

# Alumnae Association of Wilson College

## Restricted Funds Policy

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Drafted: September 2007  
Approved: February 3, 2008  
Revised June 7, 2009  
Revised March 2010

### **Purpose**

Alumnae Association of Wilson College (hereinafter referred to as the "Association") believes that its financial soundness and stability depends largely on being responsive to the needs of Alumnae and members of the College family it serves while using its financial and personnel resources effectively to advance the interests of Wilson College.

### **Policy**

It is the policy of the Association to serve as fiscal agent for temporarily restricted funds contributed by club and class organizations ensuring compliance with guidelines established by the Internal Revenue Service and with generally accepted accounting principles.

Additionally, it is the policy of the Association to establish temporarily restricted funds whose use by the Association is subject to donor-imposed restrictions that can be fulfilled by actions of the Association pursuant to those restrictions or that expire by the passage of time.

The Association monitors contributions to and disbursements from temporarily restricted funds, refrains from co-mingling of funds, and keeps appropriate financial records documenting their use.

### **I. Restricted Funds – Association serving as Fiscal Agent**

A. Regional Club Organizations: From time to time, regional club organizations may submit club dues and other contributions to the Association to hold for future use. Because goods and services are provided using these monies, contributions are not tax-deductible. Accounts are established as temporarily restricted accounts, whereby the Association receives any and all income derived from these accounts.

B. Class Treasury Accounts: From time to time, class organizations may submit class dues and other contributions to the Association to hold for future use. Accounts are established as temporarily restricted accounts to provide readily accessible cash for postage, mailings, reunion, and other expenses deemed necessary by each class organization. Because goods and services are provided using these monies, contributions are not tax-deductible. The Association receives any and all income derived from these accounts.

C. Reunion Gift Funds – Short-term: From time to time, class organizations may submit contributions on a tax-deductible basis to the Association into short-term, temporarily restricted investment accounts for the purpose of providing class gifts to Wilson College on the occasion of their reunion. Short-term, defined as a period of less than one-year, Reunion Gift Funds are managed by the Association collectively

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in money market instruments to provide maximum liquidity and to ensure protection of principal. The Association receives any and all income derived from these accounts.

D. Reunion Gift Funds – Long-term: From time to time, class organizations may submit contributions on a tax-deductible basis to the Association into long-term, temporarily restricted investment accounts for the purpose of providing class gifts to Wilson College on the occasion of their reunion. Long-term, defined as a period of one-year or greater, Reunion Gift Funds are managed by the Association as separate portfolios with an investment strategy that is conservative in nature, including an emphasis on protection of principal and current income. Class organizations that desire to invest on a long-term basis must sign a Memorandum of Understanding (MOU), shown as Exhibit A, with the Association that defines the terms and conditions of the agreement. For its work in managing these investment accounts, the Association receives an annual administrative fee \$50.00 for each portfolio whose total value is equal to or greater than \$10,000.

## **II. Restricted Funds – Contributed to Association**

A. Specific Purpose Funds: From time to time, individual donors may submit contributions on a tax-deductible basis subject to donor-imposed restrictions that can be fulfilled by actions of the Association pursuant to those restrictions or that expire by the passage of time. Accounts are established as temporarily restricted accounts to provide readily accessible cash for any expenses deemed necessary. The Association receives any and all income derived from these accounts.

## **Responsibilities**

The Board of Directors is responsible for assuring communication and implementation of the policy on restricted funds. The Board of Directors also is responsible for maintaining the fiscal integrity of the financial statements by requiring an annual audit review by an independent accounting firm.

Additionally, the Board of Directors is responsible for assuring communication and implementation of the policy on investment strategies, which seeks preservation of principal and current income.

The Director of Alumnae Relations is responsible for monitoring all contributions to and disbursements from temporarily restricted funds, refraining from co-mingling of funds, keeping appropriate financial records documenting their use, ensuring compliance with guidelines established by the Internal Revenue Service and with generally accepted accounting principles.

**Class of 19XX  
Reunion Gift Fund – Memorandum of Understanding**

The Class of 19XX Reunion Gift Fund shall be established as a temporarily restricted account at the Alumnae Association of Wilson College with an initial gift of \$\_\_\_\_\_ given by members of the Class of 19XX. The purpose of this account shall be to accumulate funds on a tax-deductible basis over a period of XX years in preparation for presenting a class gift to Wilson College on the occasion of the 50<sup>th</sup> Reunion of the Class of 19XX to be held in June 20XX.

The Class of 19XX Reunion Gift Fund shall be managed as a separate portfolio solely by the Alumnae Association of Wilson College. The investment strategy shall be conservative with an emphasis on protection of principal. Income from the portfolio shall accrue to the benefit of the Class of 19XX; however, an annual administrative fee of \$50.00 for portfolio values equal to or greater than \$10,000 shall be assessed by the Alumnae Association. The administrative fee shall be assessed annually on December 31. The Alumnae Association shall seek to maximize total return, consistent with prudent management and liquidity needs, but makes no assurance that it will achieve this goal. Returns of the Reunion Gift Fund will fluctuate with interest rates and market conditions.

In the event that contributions of shares of common stock and/or mutual funds are received as a donation to the Reunion Gift Fund, it shall be understood by the Class of 19XX that such investments will not be actively managed by the Alumnae Association and that the Alumnae Association is not responsible for the investment performance of these shares nor their impact on the Reunion Gift Fund as a whole. Shares of common stock and/or mutual funds received as donation shall be held under a stop loss order which will direct sale of the shares if the price reaches a level of 90% of the price at donation or a level of 120% of the price at donation. This stop loss order does not guarantee that the sale will be at the 90% or 120% level, but shall be at the market price at such time as the sell order is completed, which will be as soon as reasonably possible following reaching the stop loss threshold.

Following the end of each calendar year, the Alumnae Association shall issue to the current President of the Class of 19XX a complete accounting of the portfolio. Prior to the end of the term of the agreement, the Class of 19XX shall determine the nature of the gift to Wilson College in conjunction with priorities set forth by the Vice President for College Advancement.

The Class of 19XX shall reserve the right to add to the principal of the portfolio at any time and shall reserve the right to cancel this agreement with thirty (30) days' prior written notice. Cancellation of this agreement prior to June 20XX may result in penalties or fees assessed by banks and other institutions where funds are invested.

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The Reunion Gift Fund for the Class of 19XX shall be managed under the rules governing restricted accounts and investments established by the Board of Directors of the Alumnae Association of Wilson College, a non-profit 501(c)(3) corporation.

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President, Class of 19XX

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Date

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President, Alumnae Association of Wilson College

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Date

*Wilson College acknowledges that the Alumnae Association of Wilson College is a wholly separate and distinct non-profit corporation, and therefore, assumes no risk or liability in the management of Reunion Gift Funds.*