



# UNIVERSITY OF RICHMOND

## Policy Manual

<b>Policy #:</b>	FIN-15005	<b>Policy Title:</b>	Quasi-Endowments Policy
<b>Effective:</b>	07/01/2015	<b>Responsible Office:</b>	Office of the Controller
<b>Date Approved:</b>	06/15/2015	<b>Approval:</b>	Executive Vice President and Chief Operating Officer
<b>Replaces Policy Dated:</b>	N/A	<b>Responsible University Official:</b>	Senior Associate Vice President for Finance and University Controller

### PURPOSE:

This policy outlines the process by which quasi-endowment funds, also known as board-designated funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), are established and administered by the University of Richmond.

### SCOPE:

This policy, as it relates to the establishment of new quasi-endowments, applies to all new funds created at the University of Richmond on or after July 1, 2015. The provisions of this policy relating to additions to, the use of, and the liquidation of quasi-endowments apply to all quasi-endowment funds at the University of Richmond.

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### POLICY STATEMENT:

#### *15005.1 – Definitions*

##### Quasi-Endowment

These are funds functioning as an endowment that are typically established by the institution from either donor or institutional funds, and will be retained and invested rather than expended. Quasi-endowments may be subject to the rules on expenditures and modification of restrictions under UPMIFA, depending upon the source of funds. Unlike true endowments, the corpus of a quasi-endowment may be invaded under certain circumstances.

## Restricted Quasi-Endowment

If restricted donor money is used to establish a quasi-endowment the fund is considered a restricted endowment fund. These funds are restricted for a purpose stated by the donor, but the corpus may be invaded. These endowments may be subject to regulation under UPMIFA.

## Unrestricted Quasi-Endowment

Also known as a Board-designated endowment, if unrestricted money is used to establish a quasi-endowment the fund is considered an unrestricted endowment fund. The earnings and corpus are unrestricted in purpose.

### *15005.2 – Establishing Quasi-Endowments*

#### Establishing Quasi-Endowments Under \$500,000

A quasi-endowment with a principal amount under \$500,000 may be established upon written recommendation from the relevant Vice President and the Executive Vice President and Chief Operating Officer and approval from the President. A memorandum of understanding articulating the acceptable uses of the spending distribution generated by the fund must be signed by the President, Executive Vice President and Provost, Executive Vice President and Chief Operating Officer, and the division head or dean of the area managing and establishing the endowment.

#### Establishing Quasi-Endowments Over \$500,000

A quasi-endowment with an initial principal amount over \$500,000 may be established upon written recommendation from the relevant Vice President, Executive Vice President and Chief Operating Officer, and President with approval from the Board of Trustees or designated committee thereof. A memorandum of understanding articulating the acceptable uses of the spending distribution generated by the fund must be signed by the President, relevant Vice President, Executive Vice President and Chief Operating Officer, and the division head or dean of the area managing and establishing the endowment.

### *15005.3 – Additions to Quasi-Endowments*

From time to time additions may be made to established quasi-endowments. Additions that exceed \$500,000 require approval from the Board of Trustees, or designated committee thereof, upon recommendation from the Executive Vice President and Provost, Executive Vice President and Chief Operating Officer, and President.

### *15005.4 – Use of Quasi-Endowments*

Quasi-endowments are subject to the *Use of Spending Distribution from Endowed Funds* policy and *Reinvestment of Endowment Distribution* policy.

### *15005.5 – Liquidation of Quasi-Endowments*

Quasi-endowments are understood to be created in perpetuity upon establishment of the endowment. Liquidations must be approved by the relevant Vice President, Executive Vice President and Chief Operating Officer, and President. Liquidations that exceed \$500,000 require approval from the Board of Trustees or designated committee thereof upon recommendation from the Executive Vice President and Provost, Executive Vice President and Chief Operating Officer, and President.

# FIN-15005– Quasi-Endowments Policy

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## **RELATED POLICIES:**

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FIN-15006 *Policy on Use of Spending Distribution from Endowed Funds*

FIN-15007 *Reinvestment of Endowment Distribution Policy*

## **POLICY BACKGROUND:**

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Developed and approved in 2015. Non-substantive revisions made to update contacts and titles in October 2022.

## **POLICY CONTACTS:**

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Senior Associate Vice President for Finance and University Controller

Senior Associate Controller