



OBJECTIVE

To ensure that investments of unrestricted operating funds in the university's Long-Term Investment Pool are appropriate, given the financial status of the college or vice presidential unit, and to set clear expectations regarding the time horizon for these investments.

POLICY

Applies to: Senior Fiscal Officers, Vice Presidents, Deans, Chairs and Directors
Issued: 07/2008
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I. Overview

- A. The university invests gifted endowment funds and certain central operating funds in its Long-Term Investment Pool. The Long-Term Investment Pool is invested in a diversified portfolio that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making income distributions to support the university's mission.
- B. University departments have periodically requested the Office of Business & Finance to transfer unrestricted funds to the Long-Term Investment Pool. In some cases, the intent is for these funds to function "in perpetuity" as endowments. In other cases, the intent is for these funds to grow over a relatively long period of time (15-20 years or more), at which time the balance will be used to fund renewal and renovation of buildings and other capital assets. This policy provides guidance on these transfers.

II. Approval of Transfers of Unrestricted Funds to Endowment

- A. Colleges and vice presidential units may transfer unused general funds (GFSA) cash balances or cash balances in earnings funds to establish unrestricted endowment funds, subject to the approval of the Office of Resource Planning, the Office of Financial Services and the Board of Trustees.
- B. College and vice presidential unit fiscal staff should consult with the Office of Resource Planning, which will work with the college/vice presidential unit to determine whether the transfer is appropriate, given the current financial status of the college/vice presidential unit. The Office of Resource Planning and the Office of Financial Services will then make a recommendation to the Board of Trustees regarding establishment of the unrestricted endowment fund.



- C. Subsequent transfers of unrestricted funds to an approved endowment require the Office of Resource Planning review and approval.

III. Time Horizon for Investments

- A. If the intent for establishing an unrestricted endowment is to provide a large lump sum to fund a capital project or similar large expenditure, the anticipated holding period for the investment should be specified in the official, Board-approved description of the endowment fund.
- B. The minimum investment period for funds transferred to the Long-Term Investment Pool is 15 years.
- C. If no investment holding period is set forth in the endowment description, the college or vice presidential unit should operate under the assumption that funds transferred to the Long-Term Investment Pool will be invested “in perpetuity” and may not be invaded (transferred back to the college/vice presidential unit).
- D. The college or vice presidential unit will receive annual distributions of endowment income, which may be expended, held for future use or reinvested in the endowment principal.
- E. Unrestricted funds held in the Long-Term Investment Pool may be withdrawn from the Pool or otherwise redirected only with the approval of the senior vice president for business & finance and/or the Board of Trustees.

IV. Commingling of Funds

- A. Unrestricted funds from more than one source may be combined in a single unrestricted endowment fund. However, unrestricted funds and restricted funds (such as gifts from donors) may not be commingled in a single endowment fund.
- B. This restriction on commingling of unrestricted and restricted funds is necessary to ensure that the net assets (equity) associated with endowment funds are properly classified for financial reporting purposes.



PROCEDURE

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For step-by-step instructions on processing budget and fund transfers including information on the appropriate accounts to use for fund transfers, see OIT ASSIST pages at:
<https://assist-erp.osu.edu/assistbudgeting84/WebHelp/start.htm>

RESOURCES

Ohio State, [Office of Financial Services](#), Endowment Administration, 614-292-6261
Ohio State, [Office of Resource Planning](#), 614-292-9990