

DONATED FUNDS MANAGEMENT PROCEDURE

This procedure is governed by its parent policy. Questions regarding this procedure are to be directed to the identified Procedure Administrator.

Functional Category:	Operations
Parent Policy:	Donation Policy
Approval Date:	January 16, 2020
Effective Date:	January 16, 2020
Procedure Owner:	Vice President, External Affairs and Brand
Procedure Administrator:	Director, Advancement

Overview:

This procedure identifies how donations to NorQuest College (college) are used, the allocation of investment earnings, responsibilities for endowment agreement oversight, and that funds are invested in accordance with the college Investment Policy.

Authority to establish this procedure is derived from the [NorQuest College Board of Governors Policy No. 5](#) which delegates authority to the President and CEO to establish policies and procedures for the college's management and operation.

Procedures:

Donated funds are managed by the college in accordance with written agreements with the donors, invested in accordance with the college Investment Policy, and investment earnings allocated based on the type of donation.

Donation Use

- Donations made toward an endowed fund, unless otherwise specified by the donor, will be applied to the principal of the endowment and used as specified in the Endowment Agreement.
- Undesignated donations will be used by the college in its sole discretion.
 - Undesignated donations are recognized as revenue within the fiscal period in which the donations are received.
- Designated donations will be used for the purpose identified by the donor.
 - Designated donations are recognized as deferred revenue and recorded as revenue during the period in which the funds are expended.
- Commission revenues are used to support the administrative activities of the college Advancement Office unless otherwise documented in the agreement with the vendor.

Awards

- Where a planned award has no qualified applicant, the award will not be disbursed and earnings and/or donations received in support of the award will be reserved for disbursement at a later time.

Agreement Oversight

- All management practices will comply with legislation and written contractual agreements.
- The Advancement Office will ensure appropriate record keeping of all written agreements, including: endowments, donation and recognition agreements, and scholarships and bursaries agreements.

Allocation of Investment Earnings

Endowed Funds

- Investment earnings are calculated monthly and will be allocated annually as follows:
 - All investment earnings up to 5% (five percent) will be directed to support the purpose of the Fund as stated in the endowment agreement.
 - The remainder of earnings above 5% (five percent) are recorded as endowment capitalized investment income.

Existing endowment agreements will, where possible, be modified to reflect the investment earning allocation standard specified above.

Undesignated Funds

- Undesignated funds are recognized as revenue within the fiscal period in which the donations are received, and no interest earnings are allocated to the donation.

Designated Non-Endowment Funds

- Designated non-endowment funds are allocated to the purpose identified by the donor, and no interest earnings are allocated to these donations.

Losses on Investments

- Should economic conditions result in losses on investment earnings in a given year, the college may elect to not disburse awards or, on occasion and in its sole discretion, the college may augment endowed earnings from college funds.

Definitions:

Commission Revenues: commission revenues are realized through affinity agreements, or sales associated with external vendors providing services on college premises.

Donation: a voluntary transfer of property without valuable consideration. In order for a gift to qualify for a charitable tax receipt the following three conditions must be satisfied:

- 1) some property, usually cash, is transferred by the donor to the college,
- 2) the transfer is voluntary, and
- 3) the transfer is made without expectation of return.

In alignment with Canada Revenue Agency (CRA) guidelines: it may be permissible for donors to receive recognition for their gift, including donor wall listing, signage and plaques, or naming opportunities for buildings, displays, education programs, etc.

Donations can be in many forms including: cash, gift in kind, planned gift, and endowment.

Endowment: a restricted donation made to the college where the capital is invested, and the annual investment income (residual) is used for a specified educational purpose. All cash or property gifted to the college for the purposes of an endowment fund becomes the property of the college. The principal of the endowed fund is retained, administered, and managed by the college in accordance with its

Related NorQuest College Information:
Related External Information:
Next Review Date:
Revision History:

investment policy. Endowed funds generally are meant to exist in perpetuity.

Gift in Kind: gifts in kind, also known as non-cash gifts, are gifts of property. Examples of a gift in kind include equipment, software, books, artwork, publicly traded securities, real estate, collections, etc. A contribution of service, that is, of time, skills or efforts, is not property, and therefore does not qualify as a gift or gift in kind for purposes of issuing official donation receipts.

Undesignated Donation: a donation to the college where the donor has not specified the program and/or purpose to which the donation is to be directed.

- [Donation Acceptance Procedure](#)
- [Donation Policy](#)
- [Investment Policy](#)

N/A

January 2024

June 2012: new (replaces Standard Practice 6.16: Allocation of Donated Funds: earnings & Disbursements)
 August 2013: update for document links and branding
 August 2013: revision – addition of Administration Fee clause to be effective July 1, 2013
 January 2014: revision – removal of Administration Fee clause to be effective July 1, 2013
 November 2014: update for document links
 May 2016: update
 August 2019: Compliance Office template & reorganization update
 January 2020: Update endowed funds investment income.