Contributions – Restricted & Unrestricted Accounts

Restricted = Enhancement Funds
Unrestricted = Excellence Funds

Overview: This is a policy governing restricted and unrestricted contributions and provides oversight responsibilities and sets a process to request roll-over of unused unrestricted funds from one fiscal year to the next. Contribution accounts have been set up to provide financial assistance to the four colleges and other support areas at Pacific University. Where applicable, the Dean or Program Director should make every effort to use the funds in the year received.

Definitions – Contributions

- Contributions arise from donations received by donors to the University/College. These funds are processed through University Relations and posted to unrestricted, temporarily restricted or permanently restricted net assets depending on the nature of the gift and any donor imposed restriction. If the donation includes an exchange transaction for a purchase of goods or services (i.e., merchandise purchase, dinner, etc.) then the fair market value of that exchange must be removed and recorded separately in a revenue account.

Restricted and Unrestricted Contributions

Restricted: A restriction on the use of the assets contributed result in a donor’s explicit stipulation of the use of the funds donated. Or it can also be determined from circumstances surrounding the receipt of the contribution that make clear the donor’s implicit restriction on the use of the funds. For example, if during a capital campaign the University is soliciting funds for a new building any contribution received from that solicitation is assumed by the donor to be restricted to the new building. Contributions with donor-imposed restrictions shall be reported as restricted support. Donor-restricted contributions whose restrictions are met in the same reporting period may be reported as unrestricted support.

The restricted enhancement accounts have been created to report contributions that a donor has specified a specific use (i.e., purchase a microscope) or a time restriction (i.e., for specific activity in the next fiscal year, etc.).

Unrestricted: No specific or implicit use has been specified. The purpose is described in general or vague terms and the use is at the University’s or College’s discretion.

The unrestricted excellence accounts have been set up to enable the Dean or Program Director to have direct discretion in the use of these funds. Although the funds have been designated to a particular college, the use of funds within that college is unrestricted.

Restricted Enhancement Account

These accounts have been set up to record funds given by donors where the donor has placed a restriction on the use of the funds (either use or time restriction). The Dean or Program Director will be responsible to ensure that the funds are used according to the donor’s wishes and report back to the Director of Advancement Services and the Controller on a timely basis. Reporting on a timely basis will
need to be determined – but if not specified will be annually. Any restricted enhancement account with a deficit at fiscal year-end will need to have a transfer requested by the Dean or Program Director and sent to the Controller in the Business Office to cover the overage from operating funds by July 15.

Unrestricted Excellence Account

These accounts are similar to the restricted enhancement accounts and have been set up to provide opportunities to receive additional funds by donors. The differences are that the use of these funds is unrestricted by the College and the account cannot roll-over at year-end without prior approval (see “Surplus” section below). The Dean or Program Director will have complete discretion over the funds and will be ultimately responsible for determining the uses of the funds.

Expenditures

All purchases (capital and non-capital), payment for services, reimbursements and all other payments must follow University policy and procedure. If a question arises, please see the Business Office webpage at http://www.pacificu.edu/offices/bo/ or contact Accounts Payable at extension 2978 or 2177.

Year-end process

At year-end, each Dean or Program Director will be responsible for providing a report that summarizes the use of the funds during the fiscal year. Additionally, this report should include a timeline and use of any remaining balances in the restricted enhancement accounts. This report will need to be given to the Director of Advancement Services in University Relations and to the Controller in the Business Office.

Deficit

Any deficit will need funds transferred in to the account to cover the overage. This includes both restricted enhancement accounts and unrestricted excellence accounts. The Dean or Program Director is responsible for requesting a transfer by journal entry from an operating fund. Transfers may only be transferred into the account to cover a deficit and only to the extent of the deficit.

Surplus

A surplus in an unrestricted excellence account will remain in the account at fiscal year-end and close to the University’s bottom line unless a request has been made to the Controller in the Business Office to transfer the excess or roll-over the funds to the next year. However, before a request can be granted the following information will need to be presented by the Dean or Program Director and verified by both the Budget Office and the Business Office.

- The Dean or Program Director will need to provide support to confirm that the net preliminary actual operational results for the fiscal year (revenue less expense) meet or exceed the budgeted net. This support will be reviewed and confirmed by the Budget Office.
- Clearly identify why you want the funds transferred or rolled over to the new-year. If rolled over, please include what you expect to use the funds for and when.
- Deadline to make the request is July 15th of each year.
Approved transfers of surplus funds will be transferred for capital purchases to plant or to the endowment. If the funds are rolled over in operations for use in a subsequent fiscal year, then the amount must be small in order for this type of arrangement to be approved.

Unused funds in Restricted Enhancement accounts at year-end
Any funds remaining in the Restricted Enhancement account at year-end will be rolled over to the subsequent fiscal year. These funds will remain in the account until the funds are used in accordance with donor imposed restrictions. If circumstances change and these funds become unrestricted they must then be used in the current fiscal year or a request made to transfer to Plant Fund or Endowment or to be rolled over in an Unrestricted Enhancement account must be requested and is subject to approval – see surplus above.

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