

University Community

<p>SUBJECT (R*) Investing Endowed Funds and Use of Earnings</p>	<p>EFFECTIVE DATE (R*) January 26, 2005</p>
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POLICY STATEMENT (R*)

All Foundation funds, including endowed funds, are pooled together for investment purposes. At fiscal year-end (June 30) each endowment receives its pro-rated share of the Foundation’s investment earnings, including interest income and realized/unrealized gains and losses. This distribution will be credited to each endowment’s reserve account. At its annual May meeting, the Foundation’s Board of Directors will determine what percentage, if any, of the endowment’s earnings credited to the reserve will be available for spending. In addition, the Board will decide whether an administrative fee will be assessed and charged to each endowment. The fee will be based on a percentage of the endowment’s average balance for the fiscal year and will not exceed 2%, unless otherwise approved by the Board. Earnings exceeding the distribution for spending and the administrative fee charged will be maintained in the endowment’s reserve account.

The intent of the reserve is to absorb future market fluctuations, provide funds for spending in those years that the investments suffer losses and as a means of preserving the endowment’s purchasing power. The permanently restricted gift corpus plus the balance in the endowment’s reserve constitutes the endowment’s market value. In the event that losses incurred for the fiscal year exceed the balance in the endowment’s reserve, then no distribution for spending or administrative fee may be assessed against the endowment. An endowment’s corpus may not be reduced for purposes of spending, unless directed by the donor. If the endowment’s reserve, due to negative market fluctuations, reduces the gift corpus below its historical value (value at gift date), then any future investment earnings will be used to reinstate the endowment’s historical value prior to providing any distributions for spending.

DEFINITIONS (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.

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.

HISTORY (R*)

Approved by the FIU, Inc. Board of Directors on January 26, 2005.

<p>RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R*) FIU Foundation, Inc. Florida International University</p> <p>RESPONSIBLE ADMINISTRATIVE OVERSIGHT (R*) Foundation Business Office Florida International University 11200 S.W. 8th Street – MARC 5TH Floor Miami, Florida 33199 Telephone: (305) 348-3758</p>	<p>In order to ensure a printed copy of this document is current, please access it online at https://give.fiu.edu/.</p>
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