

University Community

SUBJECT (R*)	EFFECTIVE DATE (R)
Establishing Endowment Accounts	January 26, 2005
RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R)	RESPONSIBLE UNIVERSITY OFFICER (R)
FIU Foundation Inc. 11200 SW 8 th Street MARC 5 TH Floor Miami, FL 33199	Assistant Vice President - FIU Foundation Inc.

POLICY STATEMENT (R)

Only the terms of a donor’s gift agreement can restrict funds for purposes of creating an endowment. No University department or personnel, including the Foundation’s Board of Directors, can create or re-direct funds to a new or existing endowment.

To establish an endowment account, it must be anticipated that a minimum of \$25,000 will be received within a five-year pledge period, with a minimum of \$5,000 required as an initial deposit. During the pledge period, the funds will be classified as an endowment for reporting purposes and will be included in the calculation and distribution of investment earnings for all pooled endowments. Investment earnings credited to the endowment during the pledge period will be held in its reserve fund and not be available for spending until the endowment has reached its required minimum balance of \$25,000. When the endowment minimum has been reached, the account holder may request in writing, spendable funds from the endowment’s reserve. The request will be presented by the Assistant Treasurer at the next scheduled Finance Committee of the Foundation’s Board of Directors. The Committee will determine the amount, if any, of the endowment’s reserve funds that may be released and available for immediate spending. This distribution will be in addition to any year-end distribution as approved by the Committee. If during the pledge period, no funds are received within a two-year time frame, or at the end of the pledge period, the endowment has not been fully funded, a Development Officer must contact the donor to determine the donor’s intent and the continuation of the endowment status of the account. If no arrangements are made to resume pledge payments, or if no resolution has been reached to complete the funding of the account within 6 months from the end of the pledge period, the funds received to date from the donor will be reclassified to temporarily restricted and be available for spending as stipulated in the donor’s original intent for the use of the funds. Any request from the donor for a refund of the endowed funds after they have been reclassified to temporarily restricted will be limited to the balance remaining after taking into consideration any funds already expensed. The donor will be issued a 1099 for the amount of funds returned. Any accrued earnings held in the endowment’s reserve would become part of the Foundation’s General Reserve.

In the event that a donor, for whatever reason, requests that endowed funds are returned, whether from an endowment during the pledge period or a fully funded endowment, only the funds received from the donor will be returned. Any accrued or unspent earnings will default to the Foundation’s General Reserve. The donor will be issued a 1099 for the amount of funds returned as directed by the Internal Revenue Service.

RELATED INFORMATION (O)

CONTACTS (R)**Administrative Office's Address**

Foundation Business Office
 Florida International University
 11200 S.W. 8TH Street –
 MARC – 5TH Floor
 Miami, FL 33199

Telephone Number

305-348-3758

Fax Number

305-348-3824

HISTORY (R)

Up until September 1995, to establish an endowment, funds received had to total at least \$10,000 within 5 years. In September 1995 that threshold was changed to \$15,000 within 6 years. On June 5, 2002 the minimum was increased to \$25,000 over five years with an initial payment required of \$5,000 or more as approved by the Board of Directors with the approved Endowment Balances Policy. The current policy approved on January 26, 2005 was intended to expand on the previously approved Endowment Balances Policy.

DEFINITION (R)

Endowment funds-Donations received by the FIU Foundation in which the donor has formally indicated that the funds must be held and invested in perpetuity. Earnings derived from the invested endowed funds are available for spending based on the donor's explicit intent.

Endowment Reserve funds-Investment earnings credited to the endowment which have not been made available for spending, but are held to offset future market fluctuations. Reserve funds represent added growth and are included in the final value of the endowment.

RESPONSIBILITIES (O)

***R = Required**

***O = Optional**