORY</p>

OVERVIEW

The Foundation encourages and promotes philanthropic giving for the benefit of FAU in furtherance of its missions and purposes and to secure the application of these funds in the manner best adapted to the needs of FAU. Gifts are either general gift support or gifts for specific programs and purposes. As provided in the Foundation’s Gift Acceptance Policy, special considerations apply to endowment funds and corporate matching gifts and may apply to other types of gifts.

The Foundation utilizes fund accounting to administer philanthropic resources. Fund accounting involves creating individual funds to separately track and report contributions, expenditures, cash, pledges, other assets and liabilities. New funds are set up only for new philanthropic gifts and grants when separately accounting for a gift or grant is necessary or desirable. Furthermore, because the Foundation does not administer non-philanthropic FAU resources, gift funds are not set up at the Foundation to administer non-philanthropic FAU resources.

FAU employees authorized to act as gift administrators oversee and designate the use of spendable resources consistent with the specified intent of the donor. Vice Presidents, Deans and Directors designate the faculty and staff authorized to act as gift administrators. The Foundation exercises oversight to ensure funds are spent consistently with the stated intent of the donor. Gift administrators and/or appropriate designees will be given access in the accounting system (Workday) to authorize transactions from the fund in accordance with the purpose intended by the donor.

The Foundation’s CFO is responsible for providing interpretations of this policy and the CFO, at the CFO’s discretion, may grant exceptions to this policy when warranted and permissible under law.

Terms used in this policy such as endowment fund and gift instrument are intended to be interpreted consistently with Florida Statute 617.2104, the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA).

TYPES OF FUNDS

Generally, there are four types of funds established within the Foundation. These funds are defined below and the parameters are as follows:

1. **General Operating Funds** - General funds are established to meet general purpose donations that benefit the faculty, students and/or programs of a college or approved specific unit (i.e.,

designations such as “for the college of XXX”). Each college or approved unit should have 1 General Fund and 1 General Scholarship fund.

- a. Minimum: N/A
 - b. Fund Name: Named for the department or unit
 - c. Term: No finite term
2. ***Spendable/Current Use Funds*** - A current use fund is established when there is a need to track and report donor restrictions related to a gift/grant and establishing a new fund is the only or best way to accomplish the required reporting and tracking:
- a. Minimum: \$10,000 new gift
 - b. Name: As per applicable gift instrument (may be established by the college/unit or may be specified in a gift agreement)
 - c. Term: Should be expected to have useful life of 2-years or more

A new fund is the only or best way to account for the gift/grant where the specific donor criteria/requirements are documented in a gift instrument (e.g., gift agreement) and the specific donor criteria/requirements are not consistent with an existing Foundation fund. For example, one-time gifts for scholarships with no specific scholarship criteria will typically be credited to the general fund of the applicable FAU unit.

3. ***Endowment Funds*** – A named endowment fund is established when a gift instrument specifies that the gift/grant is not wholly expendable on a current basis. With endowment funds, donors seek to support long-term charitable purposes.
- a. Minimum: \$25,000 (outright gift or multi-year pledge up to 5 years)
 - b. Name: As per the applicable gift instrument (may be established by the college/unit or may be specified in a gift agreement)
 - c. Term: No finite term; as long as funds are available

The same considerations set forth above that apply to deciding when to establish a new named current use fund apply to the establishment of new endowment funds

4. ***Quasi-Endowment Funds*** – Gifts that a donor has not prohibited from being invested long-term and that are not needed for current purposes may be invested like endowment funds. Quasi-endowments may only be created by the Foundation’s Executive Committee or its designee. Requests for quasi-endowment of funds should be submitted to the CFO of the Foundation for review. If approved by the CFO of the Foundation the CFO will submit the request to the Foundation’s Executive Committee or designee.

CHANGES TO FUND PURPOSE OR NAME

Gifts/grants must be used in accordance with donor restrictions and intent. The use of a gift/grant for purposes other than stipulated by the donor is not allowed; however circumstances may arise where a revision or update is necessary.

Changes to the Purpose of a Gift/Grant

If another use is deemed necessary to effectively use or award the funds or to better meet FAU's goals and objectives and the applicable gift instrument does not authorize the change, changes to the fund purpose are only allowed with the written consent of the donor. The purpose of funds with multiple donors may be changed with consent of less than all of the donors if authorized in the gift instrument; otherwise all donors to a fund must consent to a change in purpose. For gifts that received a state-match from the Florida Legislature, it is likely that the Board of Governors will need to approve the change as to the state-matched portion.

Donor consent to a purpose change must be documented in writing (i.e., if the gift instrument is a gift agreement, then an amendment to the gift agreement is needed).

Additionally, in circumstances in which donor consent may not be obtained, the Executive Committee of the Board may modify gift/grant restrictions if and as permitted in FUPMIFA.

If a donor requests a change the originally stated use of donated funds, the Foundation and FAU must agree to the change.

Prior to making a change in the purpose of a fund, the Foundation's legal counsel must be consulted and provide legal approval of the change.

Fund Names and Changes to Fund Names

Fund names should reflect the intended purpose of the fund and/or any donor restrictions. Changes in the fund name to clarify the purpose of the fund are approved by the Foundation CFO. Proposed changes to the intent or the restrictions of the gift/grant are reviewed in accordance with the section above pertaining to changes in the purpose of a fund.

CLOSING FUNDS

When a fund has fulfilled its purpose, has a zero cash balance and no further gifts/grants are expected, the fund should be closed. Additionally, if the purpose of a particular fund has been fulfilled and there are funds remaining in the fund, subject to the terms of the applicable gift instrument, the fund may be closed and the balance transferred to another fund with the same purpose or to another fund with a different purpose. The fund administrator and CFO of the Foundation approves closures of funds and transfers to other funds or consolidations of funds.

If the applicable gift instrument does not permit the transfer, donor consent is required. If the consent of the donor cannot be obtained due to death, disability or other legitimate reasons and the balance of the fund is \$100,000 or less, the Executive Committee of the Board may modify gift/grant restrictions pertaining to the gift/grant to further the purpose of the fund. Prior to making a change in the purpose of a fund, the Foundation's legal counsel must be consulted and provide legal approval of the change.

ESTABLISHING NEW GIFT FUNDS

When a new gift fund is to be established for a college or unit, the applicable development officer (or other appropriate advancement personnel) will initiate requests using the **“Gift Fund Request Form”**. Any assets received before the fund request has been evaluated will be recorded by Advancement Services to the constituent record, with appropriate solicitation credit, but recorded in a suspense fund until a designated fund is finalized. Before submitting a request for a new fund, the development officer (or advancement staff) should consult with the unit business manager regarding existing funds with similar restrictions to confirm that a new fund is needed.

Exceptions to the requirements for establishing a new fund may be requested using the **“Gift Fund Request Form”** for approval by the Foundation CFO. Exception criteria must indicate the specific nature of the program request and a fundraising plan/strategy including documented solicitations. No exceptions will be granted for crowdfunding through Annual Giving.

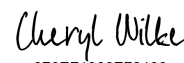
RESPONSIBLE AUTHORITY

Questions about this policy should be directed to the CFO of the Foundation.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION

For signature of the Foundation's secretary

Approved by the Executive Committee on the 25th day of September, 2024.

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Secretary, Florida Atlantic University Foundation, Inc.