



Board Statement on Quasi-Endowment Funds

1.0 Scope

This Board Statement applies to all University departments and operating units.

2.0 Policy

The Board of Trustees, for the benefit of the University, may establish, alter, or terminate quasi-endowment funds. A quasi-endowment fund functions in substantially the same manner as a true or permanent endowment fund, except that (1) the terms of a quasi-endowment fund are established by the Board, not by an external donor, and (2) the University may spend down the principal of a quasi-endowment fund under the authority of the Board. If the original source of a quasi-endowment fund is a restricted gift or other restricted assets, the fund must retain the restricted purpose as originally specified, and the fund's principal and earnings may be expended only for that purpose.

3.0 Rationale

From time to time the Board may decide to designate assets as quasi-endowment funds. These funds gain the benefit of the earning power of the University's consolidated endowment pool while retaining the flexibility to be expended in whole or in part. This Board Statement describes the requirements for establishing accounts that are to be classified, invested, and accounted for as quasi-endowments and provides an administrative framework for compliance with the appropriate, associated legal and accounting requirements.

4.0 Policy Elaboration

The creation, management, and termination of quasi-endowment funds may proceed only with the approval of the Board of Trustees. These funds create a mechanism for the University to save and invest sums of money to be spent over time to achieve long-range academic objectives. The Board may earmark a portion of the University's unrestricted net assets as a quasi-endowment to be invested to provide income for a medium- to long-term but unspecified period. Once established, a quasi-endowment fund must be invested in accordance with the Quasi-Endowment Investment Board Statement (IBS) approved by the Board of Trustees. New cash or assets may be added to a quasi-endowment fund only if that cash or those assets are unrestricted or bear restrictions that are compatible with the established quasi-endowment fund. Quasi-endowment's principal and interest may be partially or totally expended only with the approval of the Board of Trustees.

5.0 Policy Review

This Board Statement should be reviewed annually by the Board.



6.0 Definitions

A quasi-endowment fund is an expendable fund designated by the Board of Trustees for medium- to long-term investment. A quasi-endowment fund is established by the Board to function like an endowment fund but may be totally expended at the discretion of the Board.