

Quasi-Endowment Funds Policy

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Policy Statement	Effective Date: April 10, 2012
Reason for Policy	Last Updated: January 5, 2017
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Revision History	Desmond Dair
Appendices	Stacy Lewis

POLICY STATEMENT

From time to time, the University may make an internal decision to designate certain otherwise unrestricted funds as “Quasi-Endowment Funds.” A Quasi-Endowment Fund functions in substantially the same manner as an Endowment Fund except that the terms of a Quasi-Endowment Fund are established by the University rather than an external donor. If the original source of a Quasi-Endowment Fund is a Restricted Gift or other restricted fund, the Quasi-Endowment Fund must retain the purpose and intent as specified by the donor or source of the original funds and the earnings thereon may be expended only for those purposes. For example, a donor may make a gift for scholarship which is not endowed; however, the University designates the funds to function as a Quasi-Endowment Fund whereby the earnings are expended for such scholarship. The authority to establish a Quasi-Endowment Fund greater than \$500,000 is limited to the Finance Committee of the Board of Trustees. See **Authorization**.

REASON FOR POLICY

This Policy sets forth the standards for the establishment of a Quasi-Endowment Fund and the procedures for the accounting, reporting, and distribution of such funds.

WHO SHOULD READ THIS POLICY

Any employee who is responsible for the establishment, administration, or use of Quasi-Endowment Funds; the President, Vice Presidents, Vice Provosts, and Deans, as well as supervisors and Business Managers who supervise an employee with such responsibilities.

POLICY TEXT

In order to support the mission of the University, external donors provide certain gifts to the University, some of which contain no restrictions (i.e., Unrestricted Gifts) and some of which may only be used for a specific department, activity, or purpose (i.e., Temporarily Restricted Gifts). In some cases, external donors establish a fund whereby the donor stipulates, as a condition of the gift, that the principal be maintained for a specified period of time or until an event occurs, or that the principal be maintained in perpetuity, and only the earnings of the fund may be spent by the University (i.e., Permanently Restricted Gifts).

Both unrestricted and temporarily restricted gift funds may be designated as Quasi-Endowment Funds. However, if a Temporarily Restricted Gift or other restricted fund is designated as a Quasi-Endowment Fund, the donor-imposed restrictions or other restrictions applicable to the original funds will apply to the Quasi-Endowment Fund.

Once a fund has been designated as a Quasi-Endowment Fund, it will be invested in the University's Endowment Investment Pool. Accordingly, only the fund's earnings may be expended in accordance with the University's Endowment Fund Investment Policy Statement; the principal may not be expended unless specifically authorized by the Board of Trustees.

PROCEDURES

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RELATED INFORMATION

Type	Name
USF	Policy on Quasi-Endowment Funds, Board of Trustees (adopted 12/10/09)
USF	Endowment Fund Investment Policy Statement, Board of Trustees (02/95)
External	Uniform Law Commission

DEFINITIONS

Term	Definition
Quasi-Endowment Fund	A fund designated by the Board of Trustees to function as an endowment.
FOAPAL	The acronym representing each element of the University's Charts of Accounts, i.e., Fund, Organization, Account, Program, Activity, and Location.

ADDITIONAL CONTACTS

Subject	Contact	Phone	Email
Accounting for Endowments	Desmond Dair	415.422.6732	ddair@usfca.edu
Endowment Investment Pool	Stacy Lewis	415.422.5540	lewiss@usfca.edu

FORMS

Form	Use	Location
(None)		

RESPONSIBILITIES

Department

- Recommends amount and source of funding for Quasi-Endowment Fund.
- Identifies any restrictions applicable to source of funds.
- Obtains written approval of Business Manager or Dean, and the Provost.

Accounting and Business Services

- Ensures that funds designated as Quasi-Endowment Funds are established in accordance with this Policy.
- Ensures that all expenditures are made in accordance with the terms of the Quasi-Endowment Fund.

President and Vice President for Business and Finance

- Approves recommendations to the Finance Committee of the Board of Trustees with respect to the establishment, alteration, or termination of a Quasi-Endowment Fund for Quasi-Endowment Funds exceeding \$500,000.
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FREQUENTLY ASKED QUESTIONS

(None)

REVISION HISTORY

- 04/10/2012 - Amended
 - 01/05/2017 - Amended
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APPENDICES

(None)

PROCEDURES

Authorization

Only the Finance Committee of the Board of Trustees may establish, alter (including increasing or decreasing the funding amount), or terminate a Quasi-Endowment Fund in excess of \$500,000. Such actions are taken by the Finance Committee based on the written recommendation of the Vice President for Business and Finance.

Establishment a of Quasi-Endowment Fund

Departments desiring to establish a Quasi-Endowment Fund should forward the following information to Accounting and Business Services:

- The amount of initial funding recommended for the quasi-endowment,
- The FOAPAL that will fund the quasi-endowment,
- The purpose or intention of the fund,
- Any restrictions imposed by the donor or source of the original funds, and
- Authorization (signature) of Dean or Business Manager and the Provost and Academic Vice President confirming the recommendation to establish the Quasi-Endowment Fund.

After Accounting and Business Services has received and verified this information, that office will share the information with the Office of Finance and Treasury and together they will determine whether to recommend that the Vice President for Business and Finance request approval from the Finance Committee to establish the Quasi-Endowment Fund. For Quasi-Endowment Funds less than \$500,000, the Vice President for Business and Finance will approve the establishment of the Quasi-Endowment Fund.

Accounting Treatment

Quasi-Endowment Funds are classified in the general ledger as Board-designated endowments and are included within unrestricted net assets for financial reporting purposes. All endowment funds, including Quasi-Endowment Funds, are classified, reported, and managed in accordance with the standards prescribed by the Uniform Prudent Management of Institutional Funds Act.

Violations

A violation of any portion of this Policy may result in disciplinary action, up to and including termination of employment and/or legal action. In addition, an employee may be personally liable for any amount expended in violation of this Policy.
