

## I. Types of Accounts

### A. Overview of Accounts

1. Each account is a separate entity based on its purpose; however, accounts may be grouped together for accounting, investing and reporting purposes.
2. When donors make a gift to the Foundation, they may designate which university program, project, college or area will benefit from that gift. They may also specify whether their gift may be spent entirely (expendable) or will be used to create a permanent (endowed) fund. Three broad fund classifications, along with other classifications used in special circumstances, are described below. These fund classifications help the Foundation administer its resources in accordance with the guidelines established by donors.

### B. Expendable Accounts

1. Expendable accounts receive gifts, non-gift income, and in some cases endowment payouts (see below) that is immediately available to be used according to the purpose of the account and in accordance with the Foundation's policies.
2. Any income earned on expendable accounts is used to support the operations of the Foundation.
3. The minimum amount to open this type of account is \$1,000, provided there is no other existing account with a similar purpose.

### C. Endowment Accounts

1. An endowment account is a fund established from a gift that provides income in perpetuity for a specified use, as determined by the donor. Each endowed account held by the Foundation retains a separate identity, but all endowment funds are pooled together for investment purposes and managed by the Foundation, under policies adopted by its Board of Trustees. For more information on endowments, see "**Endowment Procedures**".

2. Each fiscal year the Board of Trustees determines the payout, the portion of the endowment that will be made available for the current needs of the programs.
3. The payout from an endowment account is deposited into an expendable account with the same purpose as the endowment account. The monies in the account are then available for use by the university program. Payouts are made quarterly.
4. Minimum Amount
  - a. The minimum amount for a fully endowed account will vary depending on the purpose of the account. See **“BOR/Giving Levels for Naming Opportunities”** for different gift levels currently required to fully endow an account.
  - b. The minimum gift(s) to initially open any endowment account is \$10,000.
  - c. An unnamed general endowment account will be considered fully endowed at \$10,000.
  - d. An account is fully endowed when the gifts received (before the reduction for the one-time gift assessment) equals or exceeds the target amount. Reinvested payouts do not count towards the fully endowed amount.
5. Endowment Payout
  - a. At 6/30 each year, the payout amount is determined for the coming year by applying a payout rate to the average of the previous twelve quarters of endowment market value.

- b. Technically, the endowment utilizes a unitized methodology whereby each endowment account is assigned a number of units based on the current market value per unit at the time new endowment funds are added to the endowment. The endowment payout amount is determined by applying a dollar amount per unit to the number of units for each account. The dollar amount per unit is calculated by applying a percentage rate (as determined by the Board of Trustees) to the average market value of the twelve preceding quarters; the result is divided by the total number of units to come up with the dollar amount per unit. This calculation is made once a year at June 30, for the coming fiscal year. The amount is applied quarterly. Consequently, for each account, the payout stays the same throughout the fiscal year regardless of the market value changes through the year (assuming no additional gifts were made to the account).

#### D. Quasi Endowment Accounts

1. A quasi endowment account represents expendable monies that account administrators have requested be invested in the endowment pool. Funds may come from gifts or surplus operating funds.
2. Quasi endowments are treated the same as permanent endowments; they generate payouts to an expendable account and are subject to the endowment administration fee. An account administrator may request that the payout be reinvested.
3. Account Set Up
  - a. To establish a new quasi endowment the following must be submitted:
    - i A “Request for Establishment of Account” Form
    - ii A “Transfer of Expendable Money to Quasi” Memo with the appropriate signatures.

- b. Quasi Endowments of less than \$100,000 must be approved by the Foundation's management.
      - c. Quasi Endowments of \$100,000 or more must be approved by the Foundation's Board of Trustees.
      - d. Contact the Vice President for Administration/ Chief Financial Officer to set up this approval process.
4. Minimum amount and waiting periods
  - a. The minimum amount required to set up this type of account is \$50,000.
  - b. The minimum book balance to maintain a quasi endowment fund is \$25,000.
  - c. The minimum transaction amount for additions or redemptions is \$5,000 per quarter.
  - d. The waiting period for the first withdrawal is one year.
  - e. Additions and withdrawals are made on a quarterly basis.