



Date of Origin: April 29, 1994
Last Update: November 9, 2023

Section: Administration

Policy No: 2.2

Establishment of New Account Policy

PURPOSE: To outline policies for the establishment of new accounts within the College Heights Foundation

POLICY: New accounts are established by contacting the CFO of the College Heights Foundation. The information needed to establish an account is: account name, account administrator, type of account, and purpose of account. After the necessary information is provided, the CFO will decide whether this account complies with the charitable mission of the College Heights Foundation. If approved, the College Heights Foundation will assign an account number. Once the account number is assigned, the minimum required funds as set forth below shall be deposited into the account and the account will be made active. The account administrator will be required to complete the standard account administrator agreement form to ensure compliance related to the fiduciary responsibilities associated with the type and purpose of the account.

New accounts may consist of the following types:

Endowed Accounts

1. An endowed account provides a permanent source of funding by generating an annual spending allocation based on a percentage of the total fund balance. These funds are designed to last in perpetuity by preserving the principal and growing the total fund balance while still making annual distributions in accordance with the Spending Policy of the College Heights Foundation.
2. The account must be invested for at least one calendar year before any spending distributions are available from the endowment.
3. The minimum size for endowed accounts is \$10,000.
4. Endowed accounts are expected to reach the target minimum within five years after the establishment of the account. If the minimum amount required has not been met within the five-year period, the College Heights Foundation Board of Directors may consolidate the account by taking into consideration the original purpose of the account and intent of the donor.
5. When possible, after consulting with donors, smaller endowed funds with similar restrictions benefiting the same University recipients may be consolidated into a larger pooled fund.

Non-Endowed Accounts

1. A non-endowed account may be established for a specific purpose or project and is designed to be completely liquid and immediately available for disbursement.
2. Non-endowed accounts are created with the intent of ongoing activity over time such as incoming gifts and spending versus a one-time gift and disbursement.
3. Investment earnings are not generated on non-endowed accounts due to the requirement for funds to be available for immediate use.
4. The minimum amount required to establish a non-endowed account is \$1,000.
5. If the account balance falls below the \$1,000 minimum threshold in any given year, the account administrator will be consulted about closing the account or developing a strategy to increase the account balance.
6. There will normally be a non-endowed spending allocation account for each endowed account so those funds will be available for immediate use.
7. Whenever possible, contributions from donors to establish non-endowed accounts should be consolidated or combined with existing accounts consistent with the wishes of the donor.

Quasi-Endowed Accounts

1. Quasi-Endowed Accounts are typically established by assets given to the Foundation whereby the Foundation or the account administrator has the right to expend currently but wishes to establish an endowed fund to generate earnings and utilize the funds over a long-term horizon.
2. Each account established shall be named in such a way as to reflect the general purpose of the account.
3. Disbursements from the College Heights Foundation quasi-endowed accounts will be limited to withdrawal of no more than 25% of the account balance in any given fiscal year without prior approval of the CFO.
4. This 25% cap excludes quasi-endowed accounts classified as Assets Held for Others (AHFO). Full balance disbursements from AHFO quasi-endowed accounts are allowed in any given fiscal year. However, to encompass market changes, College Heights Foundation will assess its prorated management fees, allocate year-to-date investment earnings/losses and issue net disbursements in accordance with the custodial agreement.
5. Whenever the purpose for the quasi-endowed account no longer exists as determined by the Account Administrator or officers of the College Heights Foundation, the account shall be closed and any balance remaining will revert to another account with similar purpose or the general account of the Foundation if no other similar account exists.