



Title of Policy:	Endowment Policy
Policy No.:	1.0007
Type of Policy:	Governance
Effective Date:	July 26, 2021
Last Revised:	New
Policy Owner:	Board of Trustees
Policy Contact:	Governance Committee

I. Reason for Policy

Florida Memorial University's Endowment exists to support the institutional mission and operations of the University over the long-term and to support University programs and activities. The purpose of this Endowment Policy is to set forth principles and procedures that are designed to ensure the University complies with its responsibility to properly manage and administer its endowment funds.

II. Policy Statement

It is the policy of FMU to adopt and adhere to standards that are designed to ensure the proper management, compliance, and administration of FMU's endowment funds. *See* The Investment Policy Statement for Florida Memorial University (September 27, 2013).

The primary objectives of the management and administration of endowment funds are to:

- Ensure that all endowment gifts are properly recorded on the books and records of the University.
- Ensure that the income from endowment funds is spent in accordance with the donor's intent.
- Ensure that the endowment spending policy approved by the Board of Trustees is properly calculated and allocated to each fund.

The Florida Memorial University General Endowment is comprised of money or other financial assets donated to the University. The Florida Memorial University General Endowment supports the teaching, research, and public service missions of FMU. The Florida Memorial University Endowment, may have in addition to the General Endowment fund the following:

- Permanent or Restricted Endowment
- Term Endowment Fund
- Quasi Endowment

The Florida Memorial Endowment, individual fund components, may be pooled together into a single investment fund, which allows for a consistent investment approach per the Investment Policy Statement of the University. The Florida Memorial Endowment is expected to increase in value over time through a responsible balance between expenditure and investment of its earnings. The maximum amount of investment income expended from the Florida Memorial Endowment shall not exceed 4.5% per year.

Spending Policy

The two key components of the endowment spending policy are to preserve the purchasing power of the assets (“intergenerational equity”) and to provide a predictable and steady support for programs (i.e., scholarships, awards, etc.). Returns over time should be equal to the spending rate plus a consideration of inflation as well as any expenses.

The Board of Trustees recognizes that decisions to spend or accumulate endowment funds must be made in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances. Based on this, the Florida Memorial Board of Trustees has voted to restrict future invasion, borrowing or withdrawal, from the Florida Memorial General Endowment Principal. Withdrawals from the Endowment will be frozen until June 30, 2027. Thereafter, future draws will be limited to income from General Endowment only and for the purpose of academic or operational endeavors. Exceptions to or changes in this spending policy shall be made only upon the approval of the Board of Trustees based on specific recommendations from the Board’s Audit and Investments Committee.

III. Scope

This policy applies to all applicable departments and units of FMU.

IV. Definitions

Term	Definition
Principal	The gift(s) made to establish or increase an endowment, as well as any other additions made to the endowment. The corpus of a permanent endowment is held in perpetuity. The principal is invested according to investment policy, and only a portion of the total return may be expended to carry out the donor’s purpose.
General Endowment	A permanently invested fund.
Permanent or Restricted Endowment	A fund created by a donor to exist forever. Funds where the donor has stipulated that the gift is to be maintained inviolate and in perpetuity, with only the income from this gift to be expended.
Term Endowment Fund	A fund created by a donor to exist for a specific period of time or until the occurrence of a specified event. Same as permanent endowment, except that by the terms of the instrument of gift, the gift principal might be released from inviolability to permit all or part to be expended.
Quasi Endowment	A fund established by the institution to function as an endowment, also known as funds functioning as an endowment. It is treated as an endowment for investment purposes, but is not legally restricted as such. The principal of a quasi-endowment fund may be liquidated.

V. Responsibilities

The responsibility for the investment of the FMU Endowment is the exclusive responsibility of the Board of Trustees. The investment responsibility rests with the Board’s Audit and Investments Committee.

VI. Enforcement

FMU considers these endowment management practices to comprise a critical component of providing operational financial support for achievement of its mission. Where this Policy is found to be willfully and knowingly violated, penalty fees may be assessed against the violating department's operating budget or unrestricted fund balances at the President's discretion.

Approved:

Signature	Title	Date
<i>William McCormick</i>	<i>Chairman</i>	<i>1-21-22</i>