

Fund Maintenance & Administration Policy

Effective: December 1, 2015

Updated: February 20, 2018

General:

The Medical College of Georgia Foundation, Inc. ("MCGF") records gifts, other income, disbursements, and investment results using the principles of fund accounting. Fund accounting allows MCGF to maintain separate accounting records for each individually established fund. In order to ensure compliance with donor restrictions on uses of their gifts, MCGF maintains over 800 separate funds. If a donor would like to contribute to a cause for which an account is not already established, a new fund can be set up if the following two criteria are met: 1) the initial gift meets the minimum funding requirements as set forth in our [Minimum Funding Levels Policy](#) and 2) the purpose of the fund supports the mission of the Institution.

Fund Agreements:

MCGF manages and maintains two different fund types outlined below:

- Endowment – An endowment is an account that holds gifts in perpetuity and therefore is not available for immediate spending. The money held in an endowment is maintained by MCGF and invested in the market. Note that endowments are invested under guidelines established by the MCGF Investment Committee in professionally managed investment pools. Each quarter, the account receives its pro rata share of market gains and losses. Each July, a distribution is made from a fully funded endowment into its related expendable. The distribution is what is available for department use.
- Expendable – An expendable is an account that holds gifts that are available for immediate use. Note that donations held in an expendable do not participate in market returns. Therefore, there is no income associated with expendables.

Before a new fund can be established, MCGF must have a signed [Fund Agreement](#) located on our website as well as a gift as defined by our [Minimum Funding Levels Policy](#). In addition, if a donor wishes to establish a new account based on a pledge, a signed [Pledge Form](#) is also required. Once MCGF receives these items, the account will be assigned a fund number which can be used to track balances and account activity.

Changes to Fund Agreements:

In the event that a donor or department would like to make a change to a previously established fund, a completed [Fund Change Form](#) should be submitted to MCGF via intercampus mail or by hand delivery. Note that changes, such as a request to close a fund or change a fund name or purpose, must be approved by the MCGF Board of Directors.

Distributions:

As stated above, each year in July, a distribution is made from any fully-funded, above water endowment into its related expendable. The exception to this rule is in cases of fully-funded endowed chairs that have not been seated. MCGF does not make a distribution into vacant endowed chairs. Further, MCGF cannot make a distribution from an endowment with no fund agreement in place. The distribution rate is set by the MCGF Board of Directors

and is calculated at 3.5% (4% for scholarships) of the fund balance average at 12/31 for the past three years. MCGF will not make a distribution if such distribution would cause the endowment to be “underwater” (i.e. below corpus value).

Please note that a newly established endowment must meet one of the following two criteria in order to make an initial distribution:

- One year
- Eight percent (8%) investment income growth

In other words, the endowment must be in existence for one year before a distribution will be made, unless the endowment achieves 8% growth prior to the one year mark.

Fund Signatories:

A signatory is an employee with the highest level of authority over a fund. A signatory has access to fund balances and activity and can authorize expenditures from the fund. Every fund should have at least two signatories because MCGF’s [Disbursement/Check Request Policy](#) requires two authorized signatories for each check request. Note that Department Chairs have automatic signatory authorization over accounts within their department as does the Financial Aid Office over all scholarship funds.

Fund Recipients:

A recipient is an employee given the authority to access fund balances and activity, but that cannot authorize disbursements from the fund. MCGF has approval to discuss the fund with or provide fund reports to account recipients.

Process for Updating Fund Signatories & Recipients:

It is the responsibility of the individual department to ensure that fund account representatives are kept up-to-date in order to prevent the unauthorized access to the fund. Therefore, we recommend a periodic review of the account’s fund representatives. In order to add or remove a fund representative (signatory/recipient) from an account, please complete the [Fund Access Form](#) located on the MCGF website. The form must be signed by the Dean or Department Chair. If you would like to add or remove a fund representative from several funds, please attach a list of funds to the completed [Fund Access Form](#) and indicate “see attached list” in the *Fund Number* and *Fund Name* fields.

Once complete, the form can be scanned and emailed to Matthew Anger at manger@mcgfoundation.org. MCGF will also accept forms that are hand delivered or sent via intercampus mail. Once received MCGF will update our database and grant portal access to the fund representative.

Foundation Portal:

MCGF’s [portal](#) provides up-to-date information to authorized fund representatives. Fund representatives are provided a unique user name and password used to login to the [portal](#). The portal houses two reports which can be accessed at any time by the fund representative:

- Fund Balance & Transaction statement – This report details the fund’s beginning balance, any activity during the month (i.e. gifts and disbursements), and the fund’s ending balance. This report is available by month.
- Detail Donor Report – This report details all gifts given to the fund during the month selected.

For custom reports and any technical issues relating to portal access, please contact John Ellinger, IT Director, at jellinger@mcgfoundation.org or (706) 823-5504.

Inactive Funds:

Although the majority of MCGF expendable funds are regularly used to support Institution activities, some funds may be underutilized or may even become dormant (dormant is defined as no activity for three (3) years). In such cases, MCGF may contact the donor and/or department chair to identify a plan to ensure the use of the fund as expected by the donor. In some instances, accounts might be closed and consolidated with another like-minded fund. MCGF has a fiduciary duty to continuously monitor the usage of all funds.

Donor Concentrations:

An individual who personally contributes more than half of the total contributions to an MCGF fund may not serve as an authorized signatory. Generally, the supervisor of this individual will serve in that capacity. In such a case, however, the business activities of the employee/donor may still be supported by the fund.