POLICY ON DEVELOPMENT ACTIVITIES

DEFINITIONS

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Endowment	A gift of money or property to an institution for a specific purpose, especially one in which the principal is kept intact indefinitely and only interest income from the principal is used.
Endowment Fund	The combined pool of assets gifted to the Associated Students, Incorporated to provide resources for various activities consistent with the mission of ASI and California State University, Long Beach.
Pure Endowment	Funds in which the principal amount must remain inviolate in perpetuity; either the entire or partial income from investment is made available for distribution
Quasi Endowment	Accounts that the Associated Students, Incorporated chooses to treat as an endowment. They are not subject to any legal prohibitions against spending the principal. Quasi-endowments may come from gifts or from surplus operating funds so designated by the Office of the Executive Director.

BACKGROUND AND PURPOSE

From time to time, moneys and other assets are donated to Associated Students, Incorporated (ASI), either as gifts or bequests. Certain stipulations regarding the use and acknowledgment of these donations may be provided by the donor. Often this stipulation requires that the gift or bequest be invested in perpetuity with the income from investment being made available for expenditure. If so designated, these resources become part of what is known as the Endowment Fund.

It is the obligation of the Office of the Executive Director to ensure that these stipulations are honored, insofar as they are consistent with ASI's mission, the University's mission, and the laws of the State of California. ASI reserves the right to refuse any donation that does not meet the above criteria.

The purpose of this policy is to establish a regular procedure for receipt, management, and disposition of funds or other properties that are received by ASI as endowments. The general charge to the Board is to manage and otherwise direct the collective resources of the Endowment Fund in such a way that is most consistent with the interests of donors, ASI, and relevant governing bodies.

POLICY STATEMENT

It is the policy of the ASI to administer endowment funds consistent with donor wishes, generally accepted accounting principles, and the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Cal. Prob. Code §§ 18501–18510). The ASI Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the ASI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the ASI in a manner that is consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the ASI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the ASI and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the ASI
7. The investment policies of the ASI

The ASI endowment consists of both donor-restricted endowment funds and funds designated by the Office of the Executive Director to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Office of the Executive Director to function as endowments shall be classified and reported based on the existence or absence of donor-imposed restrictions.

STANDARDS AND PROCEDURES

1.0 ESTABLISHMENT OF ENDOWMENT FUNDS

The minimum amount required to establish an endowment fund shall be $10,000. An amount less than that may be accepted if a date is determined and agreed upon with the donor (typically a year from the initial acceptance) to secure funds to meet the minimum requirement. If the funds are not secured within this timeframe, the existing funds in the account may be merged with another endowment fund account that best meets the intent of the donor. If no account is available, the funds in the account may be deposited in ASI's endowment fund account. Both of these options may be considered unless otherwise stipulated by the donor. Any exceptions to the threshold amount shall be submitted to the Business and Finance Committee for consideration. The Business and Finance Committee shall review this threshold amount periodically.

1.1 GIFT AGREEMENT

A Gift Agreement must be prepared and submitted prior to establishing a donor- restricted Endowment account. All records related to the endowment account shall be maintained by the ASI Executive Director.

At a minimum, the Gift Agreement shall contain the following information:

- Description of the gift, including dollar amount
- Statement representing that ASI is a qualified charitable organization
- Statement of the purpose of the fund and how its proceeds will be administered
- Description of how the fund will be recognized
- Future considerations

2.0 ACCOUNTING

Each endowment shall be maintained as a separate account except when it falls below the minimum balance required.

The endowment accounts will be audited annually as part of the audit of ASI performed by an external CPA firm.

The ASI Executive Director shall ensure that an activity report for each endowment fund is provided to the donor as specified in the Gift Agreement.

Recording and reporting of all related transactions shall be consistent with currently established accounting procedures and methodology.

3.0 INVESTMENT

All endowment funds may be commingled with other ASI funds for investment purposes, regardless of whether they are restricted or unrestricted, named or unnamed. The ASI Executive Director shall invest all funds in a reasonably prudent manner in accordance with ASI's investment policies.

4.0 INVESTMENT PAYOUT

Net realized income will be distributed to endowment accounts quarterly, on a pro-rata basis calculated on the average balance of the endowment. Capital gains/(losses) (if any) will be distributed back to endowments annually after the close of the fiscal year. To ensure fiscal prudence in the management of funds, the Business and Finance Committee will periodically review the payout activities.

5.0 SPENDING OF ENDOWMENT EARNINGS

Income from an endowment fund shall be segregated in a fund balance account restricted to the purposes for which the endowment was created. The Executive Director must authorize all expenditures from a restricted fund balance account.

5.1 ENDOWED SCHOLARSHIPS

For endowed scholarship funds, ASI will appropriate for distribution each year an amount equal to the dollar value of scholarships specified in a donor's respective Gift Agreement. Gift Agreements shall stipulate that if the accumulation of scholarship donations and investment earnings fall short of the scholarship amounts specified, the Donor shall contribute an amount sufficient to match the annual scholarship award.

6.0 ALLOCATION OF EARNINGS

To protect the corpus principal of an endowment fund from the effects of inflation, the total return earned, in excess of the payout amount authorized for expenditure, shall be held in a temporarily restricted fund. The funds may be distributed into general operating funds, scholarship funds, or special projects funds provided the funds are used for purposes consistent with the purpose for which the endowment was established. This distribution must be approved by the Business and Finance Committee.

7.0 QUASI-ENDOWMENT FUNDS

ASI may establish and maintain quasi-endowment funds to support the general purposes of the organization. These are funds that the ASI chooses to treat as an endowment. They are not subject to any legal prohibitions against spending the principal. Quasi-endowments may come from undesignated gifts or from surplus operating funds so designated by the Business and Finance Committee. Distribution of the income and principal from these funds is subject to the discretion of the Business and Finance Committee for designated activities.

FORMS

The following form(s) are to be used in the execution of this policy.

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Gift Agreement	To summarize the mutual understanding of the Donor and Associated Students, Incorporated regarding	Development Office	Executive Director	Must be completed prior to the official acceptance of a gift by ASI

	the administration of a gift			