

# **RESTRICTED FUNDS POLICY FOR THE AMERICAN ASSOCIATION OF NEUROPATHOLOGISTS**

## **1. Purpose and Scope**

1.1 This policy outlines the American Association of Neuropathologists' ("AANP") approach towards restricted funds.

1.2 It is outlined in the following sections

- a. Definitions
- b. AANP's objective
- c. Policy in practice
  - Creating restricted funds
  - Accepting restricted funds
  - Identifying restricted funds
  - Using restricted funds

## **2. Definitions**

- A. Funds held on specific trusts are classified as restricted funds. The specific trusts may be declared by the donor at the time of the gift or may be the result from the terms of an appeal for funds. Specific trusts establish the purpose for which an organization may lawfully use restricted funds. The organization may have several separate restricted funds, each serving a particular purpose.
- B. Restricted funds fall into one of two sub-classes: restricted income funds or endowment funds. Restricted income funds are to be expended or applied within a reasonable period from their receipt to further a specific purpose of the organization. Alternatively, the restricted fund may be an endowment. According to trust law, an organization must invest the assets of an endowment or retain them for its own purposes, rather than apply or spend as income.

## **3. The AANP's Objective**

The AANP seeks:

- to disseminate knowledge about disorders affecting the nervous system through publications, lectures, courses, and all other forms of communication,
- to create new knowledge through scientific research and publication, joining teams of other scientists, scholars, and physicians in a team-based approach to discovery, and
- to educate and mentor young physicians and scientists who have chosen, or are contemplating joining us in our mission to eradicate neurologic disease and the associated disability.

## **4. Policy- creating Restricted Funds**

1. The AANP will use funds received in accordance with the donor's wishes or it will not be accepted.
2. Under no circumstances will the AANP accept donations for activities which are outside of the AANP objectives.

3. Funds will not be accepted where the AANP is being used as a channel for tax evasion or for a tax avoidance scheme. To ensure these conditions are avoided, a donation needs to be approved by the Executive Council before its acceptance in the following cases: where the donor specifies that the funds must be sent to a particular organization towards a grant the AANP has not yet awarded, or where the donor specifies that the funds must be directed to a particular organization for an activity or item.
4. Donations to the AANP will be treated as restricted funds if requested by the donor.
5. Funds held by the AANP cannot be converted into restricted funds except for expendable endowments. The decision to turn income into expendable endowment funds is made by the Executive Council.
6. The AANP reserves the right to refuse any donations if the requested restriction cannot be accommodated.

#### **5. Policy in practice- Accepting Restricted Funds**

1. Donors should always be encouraged not to restrict funds to the AANP.
2. Generally, fundraising materials and other communication should not be worded in such a way as to restrict donations.
3. Where acceptable, donors should be encouraged to stipulate what happens to their restricted donation or grant if more money is raised for an activity than it costs.
4. Donors must make clear any restriction at the time they give the donation or grant. If a donor subsequently adds a restriction, the AANP will honor this restriction if it is reasonably possible.
5. Types of contributions accepted by the AANP: gifts of cash, stock, bonds, and other securities, including certain private and restricted stock.

#### **6. Policy in practice – Identification of Restricted Funds**

1. If there is doubt over whether something is, or can be, restricted or not, advice should be sought from the Executive Council.
2. Restricted funds are identified on receipt. The Executive Council will be alerted to the receipt of funds and the transaction will be documented as restricted.

#### **7. Policy in Practice – Use of Restricted Funds**

1. If funds can no longer be spent in accordance with the donor's wishes, the donor must be asked whether they would accept a broadening of the restriction to allow it to be spent. If the donor will not broaden the restriction, the donation must be reimbursed.
2. Restricted funds are to be used towards an activity before the use of any unrestricted funds.