

Creating and Managing a Quasi Endowment Account



Finance Area:

[Vice President for Finance](#)

Responsible or Contact Office/Role:

[Financial Reporting & Operations \(Investment Accounting\)](#)

Purpose:

This procedure describes how units may create, add to, and divest from Quasi Endowment accounts. The University provides guidance on how to create and manage a Quasi Endowment account. The University Unit Dean or Vice President is responsible for ensuring that all necessary information is forwarded to [Financial Reporting & Operations \(Investment Accounting\)](#) and that Quasi Endowment transactions are in accordance with gift agreements and existing Quasi Endowment requirements.

Prerequisites:

[Policy FIN-026: Creating and Managing Quasi Endowment Accounts](#)

Definitions:

Divestible Quasi Endowment: A Quasi Endowment that permits divestment of principal provided (1) it has been invested in the account for at least five years and (2) divestment is made according to the plan submitted at the time the request for the Endowment creation was made.

Perpetual Quasi Endowment: A Quasi Endowment that does not permit the divestment of principal and is intended to exist in perpetuity. Units may choose to receive distributions on the account as determined by the University's spending policy.

Quasi Endowment: Funds established to function like an Endowment but which may be expended at the discretion of the entity's governing board. The principal is typically preserved while expenditures to support the purpose may be made from Quasi Endowment distributions. Distributions are determined in accordance with the entity's spending policy.

University Units: Schools and departments within the University, typically represented by a five digit numeric code (i.e., organization code) in the University's Integrated System.

Documentation:

View the [Gift & Endowment ImageNow User Reference Guide](#) for instructions on gaining access to the document repository which houses information related to Unit's gift and endowment accounts.

Refer to the University's Policy [IRM-017: Records Management](#) for additional information related to maintaining proper documentation.

Procedures:

1. Units must assess whether the transaction is in accordance with the requirements outlined in [Policy FIN-026: Establishing and Managing a Quasi Endowment Account](#).

2. If the policy requirements are met, units must draft a letter detailing the purpose and timing of the requested Quasi Endowment action. The letter must be addressed to the Assistant Vice President for Financial Operations and signed by the unit's Dean or Vice President and include the following information at a minimum:
 - For Creations:
 - Investment amount
 - Source of the funds
 - Purpose of the Quasi Endowment
 - Treatment of distributions (i.e., paid out or reinvested)
 - Projected timing of any additional investments or redemptions
 - For Additions:
 - Investment amount
 - Source of the funds
 - Any change(s) to the existing plan of investment and redemption
 - For Divestments:
 - Amount to be divested
 - Intended use of the divested funds
 - Any change(s) to the existing plan of investment and redemption

Note: For all transactions, the signer should certify that the action is consistent with any gift agreements when gifts are being used as a funding source for the Quasi Endowment.

3. Once signed, the letter should be sent to the Assistant Vice President for Financial Operations and Investment Accounting. For creations, the letter should be accompanied by a [Request to Establish Quasi Endowment Project Form](#). If money is being invested into an account from a gift, the gift agreement should be included with the letter. Investment Accounting will review the request and submit it for approval to the Assistance Vice President for Financial Operations or to the Board of Visitors (BOV), as appropriate.

4. Investment Accounting will notify units of the approval or rejection of their Quasi Endowment request.

Note: Funds are typically invested or divested in the month following the receipt of any request. A transaction may take longer to execute if there are open questions related to the request or, in the case of BOV approval, the next scheduled BOV meeting is more than one month away.

5. In the case of newly created Quasi Endowments, once approved, Investment Accounting establishes the new project and award and notifies the appropriate fiscal administrator(s) of the requesting unit.

Resources:

[Policy FIN-026: Creating and Managing Quasi Endowment Accounts](#)

[Request to Establish Quasi Endowment Project Form](#)

[Gift & Endowment ImageNow User Reference Guide](#)

Revision History:

May 2018