



# Medical College of Georgia Foundation, Inc. Fund Maintenance Policy

*Updated* December 2023

---



## Contents

|   |   |
|---|---|
| Overview.....   | 3 |
| Fund Agreements.....                                    | 3 |
| Types of Funds.....                                     | 3 |
| Endowed Funds.....                                      | 3 |
| Expendable Funds.....                                   | 4 |
| Changes to Fund Agreements.....                         | 4 |
| Annual Distributions.....                               | 4 |
| Annual Distribution Requirements.....                   | 4 |
| Annual Distribution Calculation.....                    | 4 |
| Endowed Chairs.....                                     | 5 |
| Fund Administrators.....                                | 5 |
| Signatories.....  | 5 |
| Recipients.....   | 5 |
| Process for Updating Fund Signatories & Recipients..... | 5 |
| Foundation Portal.....                                  | 6 |
| Inactive Funds.....                                     | 6 |
| Donor Concentration.....                                | 6 |
| Contact Us.....   | 6 |



## Overview

The Fund Maintenance Policy aims to establish the policies and procedures the Medical College of Georgia Foundation, Inc. ("Foundation") implements to fulfill its fiduciary obligation to manage and report donor-restricted and unrestricted funds effectively. This policy outlines the Foundation's commitment to the highest standards of accountability and transparency in managing the funds entrusted to it by its donors. The Foundation recognizes the importance of maintaining accurate records and providing timely reports to donors, stakeholders, and regulatory bodies. By adhering to this policy, the Foundation aims to ensure that its financial management practices align with its mission and values and maintain its donors' and stakeholders' trust and confidence.

## Fund Agreements

The Foundation uses fund accounting principles to record charitable donations, other income, disbursements, and investment activity. Fund accounting allows the Foundation to maintain separate accounting records for each individually established fund. If a donor wishes to contribute to a cause for which a fund 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 outlined in our Minimum Funding Levels Policy and 2) the purpose of the fund supports the mission of Augusta University or Wellstar MCG Health (collectively the "Institution").

Before establishing a new fund, the Foundation must have a Fund Agreement signed by the donor(s) and an initial gift as outlined in our Minimum Funding Levels Policy. If a donor wishes to establish a new fund based on a pledge, the donor must submit a signed pledge form along with the fund agreement. Once the Foundation receives these items, the account will be assigned a fund number for tracking income and expenditure activity. Our fund agreements and pledge form can be found at <https://mcgfoundation.org/policies-and-forms/>.

## Types of Funds

The Foundation accepts fund agreements for the two following types of funds:

### **Endowed Funds**

---

An endowment is a fund that holds gifts in perpetuity to take advantage of growth opportunities by investing in the open market. Each July 1<sup>st</sup>, endowed funds that meet the requirements outlined in this policy will distribute earned interest to their respective expendable fund. Therefore, endowed funds are not available for immediate expenditure. The money in an endowment is invested in the market under guidelines established by the Foundation Investment Committee in a professionally managed investment pool. Each quarter, every endowed fund receives its pro rata share of market gains and losses, regardless of whether the endowment is fully funded.

Endowments may be designated by the donor for specific use in any college, division, department, or program within the Institution, and endowments that meet the minimum funding level outlined in the



Minimum Funding Policy may be named in honor or memory of individuals. Endowments shall be governed by a written fund agreement executed by the donor and the Foundation.

Endowments may be funded with outright contributions, including contributions pledged over a maximum period of five years.

### ***Expendable Funds***

---

An expendable fund is a holding account for gifts and distributions from their respective endowment that can be used immediately for the department they support. Donations held in an expendable fund do not generate any income from market returns. Therefore, expendables have no associated income.

### ***Changes to Fund Agreements***

If a donor or department wishes to change the name or purpose of a fund, they must submit a completed Fund Change Form to the Foundation. The Foundation Board of Directors will vote on the request, and once approved, the fund representatives will be notified that the requested changes have been made.

### ***Annual Distributions***

Distributions from endowments are distributed annually on July 1, which marks the beginning of the Foundation's fiscal year.

