Purpose

The recommendations put forth in this document are intended to help guide and support efforts to review and close under-utilized current-use funds. These guidelines have been developed in coordination with the Grant and Contract Accounting, the Office of Internal Audit and been endorsed by University Advancement.

Overview

Most units across campus have a core set of gift budgets for fundraising, as well as a set of endowments that provide long-term funding for specific purposes. However, over the years many gift funds have been set up for singular projects that are no longer being utilized. The University currently has over 4,000 open current-use gift budgets including 1,400 that have not received a gift in 3+ years. Not only is lack of spending an issue of compliance with donor intent, but the tracking of hundreds of funds with varying restrictions may be a significant administrative burden. By closing old, small, and redundant budgets units can better focus their stewardship and fundraising efforts on those budgets that are most impactful and most likely to receive future support.

Essential Guidelines

Budgets may be closed when they reach a zero dollar balance and the fund administrator makes a request. The following guidelines can help you in preparation for budget closure.

**Situation 1:** The gift budget has an expendable balance. The first step is to review the original purpose of the fund to determine if the purpose is still valid.

a. If the purpose is valid, create a plan for making the final expenditure(s) out of the budget within the next 3 months. If the fund balance is small it may be possible to transfer to another budget with a similar restriction (82* scholarship budget to 82* budget, 65* project fund to 65* project/program fund) for spending. Please note that even tiny balances must be spent or transferred before a budget may be closed. When this is complete, proceed with closure.

b. If the fund purpose identified in the original request is no longer valid, document the findings and write a brief justification for where the remaining balance will be transferred that has a similar purpose. The same as above, funds can only be transferred to a budget of similar restriction (82* scholarship budget to 82* budget) and all efforts should be made to identify a budget that is as close as possible to the donor’s original intent. When this is complete, proceed with closure.

**Situation 2:** The budget has a deficit. Review the original purpose of the fund and identify a budget of similar purpose, or a unit discretionary budget, that can utilized to back-fill the deficit. Process a transfer of the exact amount necessary to bring the balance to $0. When this is complete, proceed with closure.

**Situation 3.** The gift budget has a zero balance and has no future fundraising plans. Proceed with closure procedure.
Closure Procedure

1. Request that Gift Services change the gift budget to “Inactive” status so no future gifts are deposited.
2. Identify and communicate an appropriate “cross-reference fund” where future gifts/solicitations should be directed (XREF fund).
3. Gift Services will notify GCA to move the budget to Status 3 for preliminary closeout.