

Crazy by Chiari

Restricted Funds Management Policy

1. Purpose

The purpose of this policy is to provide guidelines and procedures for the management of restricted funds within **Crazy by Chiari** to ensure compliance with donor intentions, legal requirements, and best practices in nonprofit financial management.

2. Definition of Restricted Funds

Restricted funds are donations or grants received by **Crazy by Chiari** are subject to specific conditions, limitations, or purposes imposed by donors. These funds are designated for a particular program, project, activity, or expenditure and must be used in accordance with the donor's restrictions.

3. Types of Restricted Funds

Restricted funds may include, but are not limited to, the following categories:

- Program-specific grants or donations.
- Project-specific contributions
- Endowments and trusts with specific purposes
- Donor-advised funds
- Capital campaign funds
- Designated gifts for specific initiatives or activities

4. Responsibilities

Board of Directors: The Board of Directors is responsible for oversight of the management and use of restricted funds, including:

- Approving policies related to gift acceptance, restricted funds management, and financial reporting.
- Reviewing and approving significant expenditures from restricted funds.
- Ensuring compliance with legal and regulatory requirements governing restricted funds.

Executive Director/CEO: The Executive Director/CEO is responsible for implementing this policy and ensuring that restricted funds are used in accordance with donor intentions and organizational priorities.

Finance Committee: The Finance Committee, if applicable, is responsible for providing guidance and oversight on financial matters related to restricted funds, including reviewing financial reports and monitoring compliance with this policy.

Finance Department: The Finance Department is responsible for managing and tracking

restricted funds, including:

- • Maintaining accurate records of donor restrictions, gift agreements, and fund balances.
- • Ensuring that expenditures from restricted funds are authorized, documented, and reported accurately.
- • Providing regular reports to the Board of Directors and donors on the use and impact of restricted funds.
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Program Managers/Project Directors: Program managers or project directors responsible for programs or projects funded by restricted funds must:

- • Ensure that expenditures are consistent with the terms and conditions of the funding agreement or donor restrictions.
- • Monitor spending to ensure that budgets are adhered to, and funds are used efficiently and effectively.

5. Gift Acceptance and Documentation

Crazy by Chiari will establish clear criteria for accepting donations and gifts, including restrictions or conditions associated with the gift. All gift agreements and documentation will be reviewed and approved by the Executive Director/CEO and/or the Board of Directors. – *Refer to Gift Acceptance Policy*

6. Use of Restricted Funds

Restricted funds will be used only for the purposes specified by the donor or grantor and in accordance with any applicable legal requirements. Expenditures from restricted funds must be:

- • Necessary and directly related to the intended purpose of the funds.
- • Authorized in accordance with established spending authorization procedures.
- • Documented and reported accurately in the organization's financial records.

7. Reporting and Accountability

Crazy by Chiari will provide regular reports to donors and stakeholders on the use and impact of restricted funds, including:

- • Financial statements and reports that clearly distinguish between restricted and unrestricted funds.
- • Narrative reports highlighting accomplishments, outcomes, and success stories related to donor-supported initiatives.
- • Opportunities for donors to receive personalized updates on the projects or programs they have supported.

8. Modification of Restrictions

Any proposed modification or release of donor restrictions must be approved by the Board of Directors after careful consideration of legal, ethical, and financial implications. **Crazy by Chiari** will seek donor consent whenever possible and communicate any changes in the use of restricted funds transparently and accurately.

9. Recordkeeping and Documentation

Crazy by Chiari will maintain accurate and comprehensive records of all restricted funds, including:

- Donor agreements, gift documentation, and correspondence related to donor restrictions.
- Financial records and reports that track the receipt, expenditure, and balance of restricted funds.
- Documentation of any modifications or releases of donor restrictions, including the rationale and approval process.

10. Compliance and Oversight

Crazy by Chiari will establish internal controls and procedures to ensure compliance with this policy and relevant legal and regulatory requirements. The Finance Department will conduct periodic reviews and audits of restricted funds management practices to monitor compliance and identify areas for improvement.

11. Training and Education

Crazy by Chiari will provide training and education to staff, board members, and volunteers on the management of restricted funds, including their roles and responsibilities, legal requirements, and ethical considerations.

12. Policy Review and Updates

This policy will be reviewed periodically by the Board of Directors and senior leadership to ensure its effectiveness and relevance. Updates or revisions to the policy will be made as needed to reflect changes in organizational priorities, legal requirements, or best practices in nonprofit governance and financial management.

13. Adoption and Implementation

This Restricted Funds Management Policy is adopted by the Board of Directors of **Crazy by Chiari** and will be implemented effective **1/15/25**

All staff, board members, and volunteers are expected to adhere to this policy and support its implementation.

14. Contact Information

For questions or concerns regarding this policy, please contact the Finance Department.

Signature:

Signature of Board Chair or Executive Director/CEO

Date of Policy Adoption: 1/15/25