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SECTION 1: POLICY STATEMENT AND PURPOSE

The Construction-in-Progress (CIP) Fund, formerly known as the “7-Book fund” because its general ledger accounts begin with the number seven (7), accounts for major capital projects. To the fullest extent possible, these projects are funded through means such as student fees, fundraising, and/or pledges, and without incurring additional University debt.

The purpose of this fund is to segregate the cash, pledges, construction-in-progress, and net assets from the University’s main operating funds into the CIP Fund for two reasons:

- To track revenue and pledges received for the project as compared with construction costs spent and committed for the project; and
- To keep excess cash earmarked for construction projects segregated from operating cash.

This policy applies to all University employees.

SECTION 2: DEFINITIONS

- Major Capital Project:** A project spanning more than one fiscal year with a total cost greater than \$1,000,000.
- Construction-in-Progress:** Construction that cannot be completed within a single fiscal year.
- Revenue:** Funds secured by the University for completion of a project. Funds may be sourced from channels such as student fees, donations, and/or pledges.
- Expense:** Costs associated with a project.
- GAAP:** Generally Accepted Accounting Principles.

SECTION 3: FUND CREATION & COMPLETION

- For each new project, unique revenue and expense funds must be established, and all activity related to the specific project must be contained within the established general ledger accounts.
- New CIP funds will be created upon approval of a major capital project by the University’s Senior Leadership Team and Board of Trustees (see policy 400.105P: Construction, Renovation & Repairs). Requests for CIP accounts must be issued in writing by the President or the divisional vice president/executive director most closely affiliated with the project.
- The Chief Financial Officer and project manager for each CIP fund will determine when a project is complete and may be moved to the University’s main operating fund.
- Should any excess of project cost over revenue be discovered at the conclusion of a project, it is the responsibility of the Board of Trustees Financial Affairs Committee and Development Committee to decide jointly how overages will be resolved.
- Any surplus revenue over project cost will be moved to a separate permanently restricted Endowment Fund to be used for maintenance related to the specific project.

SECTION 4: FUND COMPOSITION

- A. The CIP fund will track and segregate five aspects of each major construction project:
 - 1. Cash collected for the specific project
 - 2. Pledges booked in writing that are restricted for the specific project
 - 3. Revenue accumulated for the specific project
 - 4. Costs accumulated for the specific project
 - 5. Net surplus/deficit for the specific project
- B. Three related sets of funds will be established for each CIP project:
 - 1. Revenue Accounts
 - 2. Pledge Accounts
 - 3. Expense Accounts

SECTION 5: RECONCILIATION

- A. University Advancement and Financial Services are responsible for tracking pledges and pledge revenue independently. Records of the two divisions must be reconciled monthly for the duration of the project.

SECTION 6: FUND REPORTING

- A. Details on active projects in CIP funds will be reported quarterly to the Board of Trustees Financial Affairs Committee and Development Committee.
- B. Reports on CIP funds will be included in the annually audited GAAP statements.
- C. See guide 405.001G6: Construction in Progress Fund Procedures for detailed reporting requirements.