

FINANCE PROCEDURE MANUAL	TITLE: Foundations – Endowment Funds	
	NUMBER: FIN-GRF-015	VERSION: 01
	ISSUED DATE: 9/27/2010	REVISION DATE: 2/12/2013

➤ **Purpose:**

The procedure documents the process and rules for creation and administration of Endowment Funds.

➤ **Definitions:**

Endowment Fund: An institutional fund not wholly expendable by the institution on a current basis under the terms of the applicable gift instrument. Usually the original gift from the donor is preserved permanently and invested to produce expendable income that is available to meet the endowment objective.

Financial Edge (FE): Financial software module integrated with Raiser’s Edge to record all financial transactions.

Permanently Restricted Funds: The designated un-expendable portion of the endowment fund (usually the original gift and subsequent contributions).

Temporarily Restricted Funds: The expendable portion of the endowment fund consisting of investment income generated by the permanently restricted portion. These funds are available for distribution in accordance with the gift instrument.

➤ **Responsibility:**

Assistant Controller, Grants and Foundation: Sets up new accounts and ensures compliance of donor stipulations.

Donor: Donates gift and stipulates objectives and spending restrictions.

Foundation Executive Director: Administers the Fund in accordance with donor intent.

➤ **Procedure Details:**

1. **Expenditure of Endowment Funds:** The Foundation Executive Director may expend so much of an endowment fund consistent with the goal of conserving the purchasing power of the fund.
2. **Minimum Value:** An endowed fund requires a minimum balance of \$25,000. An endowed faculty chair requires minimum contribution of \$100,000.
3. **Donor Intent:** The donor must specify the restrictions and purposes for which the income is to be used. In the absence of any direction or donor stipulations in regard to an endowment, the amount available for spending shall be considered unrestricted.
4. **Spending Policy for Endowed Faculty Chair Funds:** Spending cannot occur from an endowed fund until the private gift goal or pledge has been met and the funds held by the foundation for at least four calendar quarters.
5. **Financial Edge:** Before opening a new fund, both the [New Fund Request Form](#) and the [Scholarship Commitment Form](#) must be completed. Information on the donor's intent and restrictions should be provided. All new endowment funds must be approved by the **Assistant Controller; Grants and Foundation** before being set up in Financial Edge.

➤ **References:**

Accounting Manual for Florida's College System:

http://www.palmbeachstate.edu/finance/Documents/State_of_FL_Acctg_Manual.pdf

Florida Statutes: 1010.10

<http://flsenate.gov/Laws/Statutes/2011/Chapter1010>

New Fund Request Form:

<http://www.palmbeachstate.edu/finance/Documents/FNDAForm-NewFundRequest.doc>

Scholarship Commitment Form:

<http://www.palmbeachstate.edu/finance/Documents/FNDAForm-ScholarshipCommitmentForm.doc>