



## RESTRICTED GIFTS AND RESTRICTED FUNDS POLICY BSF

In general, a nonprofit organization prefers to have donations given with no restrictions so that the leadership of the organization can determine their best use. However, at certain times, there are important spending needs that are in line with both the organization’s mission and its operations for which there are good reasons to raise dedicated funds.

Furthermore, some donors prefer to have their donations targeted toward certain aspects of the organization’s mission that are of particular interest to them. This policy describes how restricted gifts are handled at the Barth Syndrome Foundation (BSF.)

### **Restricted Gifts**

A restricted gift is one that any donor has given to BSF with restrictions on the purposes for which it can be used. These gifts can arise in several ways:

- Donations that result from a specific fundraising solicitation for a particular restricted purpose
- Donations that are self-initiated but that arrive with instructions directing funds to be used for a particular purpose
- Funds that have been awarded to BSF as the result of a successful grant application that requires use for a particular purpose or in some cases from Affiliated Organizations for use in funding a specific research grant, contract or investment issued by BSF

If the restricted purpose for any of these donations is consistent with the restricted purpose use for an established BSF Restricted Fund, then the donation is automatically accepted by BSF with gratitude and added to that fund.

If, however, a donation arrives with different or other new restrictions, then the following determinations must be made by the Executive Director and/or the BSF Board before the donation can be accepted by BSF:

- Is the donation in keeping with the mission of BSF and our current strategy?
- Is there an established fund with a particular restricted purpose use under which this donation can possibly be added-with small revision(s) to the donor’s requested restricted purpose? When this happens,-the donor must be contacted in order to see if those modification(s) would be acceptable-
- If the restrictions are new and do not otherwise allow the donation to be incorporated into an existing Restricted Fund’s purpose, then a new “one time” restricted purpose use can be established and the gift accepted by either the Executive Director or the Board (depending on

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the amount – by the Executive Director up to \$10,000, the Executive Committee up to \$25,000 or the Board for amounts above \$25,000.

- Alternatively and only infrequently, the establishment of a more permanent Fund with a new restricted purpose can be contemplated by the BSF Board, subject to the guidelines regarding Restricted Funds below.

Note that, after evaluation, if a restricted gift does not meet the guidelines in a satisfactory manner, the restricted gift may need to be refused and returned to the donor.

Grants sought by BSF must be evaluated in advance of submitting an application to ensure that any restricted purpose associated with them is already consistent with an established Restricted Fund purpose or a BSF-issued research grant or contract. Should this not be the case, such potential grants should be evaluated and approved before an application is submitted and in a manner similar to that for a new (one-time or more permanent) specific purpose gift as described above.

### **Restricted Funds**

The BSF Board has strategically established several BSF Restricted Funds that are focused on supporting particular areas of our overall mission. These have been stated broadly so that there will never be a time in which gifts that have been generously donated to us in these funds are not able to be used in an efficient and effective and timely manner to advance our mission. Likewise, these funds should neither be numerous nor burdensome, as we insist on keeping their administrative burden as small as possible.

Specifically, new Restricted Funds can only be created by the BSF Board and operated under the following guiding principles:

- The purpose of the fund must be consistent with BSF's stated mission
- The volume of anticipated gifts is material (at least \$10,000 per year)
- These funds will be directed to a strategy or tactic of BSF and not to an individual (*e.g.*, specific individual or institution)
- These funds ideally will be named for a purpose use and not for a individual or a family in order to keep them open and appealing to other donors who might want to donate to such fund's purpose use in the future

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- BSF will have the sole discretion to decide how, when and to what extent to make expenditures that properly utilize these funds in a manner consistent with the restricted purpose
- If and when the monetary balance in any restricted fund drops below \$10,000 with little expectation that it will be replenished, the Board can decide to close the fund at its sole discretion.

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