

# Endowment Policy

## FT\_DE\_FI\_05

Responsible Officer  
Chris Ronk  
Responsible Office  
Finance  
Approving Body  
Board of Trustees  
Approval Date  
2017-09  
Re-evaluation Date  
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### Policy Statement

Endowments received by Carolina University and its Board of Trustees shall be in accordance with the following guidelines:

Naming opportunities: Named endowments may be established for a minimum of \$20,000 pending approval from the Board of Trustees. The University may increase the minimum amount required to establish named endowments in the future.

### Policy Procedures

Management and Withdrawal of Funds: Amounts distributed annually from endowments will be determined by the CFO and the Finance Committee of the Board using the following guidelines:

- Funds will be expended in accordance with the original endowment terms.
- If future circumstances change so that the purposes for which the endowment is established become illegal, impracticable, or no longer able to be carried out, CU may designate an alternative use for the endowment payout in accordance with applicable state law in the spirit of the original purpose.
- In the case of any such modification to the endowment, the wishes of the donor(s) will be followed if they are still alive and can be contacted in accordance with applicable state law. Otherwise, permission to modify the endowment will need to be granted from the state's attorney general's office as required by current state law.
- The majority of the income produced from endowments may be expended while maintaining the corpus of each endowment in perpetuity.
- To balance short term obligations with long term goals of each fund, an annual withdrawal target of 4-5% of the corpus will be sought except where a written endowment agreement requires otherwise.
- All endowments will be reviewed for economic feasibility every five years, considering the effects of inflation on the annual distribution.
- Although endowment funds may be pooled or commingled with other endowment funds held by CU for investment purposes, each endowment fund will be treated separately from other funds for the purposes of accounting, tracking, and reporting.
- A separate accounting of each endowment fund will be reviewed annually as part of the independent audit performed on behalf of the University.
- The University will not borrow from or in any way encumber the corpus of an endowment fund except in cases where written permission has been granted by the donor(s), if living and available, or the state's attorney general's office.

Roles and Responsibilities:

- The CFO will ensure that policies and timelines are being followed in the management of endowment funds. The CFO will prepare annual reports for review by the Finance Committee and make recommendations concerning distributions, reserves, and investments.
- The Finance Committee will actively review the accounting, distributions and management of all endowment funds. A thorough review will be conducted in the January committee meeting of each year, and annual disbursements will be determined by the Committee at that time. The Committee will ensure that all decisions align with prudent standards that are reasonably expected of an endowment oversight committee.

Board-designated Endowments (Quasi-Endowments): The University's Board of Trustees may establish administrative, operating or scholarship endowments to which multiple donors may contribute monies on an ongoing basis. Upon establishing each endowment, the Board will have great flexibility in establishing the term of the endowment. The Board may also designate additional unrestricted assets to the establishment of these endowed funds. Although unrestricted assets designated to these endowments may be released from the endowment in the future if the Board so desires, the policy of the Board will be to spend the majority of the income produced from these endowments while maintaining the corpus of each endowment in perpetuity. Assets donated to these endowments by outside parties can only be released by the donors' permission.

This policy shall be reviewed, revised if necessary, and renewed every five years. All aspects of this policy, whether stated or not, are intended to fall within the scope of state law and the Uniform Prudent Management of Institutional Funds Act (UPMIFA).