

Establishing a Quasi Endowment

POLICY

When the University invests otherwise spendable gift funds in the Consolidated Endowment Fund for the purpose of producing long-term spendable income, such a fund is called a quasi endowment.

The Vice President for Finance and Administration establishes a quasi endowment when he or she determines that establishment of such a fund is beneficial to the University.

Quasi endowments (sometimes referred to as funds functioning as endowments) are granted to units within the University for the purpose of converting currently spendable assets into invested assets that will produce future on-going support of a University program.

Generally, a quasi endowment is not established unless the funds are to remain in the Consolidated Endowment Fund for at least three years.

NOTE: The Consolidated Endowment Fund is a commingled pool of private gifts that are invested by WSU Foundation in a balanced portfolio of equity and fixed income investments intended to provide permanent funding for WSU's educational mission.

Requirements

The Vice President for Finance and Administration designates a quasi endowment for the uses specified in the underlying Establishment of Fund document or, in the absence of donor restrictions, for the purposes specified by the requesting unit. See also *BPPM 30.75*.

A minimum of \$100,000 is required to establish a quasi endowment. Once established, funds are spent in accordance with the terms establishing the quasi endowment. Changes to a quasi endowment or spending of the *principal* require approval by the Vice President for Finance and Administration.

By the nature of the financial resources used to create a quasi endowment, only the Vice President for Finance and Administration, as treasurer for the Board of Regents, can create a quasi endowment. All quasi endowments are assets of the University and, for investment purposes, are treated like all other University endowments.

Management and Advancement Fee

Quasi endowments are subject to the same Management and Advancement Fee as true endowments.

Establishing a Quasi Endowment

Management and
Advancement Fee (cont.)

NOTE: The Management and Advancement Fee is an asset-based fee that is paid to WSU out of the Consolidated Endowment Fund's earnings to cover a portion of the salaries and operating costs associated with the services that WSU provides WSU Foundation. It is assessed quarterly on the 36-month moving average of the Consolidated Endowment Fund's market value at the percentage specified in the spending policy approved by WSU Foundation.

Expendable Resource

For financial reporting purposes, all investments of quasi endowments are considered expendable resources.

Establishment

Requests for establishment of, or additions to, a quasi endowment must be made through a dean, vice president, or chancellor.

Submit the request to the Associate Vice President of Finance requesting establishment of, or addition to, a quasi-endowment. The request memorandum must contain at minimum the following information:

- Dollar amount of request and source of funds (budget-project).
- Proposed name of the account.
- Terms of the underlying bequest, gift restrictions, or Establishment of Funds document, with copy of supporting documentation attached.
- Explanation of how distributions will be used by the requesting unit.
- Name of the administrator of the fund.
- Name, telephone, and e-mail address of the departmental contact for questions.

The Associate Vice President for Finance reviews the request and recommends approval or disapproval to the Vice President for Finance and Administration.

If approved by the Vice President for Finance and Administration, the Associate Vice President for Finance staff works with the requesting unit to set up the necessary accounts and funds transfers. If not approved, the Associate Vice President for Finance notifies the unit in writing.

Establishing a Quasi Endowment

Terminations

Requests for termination of, or withdrawals from, a quasi endowment must be made through the responsible dean, vice president or chancellor. The request is in the form of a memorandum to the Associate Vice President for Finance requesting termination of or withdrawal from a quasi endowment. The request for termination must be submitted to the Associate Vice President for Finance at least six months prior to the anticipated termination date. The memorandum must contain at minimum the following information:

- Dollar amount of the request and the purpose of withdrawal, which must be consistent with the original terms of the bequest or gift funds (budget-project).
- Terms of the bequest or gift restrictions, with copy of supporting documentation attached.
- Name, telephone, and e-mail address of the departmental contact for questions.

The Associate Vice President for Finance reviews the request and recommends approval or disapproval to the Vice President for Finance and Administration. Finance and Administration coordinates the request with the WSU Foundation Finance Office.

If approved, the Associate Vice President for Finance staff works with the requesting unit to affect the transaction and transfer funds. If not approved, the Associate Vice President for Finance notifies the unit in writing.