

**DIOCESE OF SIOUX CITY
PARISHES
ENDOWMENTS/RESTRICTED FUNDS**

Has the donor imposed a restriction on the contribution?

- Required by canon law and civil law to honor all donor imposed restrictions
- Donors can change their minds but the charity must obtain written documentation

Types of Donor Imposed Restrictions:

1. Permanently Restricted Contributions (Endowments)

- Corpus (or principal) of the contribution must remain intact
- Donor may have stipulated how investment earnings are to be spent
- If the balance falls below the corpus, funds cannot be used until they are built back up.
- Endowment funds must be supported by an endowment agreement and corporate resolution, both approved by the Bishop.
- Avoid establishing endowments if the charity is experiencing cash flow problems. Endowments are permanently restricted and the corpus will never be available to fund operations.

2. Temporarily Restricted Contributions

- These contributions can be expended but must be expended in accordance with the stipulations imposed by the donor
- Time restrictions limit when the asset can be used
- Stipulation recommended to be in writing.
- Examples: Building addition/projects where donations/earnings are to be used for the purpose intended, cemetery funds, board designated*, etc.
*Board designated-school board segregates unrestricted funds and designates how they can be expended.

3. Unrestricted Contributions

- Contributions for general support – no restrictions are imposed by the donor
- Examples: activity/extra-curricular groups and boosters, bequests/memorials unless a will, estate, or trust stipulates a restriction, most repair projects including building improvement funds, etc.

Note: During an on-site financial review or a desk review, the Diocese will ask for a copy of the parish's wills, trusts, agreements, and other information to determine the stipulations, if any, placed on these funds.