

Types of UWF Gift Funds

Each gift received at the Foundation is deposited into a specific fund account. The UW Foundation holds two types of accounts for the University: expendable and endowment.

Expendable Funds (12)

The first two digits of the fund number on these accounts are "12." The Foundation considers these accounts short-term because gifts received are not transferred into endowment accounts and are normally spent within a year of receipt. Also, there is no distinction between income and principal in expendable accounts. All monies in this type of fund are available to be spent for the purpose specified by the donor or donors. Department funds, scholarships where the funds are donated for the scholarship each year, and annual funds for the support of programs, are examples of the kinds of funds best suited to the investment philosophy of expendable funds.

Expendable funds are invested to safeguard the principal and to allow short-term liquidity. Any expendable fund maintaining a balance greater than \$20,000 is paid interest by the Foundation. The interest is calculated on each month's balance and is posted to the fund quarterly. The rate of interest paid is the current market rate of interest less .75%, thus the rate will vary from month to month.

Expendable funds are also used as a temporary holding place for endowment gifts. When a contribution designated for an endowment fund is received during a quarter, it is placed into an expendable account with the same name and/or number until it is transferred into the endowment fund at the end of the quarter. The Foundation invests contributions received for endowment funds only at the end of each quarter (3/31, 6/30, 9/30, 12/31). Monthly reports for each expendable account are available via Campus Access. These reports indicate all transactions affecting the fund during the current calendar year. They are usually available within four weeks after the end of the month (for example, October's statements would be available at the end of November).

Expendable funds are generally established by campus units with the expectation that at least \$1000 will be contributed. Contributions to expendable funds are often from multiple donors. A "New Fund Letter" is the appropriate documentation for establishing an expendable fund.

Endowment Funds (32)

The first two digits on this type of account are "32". This account is a long-term or invested account and requires a minimum balance of \$10,000. All of the Foundation's endowment accounts are pooled and invested as one portfolio referred to as the "Endowment Fund." Contributions received as additions to an endowment fund are invested or transferred into the endowment at the end of each quarter (3/31, 6/30, 9/30, 12/31). When a contribution designated for an endowment fund is received it is initially placed in an expendable account with the same name and/or number. If no corresponding expendable account exists the contribution is put into the general department account until it is invested at the end of the quarter.

All endowment funds earn income each quarter. All income distributed to endowment funds can be expended at any time. Alternately, any income amounts allocated can be reinvested into the principal of the endowment fund or transferred to an expendable fund.

Endowment funds are invested on a total return concept; this means they are invested to provide both spendable income and appreciation of the principal. Reports are available via Campus Access.

Endowment funds are typically established by an individual donor to provide long-term funding of a specific program or activity. Endowment funds require a minimum balance of \$10,000. A Memorandum of Agreement (MOA) between the Foundation, the campus unit and the donor is the appropriate documentation for establishing an endowment fund.

If you have any further questions about expendable or endowment accounts, information is available from Jennifer Kidon DeKrey, Controller at the Foundation (608) 263-0374.