



UNIVERSITY of
DENVER

UNIVERSITY OF DENVER
POLICY MANUAL
ESTABLISHMENT OF QUASI-ENDOWMENTS

Responsible Department: Business and Financial
Affairs

Recommended By: SVC Business and
Financial Affairs

Approved By: Board of Trustees

Policy Number
FINA 2.30.091

Effective Date
10/15/2021

I. INTRODUCTION

Quasi-endowment funds are funds that function as endowments but are not restricted in perpetuity by donors. The purpose of a quasi-endowment is to provide the opportunity for uncommitted or available departmental, division or University resources to be transferred into a fund that functions as an endowment and generates expendable income or income which may be reinvested. Quasi-endowment funds are generally invested in the University's consolidated endowment investment pool until the principal is needed for operating or capital purposes. Accordingly, the investment should be substantial in amount and long-term in nature. Quarterly spending distributions from quasi-endowment funds may be used for operations, purposes designated by donors, or may be reinvested to the quasi-endowment fund.

II. POLICY OVERVIEW

This policy is adopted for administrative and operational purposes and is the responsibility of the Business and Financial Affairs Division. This policy applies to all University of Denver departments and operating units.

III. PROCESS/PROCEDURE OVERVIEW

The primary objective of investments chosen for the consolidated endowment investment pool is preservation of purchasing power with an emphasis on long term growth. As such, funds used to establish quasi-endowment funds must be substantial and long-term in nature. The minimum amount for establishing a new quasi-endowment fund is **\$100,000**. Amounts used to establish quasi-endowment funds must be invested for a **minimum of five years**. Once established: (i) the original principal investment amount of a quasi-endowment fund cannot be invaded for five years; and (ii) spending distributions from such quasi-endowment fund will be distributed quarterly during the minimum five-year period and until such time the fund is exhausted.

The University of Denver may establish quasi-endowment funds when appropriate in order to provide the advantages of long-term investment and earnings potential. The establishment of a new quasi-endowment fund requires advance approval by

the donor, when originated by donor gift agreement, the Senior Vice Chancellor for Business and Financial Affairs, and the Provost and Executive Vice Chancellor - with final review and approval by the Finance and Budget Committee of the Board of Trustees.

Types of funds that may be used to establish quasi-endowment funds include, but are not limited to:

- Unrestricted funds or gifts donated to the University, which are not designated by the donor to be invested in perpetuity, may be designated as a quasi-endowment by the University under the provisions of this policy.
- Restricted funds or gifts for which the donor has designated a purpose for the use of the funds, but has not required that principal be maintained as an endowment, may be designated as a quasi-endowment by the University under the provisions of this policy.
- University reserves, which may be central reserves or unit reserves, may be designated as a quasi-endowment by the University under the provisions of this policy.

Disbursements of principal amounts or amounts other than quarterly endowment spending distributions require advance approval by the Senior Vice Chancellor for Business and Financial Affairs and by the Provost and Executive Vice Chancellor. Requests for the establishment of quasi-endowment funds and for disbursements from quasi-endowment funds may be submitted to Controller's Office.

IV. DEFINITIONS

"Quasi-endowment funds" – Funds designated by the University or the Board of Trustees to function as an endowment which do not contain donor restrictions to preserve principal in perpetuity. Quasi-endowment funds generally are invested with other endowment funds in the University's consolidated endowment investment pool, provide quarterly spendable distributions, and otherwise function as endowment funds.

Revision Effective Date	Purpose