



Northeastern

MANAGEMENT OF RESTRICTED FUNDS - ACCOUNTABILITIES

University Advancement is responsible for:

- Ensuring that all donor gifts/commitments are documented with a Memorandum of Understanding or other appropriate gift instrument/documentation in accordance with Northeastern University policy.
- Recording and interpreting donor intent and assigning appropriate restriction classification to new endowment funds.
- Communicating the terms of all new restricted funds to the Controller's Office and the Fund Administrators at the time the fund is established.
- Maintaining a record of all gift instruments/documentation and preparing a narrative summary of the fund terms.
- Seeking guidance regarding donor intent and/or the legal obligations of Northeastern University from the Office of General Counsel if needed.
- Communicating changes in restrictions of existing funds to the Controller's Office and Fund Administrators.
- Periodically reviewing funds are spent in accordance with donor restrictions and communicating corrective actions for identified discrepancies on a timely basis.
- Providing guidance to Fund Administrators if there are problems spending endowment distributions because of restricted terms.
- Monitoring expenditures and revenue activity of funds.
- Verifying that gift additions to existing allocations are clearly designated and documented.
- In partnership with the Controller's Office, providing guidance to Fiscal Officers, Departments and Program Administrators if there are problems spending current-use gifts because of restricted terms. Finding options for using current-use gifts such as: helping to identify possible uses within the existing terms; working within Advancement to contact living donors to request broader terms; or seeking judicial relief.
- Preparing and distributing annual endowment financial and narrative impact reports for donors with reportable funds.
- Partnering with the Controller's Office on the monthly reconciliation of gifts to endowed funds.

Controller's Office is responsible for:

- Ensuring that all new endowment funds are documented with a Memorandum of Understanding, or other appropriate gift instrument, provided by Advancement prior to establishing the new fund.
- In partnership with University Advancement, providing guidance to Fund Administrators if there are problems spending endowment distributions because of restrictive terms.
- Calculate the University wide endowment spending rate per share, annual spending distribution, and timely position of distribution to expendable accounts for the fiscal year.
- Provide periodic reporting on fund balances to Advancement and Department Administrators.

- Assist Advancement and Administrators in establishing new fund accounts and changes to existing fund.
- Recording contributions and performing reconciliations of gifts to endowed funds monthly.

College Dean and Associate Dean of Administration & Finance are responsible for:

- Providing Departments and Program Directors or other staff responsible for spending endowment income or restricted gifts with the specific fund/gift terms.
- Managing current use gift and endowment spending in their area of oversight to ensure that expenditures charged against restricted funds and endowment distribution reserves are consistent with donor intent, the educational mission of Northeastern University, and its tax-exempt purpose.
- Contacting the Advancement Office for clarification on endowment distributions and for current-use gifts if there is a lack of donor documentation or any difficulty interpreting the donor's intention.
- Ensuring that restricted gifts and endowment income are utilized in a timely manner for purposes meeting the restriction. It is strongly encouraged that restricted gifts and endowment distributions be used consistently as the first source of funding before using unrestricted funds for purposes meeting the restriction.
- Contacting University Advancement for guidance if annual income cannot be fully utilized on an on-going basis for the restricted purpose.
- Contacting Advancement if there are current-use gifts that cannot be spent in the near term due to narrow restrictions.

Department and Program Administrators are responsible for:

- Spending endowment income or restricted current-use gifts in accordance with the specific fund/gift terms.
- Maintaining and understanding documentation for restricted current-use gifts until they are fully expended.
- Ensuring documented authorization by a Fund Administrator is obtained prior to processing expenditures of restricted donor funds.
- Spending restricted funds in a timely manner for purposes meeting the restrictions. It is strongly encouraged that restricted gifts and endowment distributions be used consistently as the first source of funding to support programs and activities meeting the restriction.
- Contacting their College Dean and Associate Dean of Administration & Finance for guidance if 1) they have questions about interpreting donor instructions, 2) there is a lack of donor documentation or 3) there are problems spending the funds.
- Performing periodic reviews of expense reports by donor gift fund to monitor for compliance with fund terms.