

Guidelines for Closing an Expendable¹ Trust Fund

Overview

An expendable trust fund can be closed when the balance of the trust fund is \$0 and no further donations are expected. Trust fund administrators should request that an expendable trust fund be closed if it is at \$0 balance, or the balance remaining is insufficient for meaningful expenditures based on the terms of reference. Requests to transfer balances of greater than \$1,000 require Trust Fund Operations Committee (TFOC) approval.

Steps for Closing an Expendable Trust Fund

The steps for closing an expendable trust fund are outlined below:

1. Trust fund administrator contacts Senior development officer in University Advancement to confirm that trust fund can be closed (i.e. there are no expected donations, ongoing pledges, etc.). If trust remains on inactive list for 3 or more years as per annual attestation and attempts to contact donor have been unsuccessful, trust fund administrator shall notify University Advancement and proceed to step 2.

2. **If balance is \$0** – proceed to #3

If balance is \$0.01 - \$1,000:

- a. Trust fund administrator submits journal entry to clear balance to either a trust fund with similar terms or the General Endowment (which supports the University's highest needs). Note in the journal entry header that University Advancement has approved the closure and attach supporting email, and that the trust has the power to vary clause in the gift documentation. Please use transfer account 480700 on both sides of the journal entry. The chartfield for the General Endowment, if the balance is being transferred there, is 70-480700-10385-MAC01-10770500-TRUST_FUND-MATER-GLR

If balance is greater than \$1,000:

- a. Trust fund administrator prepares a memo to TFOC requesting closure with rationale, noting that the trust has the power to vary clause in the gift documentation, University Advancement has approved the closure, and requesting to transfer remaining balance to either a trust fund with similar terms or the General Endowment. Memo should be sent to Financial Analyst – Trust Funds for inclusion on the next TFOC agenda.
 - b. Financial Analyst – Trust Funds will notify Trust Fund Administrator if TFOC approved. Trust Fund Administrator then submits journal entry to clear the balance. Please note that TFOC has approved the transfer and attach the approved memo to the journal entry.
3. Trust fund administrator will send email to Financial Analyst – Trust Funds requesting closure of the project, verifying that the project balance is at \$0 balance, and noting that University Advancement has approved the closure. Financial Analyst – Trust Funds will close project, add note to General Information that closure is agreed upon by all parties, and notify Advancement Services to inactivate associated allocation codes.

For trust funds with a balance greater than \$100,000 TFMC will be engaged.

Note: General perpetual (endowed) trust funds are permanent and closed on an exception basis only with TFOC/TFMC approval.

¹ The types of expendable trust funds are General Long-Term, Specific, & Spend Down.