



Contact:

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Q: What are the types of restricted funds a non-profit organization may have?

A: The types of restricted funds are:

Temporarily Restricted

Donors can sometimes impose time or purpose restrictions. Time restricted means that the donation can be used after a specified period. Purpose restrictions means that the donation can only be used for a specified purpose or program. When the time is met or the purpose is met the funds become unrestricted and the monies can be used. Examples include a grant, graduation of a scholarship recipient, or the completion of a building project.

Permanently Restricted

Permanently restricted funds are comprised of monies received with donor-imposed restrictions in which the original donation must be maintained permanently. Generally, the donors allow the organization to spend the income generated from the principal. These funds often go into an endowment that supports a particular activity or the organization in general.

Q: How are restricted funds designated?

A: Restricted funds designations are specified in letter from the donor that determines how the donated funds can be used. These restrictions are normally set out in the documentation that accompanies the donation.

Q: What are unrestricted assets for a nonprofit organization?

A: Unrestricted funds are donations the organization may use for any purpose. Unrestricted funds usually go toward the operating expenses of the organization or to a particular purpose that the organizations chooses.

Q: What are board restricted funds?

A: Board restricted funds are classified as unrestricted money, but a limitation was imposed by the board of directors rather than the donor.