



Finlandia University
Endowment Policy
Procedure for Handling of Permanently Restricted Funds
(Revised November 8, 2021)

I. Policy Purpose

This procedure refers to all donor permanently restricted gifts of cash, stocks or other financial instruments. The purpose of this procedure is to ensure that all funds and gifts received with donor restrictions are deposited to, and held segregated on, a designated endowment account to prevent the use of funds for any purpose other than the restricted purpose as specified by the donor. The goal is to ensure full compliance with the State of Michigan UPMIF statutes.

II. Gifts - Cash

Gifts of cash can be received in one of several ways:

1. Checks received by the advancement office.
2. Credit Card payments received directly on the Advancement Account.
3. Wire transfer or ACH credit received on either the Advancement Account or the Operating Account.

In each case, the advancement office will review all gift receipts, determine their status as indicated by the donor (unrestricted operating, restricted operating, permanently restricted), receive the gift in the Empower system under the correct fund and general ledger account and then, in the case of checks, mark the checks "For Deposit Only" for deposit by the Finance Department to the University's dedicated Advancement Account.

The Finance Department will maintain monthly reports, reconciling all permanently restricted gifts and, as such, signify that the funds are not available for funding of operations. Funds are then transferred by the Finance Department from the Advancement Account to the Endowment Account.

Access to the Endowment Account will be restricted to leadership in the Finance Department (access only), and to a designated member of the Board of Trustees Endowment Committee (Withdrawal/Debit access only).

The Finance Department will prepare a quarterly reconciliation of 1) permanently restricted gifts received, 2) any investment earnings credited, and 3) the balance on the Endowment Account. These quarterly reports will be presented to the Endowment Committee Chair for review and approval.

If, at any time, the University's management, the Endowment Committee or the Board of Trustees determine that funds should be moved from the permanently restricted endowment account for any

reason, a written proposal must be submitted to the Endowment Committee Chair, reviewed by committee, and forwarded to the full board for action. Approval must be accompanied by support of the Finance Department whose primary responsibility will be to review the proposed movement of funds for compliance with University Policy and existing State and Federal statutes. This written proposal must include, at a minimum, 1) the amount to be debited, 2) the destination of funds (financial institution, account number, or payee), and 3) a detailed reason for the requested use/movement of funds. Once approved, the signed proposal can be forwarded to the Endowment Committee member acting as signatory on the account for execution.

III. Gifts – Stocks, Bonds, Other Financial Instruments

It is not uncommon for the University to receive gifts of privately or publicly traded shares of stock, bonds or other financial instruments. In cases where these gifts are received bearing donor restrictions, the instruments will be deposited to the University's Endowment Brokerage Account. The following shall apply to assets held on this account:

1. As part of the monthly endowment report to the Board of Trustees Endowment Committee, the Finance Department will prepare a reconciliation of securities gifts received and the balance on the Endowment Brokerage Account.
2. All gifts of stock bonds, or similar instruments will be sold upon receipt at the Endowment Brokerage Account and transferred to the Endowment Deposit Account. This ensures receipt of gifts at donors' expected values and maintains one consolidated fund for reinvestment.
3. The funds will then be subject to the same procedures as detailed in the handling of cash per this procedure.

IV. Gifts – In-kind

It is possible that the University will receive in-kind gifts (tangible property) that also carry endowment restrictions by the donor. The CFO will be responsible for reporting a reconciled value of these gifts with the monthly report to the Endowment Committee. The CFO will confirm that the tangible property has not been sold or otherwise disposed of or liquidated. It shall be the Endowment Committee's responsibility to approve any sale or disposal of tangible property held as a restricted endowment. All proceeds must be deposited to the Endowment Account, and any use or movement of funds must adhere to the procedures as outlined in the handling of gifts of cash per this procedure.