

RESTRICTED GIFT FUNDS

When a donor makes a gift (not considered an endowment) to the Institute that is restricted for a specified purpose, a segregated restricted gift fund is established for the gift. Restricted gift funds are identified in Banner as funds beginning with "H". These funds are to be expended in accordance with the restriction identified by the donor. If several donors gift money with the same restriction, the gifts can be commingled within the same gift fund. Balances in a restricted gift fund carry forward from one fiscal year to the next. The gift fund is closed out when the funding has been exhausted.

Funds are to be expended in accordance with the restrictions identified by the donor at the time the gift is received. It is imperative the Institute receive written documentation from the donor specifying the restrictions on the gift. In addition to making sure gift funds are being spent appropriately, financial managers are responsible to monitor the balance in the fund and make certain the fund is not over expended. Expenses charged to gift funds can not exceed the funding received from donors. Refer to the Policy and Procedure for Budget Overdrafts (Overdraft Policy) for further information regarding over expenditures.

Restricted gift funds fall into one of three general categories:

- Fund Type H1 – Research Gifts
- Fund Type H2 – Non-Research Gifts
- Fund Type H3 – Gifts with Waived Surcharge

Restricted gift funds are subject to administrative surcharge. The surcharge is a method to partially recoup overhead costs associated with Institute activities that bear no formal overhead allocation. Surcharge is charged to a gift fund at the time expenses are incurred. The surcharge amount varies based on the type of gift fund and the category of expense. When authorizing expenditures to a restricted gift fund, it is important to calculate the administrative surcharge that will be assessed. Failure to consider the surcharge may result in the fund becoming over expended.

Only in special situations will the surcharge on a gift fund be waived. Exemptions are granted by the Vice Presidents for Institute Advancement and Finance jointly. Requests for exemption from administrative surcharge must be issued in writing by the Vice President or Dean for the respective portfolio. Documents supporting the request for waiver of surcharge should be included in the request. Please refer to the Rensselaer Policy Statement: Administrative Surcharge on Restricted Gifts for further details.