UNIVERSITY of ALASKA
FOUNDATION

# Policy on Allocation of Investment Earnings on Non-Endowed Funds

*Effective December 2006*

## *I. PHILOSOPHY*

The Foundation does not, in general, allocate investment earnings (or losses) on non-endowed funds held by the Foundation to those individual accounts. This is done for three reasons:

1. To provide an incentive for the establishment of endowed funds (which share in investment earnings) as opposed to non-endowed funds since the former provide a longer term benefit to the University;
2. To provide a source of funds to cover the operating costs of the Foundation including its subsequent distributions and grants to the University for specific designated purposes;
3. To reduce the administrative expense of making the periodic allocations of limited investment earnings, often in very small amounts, to the more than 500 non-endowed accounts held by the Foundation.

## *II. POLICY*

The Foundation does not allocate investment earnings to non-endowed accounts (with the exceptions noted below).

## *III. EXCEPTIONS*

The Foundation does allocate investment earnings to the uncommitted cash balances of non-endowed accounts that fall into two classes of exceptions to the above policy:

1. Accounts in excess of $100,000 which are restricted by their donors to complete a major capital project of long duration (greater than two years) - essentially plant or capital funds as determined by the Treasurer. The balance in these accounts must be maintained at a minimum level of $100,000 in order to remain in the category of accounts receiving investment earnings. If the uncommitted cash falls below this minimum level it shall permanently lose its investment earning status.

2. Restricted accounts which have previously, for reasons other than those outlined above, been allocated investment earnings. These accounts are essentially “grandfathered” into the investment earnings allocation category. In the event that such accounts are restructured or redefined, the accounts shall be reclassified such that they shall no longer receive investment earnings allocations.