



UNIVERSITY OF RICHMOND

Policy Manual

Policy #:	FIN-15006	Policy Title:	Policy on Use of Spending Distribution from Endowed Funds
Effective:	07/01/2015	Responsible Office:	Office of the Controller
Date Approved:	06/15/2015	Approval:	Executive Vice President and Chief Operating Officer
Replaces Policy Dated:	N/A	Responsible University Official:	Senior Associate Vice President for Finance and University Controller

PURPOSE:

This policy is designed to ensure that the University honors the intentions of donors and that the earnings from endowment funds are used effectively in supporting the University's mission.

SCOPE:

This policy applies to all endowment funds that have been established at the University of Richmond and are subject to restrictions as set forth in the applicable gift instrument.

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POLICY STATEMENT:*FIN-15006.1 – Definitions*Endowment Distribution

The endowment distribution is the portion of the earnings made available for spending. The actual amount to be distributed is determined annually based on the number of shares in the fund in combination with the University's endowment spending policy.

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FIN-15006.2 – Proper use of Spending Distribution

Each school or unit may spend the endowment distribution in accordance with the gift restrictions associated with each endowment, subject to the policy on Effective Use of Institutional Funds. The school or unit budget officer is responsible for compliance with those donor restrictions in the expenditure of funds, as well as compliance with other applicable policies, including appropriate record-keeping to ensure that the University can demonstrate the alignment of the spending with the applicable restrictions.

FIN-15006.3 – Documentation of Donor Intent

The University is committed to honoring the donor’s intent, as expressed in the related gift instrument or governing document, for the use of spending distribution generated by endowment funds. Restrictions associated with endowment funds shall be made in a written gift agreement, instrument, will, or similar document, and agreed upon or accepted by both the donor and the University. (See also *Gift Acceptance* policy, *FIN-15004 True Endowments Policy*).

The gift agreement, will or other governing gift instrument represents the binding expression of the donor’s and University’s common understanding of the appropriate use of the endowment funds. Consequently, only the donor may make changes to restrictions articulated in those documents. The University will not permit changes to donor restrictions at the request of non-donors, including spouses or descendants of the original donor. (See also *Ext-3001 Amendment and Restatement of Existing Gift and Gift Usage Agreements*)

In the extremely rare circumstance in which the donor does not wish to sign a gift agreement or other instrument indicating mutual written consent to the terms and conditions of the use of the gift, and the University accepts an endowed gift with restrictions, the Office of Advancement must complete a memorandum of understanding (MOU) which outlines the University’s understanding of the gift restrictions. The MOU must be reviewed by Vice President and General Counsel and signed by the Vice President for Advancement and the Executive Vice President and Chief Operating Officer.

FIN-15006.4 – Determination of Donor Intent

In some instances, particularly for very old endowments, the University may not have a written gift agreement for existing funds that clearly articulate the donor’s original intent. In the absence of a gift agreement instrument, will, or similar documents, the University will rely on University correspondence with the donor and documentation contemporaneous with the gift in order to determine donor intent.

Where there is no documentation of any kind, the University will assume that the restrictions are those implied by the name.

Where there is ambiguity or question as to the donor intent, the Senior Associate Vice President for Finance and University Controller, in consultation with the Vice President and General Counsel, is responsible for determination of the donor restrictions to which the University is obligated.

FIN-15006.5 – Roles and Responsibilities

Responsibilities of the Office of the Controller

The University Controller is responsible for maintaining records of donor intent.

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Responsibilities of Department

Departments are responsible for understanding restrictions on use of endowed funds, using funds in accordance with those restrictions and maintaining records of appropriate expenditures.

RELATED POLICIES:

Ext-3001 Amendment and Restatement of Existing Gift and Gift Usage Agreements

Gift Acceptance Policy

FIN-15004 True Endowments Policy

FIN-15002 Effective Use of Institutional Funds

POLICY BACKGROUND:

Non-substantive changes made to update titles on 10/10/2022

POLICY CONTACTS:

Senior Associate Vice President for Finance and University Controller

Senior Associate Controller