INSIGHTS + NEWS

Peter Martin Spoke at Worcester Regional Chamber of Commerce's Nonprofit Roundtable: Free Your Restricted Funds!

Restricted funds are monies donated to a charity whose investment, management or use is subject to limitations imposed by the donor, such as a prohibition on spending principal or a requirement that the fund be used only for a specified program. Restrictions can also be tied to loans and grants.

Many funds held by nonprofits have restrictions that make full use of the funds impracticable or impossible. Absent obtaining donor consent to changes in the restrictions, nonprofits have to obtain the assent of the Attorney General's Office (AGO) and ultimately a Supreme Judicial Court decree releasing the restrictions and enabling the full, expanded use of these financial assets. What is this process and is it worth it?

Peter Martin and Jane Ellis, Chief Financial and Operating Officer at the New England Botanic Garden at Tower Hill, discussed the following topics at the Chamber's December 10 Nonprofit Roundtable:

- The Cy pres doctrine (used to interpret terms of charitable trusts) versus equitable deviation relief
- Possible administrative action at the AGO for old, small funds
- The AGO entertaining proposals to borrow against endowment funds

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