



FINAL POLICY

Policy Name	Quasi-Endowment Funds
Policy Category	Financial
Policy Approved By	Board of Trustees
Responsible Division Head or VP	Vice President for Finance and Strategic Partnerships
Responsible Department	Finance and Operations
Responsible AVP or Director	Controller
Original Policy Date	7/13/2018
Last Known Revision Date	N/A
Current Policy Effective Date	2/12/2022
Recommended Policy Review Date	2/12/2025
Policy Applies To	Entire Campus
Additional Authority/References	RELATED DOCUMENTS/POLICIES Unrestricted Bequests Policy Investment Policy Statement of the Endowment Fund Endowment Policy

POLICY PURPOSE

Policy to establish, alter, and/or terminate quasi-endowment (board-designated) funds.
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DEFINITIONS

TERM	DEFINITION
<u>Endowment</u>	A true or permanent endowment is defined as a fund that, under the terms and donor-restrictions contained in the gift instrument, is not wholly expendable by the institution on a current basis. An endowment does not include assets that the College designates as an endowment fund for its own use, or quasi-endowment.
<u>Quasi-endowment Fund</u>	A Quasi-endowment, or board-designated, Fund is an expendable fund designated by the Board for medium- to long-term investment. A Quasi-endowment Fund represents unrestricted funds designated by the Board of Trustees as endowment. Quasi-endowment funds function like an Endowed fund, except that the Corpus may be totally expended at the discretion of the Board. The Fund’s assets are invested in the same manner as those of a true Endowment and have the same payout provisions. At the time of establishment, the use of the annual spending from the Quasi-endowment is typically stated

	and agreed to by the president and the Board of Trustees. At Albright College, Quasi-endowments are governed by both this policy, where specific guidance is provided, and secondarily, by the Endowment policy where specific guidance is not provided in the Quasi-endowment policy.
<u>College Endowment or Institutional Endowment</u>	Endowments and Quasi-endowments are included within the College’s Endowment, which is managed by the Investment Subcommittee and is subject to this policy, as well as the Investment Policy Statement of the Endowment Fund, and the Endowment Policy. The College Endowment is invested and a portion of the investment return provides support to the College’s operations.
<u>Total Endowment Fund</u>	Represents the funds within the Endowment Fund (including quasi-endowment) and Trusts Held By Others.
<u>Corpus</u>	For quasi endowment purposes, it is the fund amount/assets designated by the college’s Board of Trustees for a specific purpose. The Corpus does not include Earnings.
<u>Earnings</u>	Weighted proportion of investment return for that Endowment; calculated monthly. Earnings accumulate over time.

POLICY TEXT

<p>POLICY STATEMENT</p> <p>Albright College, through its Board of Trustees (“Board”), may establish, alter, and/or terminate Quasi- endowment Funds. A Quasi-endowment Fund functions in substantially the same manner as a true or permanent endowment fund, except that (1) the terms of a quasi-endowment fund are established by the College, not by an external donor, and (2) the College may spend down the corpus of a quasi-endowment fund under the authority of the Board. If the original source of a quasi-endowment fund is, a restricted gift or other restricted assets, the fund must retain the restricted purpose as originally specified, and the fund’s corpus and earnings may be expended only for that purpose.</p> <p>QUASI-ENDOWMENT FUND PURPOSE</p> <p>From time to time, the College may decide to designate assets as Quasi-endowment Funds. These funds gain the benefit of the earning power of the College’s consolidated endowment pool while retaining the flexibility to be expended in whole or in part. Because the creation, management, and termination of Quasi-endowment Funds involve the College’s consolidated endowment pool, they may proceed only with the recommendation of the President and approval of a majority of the Board. These funds create a mechanism for the College to save and invest sums of money to be spent over time to achieve long-range academic and financial objectives including, but not limited to, the following:</p> <ul style="list-style-type: none"> • Funded student scholarship support • Faculty research and innovation funding • The College’s rainy day fund (operating liquidity) • Capital project funding • Financial hedging (loss contingency) <p>QUASI-ENDOWMENT FUND ESTABLISHMENT AND FUNDING LEVELS</p> <p>To establish a Quasi-endowment Fund a recommend purpose is proposed by the College’s President</p>
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and typically supported by the College’s Vice President of Finance and Strategic Partnerships (VPF&SP). This proposal is presented to the College’s Board by way of motion and recommendation of the Board’s Finance Committee.

Requests or proposals to establish a quasi-endowment should be made by the department chair/ budget manager to their Fiscal Officer, as defined in the Endowment policy or Cabinet member. If the Fiscal Officer or Cabinet member supports the proposal, the Cabinet member and department chair/budget manager should recommend the proposal to the VPF&SP. The VPF&SP will then bring the quasi-endowment recommendation to the Cabinet for consideration. Based on this Cabinet discussion, the VPF&SP will make a recommendation to the President who ultimately decides whether to recommend the establishment of the Quasi-endowment to the Board. If the President approves, the establishment of the Quasi-endowment will be recommended and subject to the recommendation of the Investment Subcommittee and the approval of the Finance Committee of the Board.

A minimum asset value of \$25,000 is necessary to establish a quasi-endowment fund. Quasi-endowments also follow the other requirements of the Endowment Policy.

New cash or assets may be added to a Quasi-endowment Fund only if that cash or those assets are unrestricted or bear restrictions that are compatible with the established quasi-endowment fund.

Following the establishment of a Quasi-endowment Fund, its corpus may be partially or totally expended only upon recommendation by the President and with the approval of a majority of the Board. Such recommendation and approval would typically only be given in response to needful circumstances.

ACCOUNTING FOR THE QUASI-ENDOWMENT FUND

Additional procedures will include, as a part of the annual budget process, an accounting of the Quasi-endowment Fund performance in total as well as by Quasi-endowment Fund. This accounting will also include, the Annual Distribution of the Quasi-endowment Fund and will be reported to the Finance Committee of the Albright College Board of Trustees. This accounting will include both the use of those parts of the Quasi-endowment that have designated purposes, and those parts of the Quasi-endowment for which the Annual Spend is undesignated. Generally, the President and the Vice President of Finance and Strategic Partnerships are charged with ensuring that the Annual Distribution of the Quasi-endowment Fund meets the strategic needs and goals of the College.

REVISION LOG

DATE OF REVISION	MAJOR CHANGES <i>(Note: electronic copies of the former versions of the policy must be maintained within the unit, department, or division)</i>
Click or tap to enter a date.	
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