### ***Annual Distribution Requirements***

---

To be eligible for an annual distribution, an endowment must satisfy the following conditions:

- The Foundation must have a signed Fund Agreement from the Donor
- The fund balance must meet the Minimum Funding Policy requirements
- The fund must have a minimum age of one year
  - Funds under one year old must have grown by at least 8% to be distributed.
- The fund must not be underwater
  - An underwater endowed fund is defined as the fund's balance is below the total sum of endowed donations, also known as the Corpus, due to market losses.

### ***Annual Distribution Calculation***

---

Approved by the Foundation Board of Directors, the distribution rate is 3.5 percent (4 percent for scholarships), calculated based on the average endowment balances of the last three years as of December 31st.

*Example: A \$25,000 endowed scholarship fund established by a donor on December 31, 2019, had the following year-end balances due to investment activity over the next three years.*



|                                   |                           |
|-----------------------------------|---------------------------|
| <i>December 31, 2020</i>          | <i>\$26,100.00</i>        |
| <i>December 31, 2021</i>          | <i>\$27,000.00</i>        |
| <i>December 31, 2022</i>          | <i>\$29,500.00</i>        |
| <b><i>Last 3-year Average</i></b> | <b><i>\$27,533.33</i></b> |

*In this example, the Fiscal Year 2024 distribution (made on July 1<sup>st</sup>, 2023) would be 4 percent of the three-year average: \$1,101.33*

### ***Endowed Chairs***

---

The Foundation will fund a complete distribution for active, sitting chair holders if their endowed fund is underwater and does not qualify for a distribution. The Foundation will not distribute expendable funds to an endowed chair if the chair is vacant.

If a chair is filled during the fiscal year, the Foundation will make a pro-rated distribution to their expendable fund following written confirmation from the Dean's office.

### ***Fund Administrators***

#### ***Signatories***

---

A signatory is an employee with the highest authority over a fund, granting them access to balance and transaction information, and they can authorize expenditures from the fund. Every fund should have at least two signatories, as check requests require dual authorization before processing.

Department Chairs have automatic signatory authorization over accounts within their department, and each college's scholarship committee has signatory authorization over scholarship funds supporting their college.

#### ***Recipients***

---

A fund recipient is an employee of a department who has been granted access to view the balance and transaction activity of a fund and discuss it with foundation staff. However, they do not have the authority to authorize disbursements from the fund.

### ***Process for Updating Fund Signatories & Recipients***

The individual department is responsible for ensuring that fund account representatives are kept up to date to prevent unauthorized access to the fund. Therefore, we recommend a periodic review of the account's fund representatives. To add or remove a fund representative (signatory/recipient) from an account, the department must provide the Foundation with a complete Fund Access Form, which can be found on the Foundation's website. The Dean of the appropriate college or department chair must sign the form. If you would like to add or remove a fund representative from several funds, please include a Fund Access Supplement Form signed



Once complete, the form can be scanned and emailed to Matthew Anger at [manger@mcgfoundation.org](mailto:manger@mcgfoundation.org). Fund Access Forms may also be hand delivered to our office at 720 St. Sebastian Way, Suite 150, Augusta, GA 30901, or sent via intercampus mail to FND-151. Once received, the Foundation will update our database and grant portal access to the fund representative.

### **Foundation Portal**

The Foundation's online portal provides up-to-date information to authorized fund representatives. Fund representatives are provided a unique username and password to access the portal. The portal houses three 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 selected time frame (i.e., investment activity, contributions, and disbursements), and the fund's ending balance. This report is available by month.
- **Exhibit Fees Report** – This report lists all exhibit fees received by a fund within a selected time frame.

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

### **Inactive Funds**

Although most foundation expendable funds are regularly used to support institutional activities, some funds may be underutilized or even become dormant (dormant is defined as no activity for three (3) years). In such cases, the Foundation may contact the donor and 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 with the approval of the Foundation's Board of Directors. The Foundation has a fiduciary duty to continuously monitor all funds' usage.

### **Donor Concentration**

An individual who personally contributes more than half of the total contributions to a fund may not serve as an authorized signatory on that fund. 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.

### **Contact Us**

Please contact the Foundation at 706-823-5500 or [info@mcgfoundation.org](mailto:info@mcgfoundation.org) for any questions related to this policy.