

# **Donor Trust and Endowed Fund Management Policy**

In Effect: November 30, 2012 Amended: March 19, 2014 Approved by: NOSM Board of Directors Responsible Office(s): Advancement Responsible Officer(s): Advancement Manager

### 1.0 Purpose/Rationale

The purpose of this policy is to provide guidelines for the segregation of funds held as donor trusts and endowments.

# 2.0 Applicability

This policy applies to all donor trust funds, as well as internally and or externally donor funded and restricted endowments.

### 3.0 Definitions

- 3.1 Donor Trust funds A category of account which holds donations or bequests received by NOSM that have conditions and /or legal requirements for use agreed upon by the donor and the Northern Ontario School of Medicine (NOSM), or terms for use established by NOSM.
- 3.2 General Perpetual Donor Trust Externally restricted, endowed trust funds where the donation or bequest is endowed and from which only income earned may be expended. This is the most common trust fund.
- 3.3 General Long-term Donor Trust Externally restricted, non-endowed trust funds from which both income earned and capital may be expended.
- 3.4 Specific Donor Trust Externally restricted, non-endowed short-term funds which, normally, are to be spent in the current year for a specific purpose expressed in the terms.
- 3.5 Non-expendable Donor funds Defines the status of all or part of donated funds, as designated by the donor at the time of the gift, that may never be expended. Earns annual investment income based on investment pool returns.
- 3.6 Expendable Donor funds The accumulation of unspent income and donated funds designated for expenditure
- 3.7 Internally restricted Donor funds

3.7.1 Externally funded endowments derived from donations or bequests not restricted by the donor.

3.7.2 Internally funded endowments are deemed to be internally restricted by the Board of Directors when created by transfer from internal reserves (appropriations).

# 4.0 Management of Donor Trust and Endowment Documentation

All background documentation, including correspondence with donors and lawyers, including copies of will bequests will be kept and maintained in files in the Advancement office.

# 5.0 Criteria to Open a Donor Trust Fund

The following criteria must be used in establishing a donor trust fund:

a) A gift agreement, will or statement of gift form signed by the donor and or appropriate NOSM representative shall be required to open a general or specific trust fund.

- b) A minimum of \$10,000 is required to open a General Perpetual Donor Trust Fund. General perpetual funds may be pledged over 5 years.
- c) A minimum of \$500.00 annually to establish as General Long-term Donor trust fund. This must be pledged for a minimum 4 years.
- d) The minimum may be comprised of cash or a gift agreement/statement of gift form outlining the payment schedule to reach the minimum.
- e) In the event that the required minimum principal is not realized according to the agreed upon payment schedule, NOSM Advancement will contact the donor to arrange a revised schedule. If, after six months from that time, the donor has not resumed payments or indicated an intention to revise the payment schedule, NOSM in consultation with the donor, where possible, is authorized to transfer realized installments to the NOSM General Endowment Fund.
- f) No disbursements will be made from a Donor Trust Fund until the minimum funding requirement has been received and the trust fund has accumulated interest of one year.
- g) The standard gift agreement shall contain a "power to vary purpose" clause directing NOSM in the event that the original terms of the agreement cannot be fulfilled.

"NOSM assures that donations and all forms of charitable gifts are used effectively for the purposes as specified by the donor, or, where such purposes are no longer practicable or appropriate, the School promises to use the gift in a manner consistent with the intention of the donor and the spirit in which the gift was given"

# 6.0 Related Documents

- Donation Acceptance Protocol
- Gifts of Publicly Listed Securities Policy

# 7.0 Cognizant Office/Getting Help

Queries regarding interpretations of this document and resolution of issues should be directed to:

Advancement Manager (807)766-7433

Date	Document history	Approval(s)
November 30, 2012	Original version	Board of Directors
March 19, 2014	Revised	Board of Directors