

Financial Services Manual (FIN)

FIN 216: ASU Endowments

Effective: 3/1/2008

Revised:

Purpose

To describe the ASU endowment accounts

Source

University policy

Policy

An endowment is a transfer of money or property donated to an institution with the stipulation that it be invested to allow the donation to have a much greater impact over a long period of time than if it were spent all at once. The ASU endowments consist of permanent (or true) endowments, term endowments, and quasi-endowments.

1. Permanent endowment funds are subject to the restrictions of donor gift instruments requiring that the principal be invested in perpetuity and that only the income be used.
2. Term endowment funds provide that, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended.
3. Quasi-endowment funds have been established by the university or university department for the same purposes as endowment funds; any portion of such funds may be expended upon the obtaining of needed investments approvals. Restricted quasi-endowment funds must be expended according to donor specified purposes; unrestricted quasi-endowment funds, however, may be expended as determined by the university or university department.

The investments of the ASU endowments are managed by the ASU Foundation in a diversified investment portfolio for the generation of long-term investment returns. The asset allocation of the investment portfolio is almost identical to the allocation of the ASU Foundation endowments.

The annual earnings available for spending are determined annually by the ASU Foundation and the university and are placed in the endowment income account for each endowment on June 30th of each year for spending in the ensuing fiscal year. To fully meet the intent of the donors, the annual income should be transferred by April 1st of that fiscal year to an ASU scholarship or local account for spending in accordance with the donor stipulations. Any funds remaining in the endowment income accounts as of April 1 of each year are automatically transferred from the income account to the endowment for long-term investment and, consequently, will not be available for current spending.