



Applies to: Fund transfer initiators and approvers, fiscal staff, unit leaders, and units

### Responsible Office

**Office of Business and Finance**

### POLICY

Issued: 07/01/2008

Revised: 01/07/2021 (minor revision)

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.

**Units** have periodically requested the Office of Business and 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.

### Purpose of the Policy

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

### Definitions

Term	Definition
Exception	Any violation of or noncompliance with a university policy issued by the Office of Business and Finance (Business and Finance).
Unit	College or administrative unit.
Waiver	Permission granted to a unit to operate differently than specified or required by a university policy issued by Business and Finance.

### Policy Details

- I. Approval of Transfers of Unrestricted Funds to Endowment
  - A. 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 Financial Planning and Analysis, the Controller’s Office, and the Board of Trustees.
  - B. Unit fiscal staff should consult with Financial Planning and Analysis, which will work with the unit to determine whether the transfer is appropriate, given the current financial status of the unit. Financial Planning and Analysis and the Controller’s Office will then make a recommendation to the Board of Trustees regarding establishment of the unrestricted endowment fund.
  - C. The unit, Controller’s Office, and Financial Planning and Analysis must ensure that the anticipated holding period for the investment is included in the official, Board-approved description of the endowment fund, as appropriate.
  - D. Subsequent transfers of unrestricted funds to an approved endowment require Financial Planning and Analysis review and approval.

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### II. 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 must be specified in the official, Board-approved description of the endowment fund.
- B. If no investment holding period is set forth in the endowment description, the unit must operate under the assumption that funds transferred to the Long-Term Investment Pool will be invested “in perpetuity” and may not be transferred back to the unit.
- C. The unit will receive annual distributions of endowment income, which may be expended, held for future use, or reinvested in the endowment principal.
- D. 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 and finance and/or the Board of Trustees.

### III. Commingling Of Funds

- A. Unrestricted funds from more than one source may be combined in a single unrestricted endowment fund. Unrestricted funds and restricted funds (such as gifts from donors) may not be commingled in a single endowment fund.
- B. The 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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- I. **Waivers** to this policy must be approved in advance and documented by the Office of Business and Finance, using the [Business and Finance University Policy Waiver Request](#).
- II. **Policy Violations**
  - A. All policy violations must be tracked as an **exception** in accordance with the [Fiscal Stewardship policy](#).
  - B. The university may require successful completion of training.
  - C. The university may enforce corrective action, up to and including termination, in accordance with applicable policies or rules.
  - D. The university may seek restitution, as appropriate.
  - E. Criminal charges may be filed, as appropriate.

## Responsibilities

Position or Office	Responsibilities
Board of Trustees	<ul style="list-style-type: none"> <li>1. Approve the establishment of unrestricted endowment funds as appropriate.</li> <li>2. Approve the withdrawal of unrestricted funds held in the Long-Term Investment Pool, or otherwise redirect the funds as appropriate.</li> </ul>
Controller’s Office	<ul style="list-style-type: none"> <li>1. Approve transfers of unused cash balances to unrestricted endowment funds as appropriate, in consultation with the Financial Planning and Analysis.</li> <li>2. Make recommendations to the Board of Trustees regarding the establishment of unrestricted endowment funds, in consultation with Financial Planning and Analysis.</li> <li>3. Ensure that the anticipated holding period for the investment is included in the official, Board-approved description of the endowment fund as appropriate, in consultation with Financial Planning and Analysis.</li> </ul>
Financial Planning and Analysis	<ul style="list-style-type: none"> <li>1. Approve transfers of unused cash balances to unrestricted endowment funds as appropriate, in consultation with the Controller’s Office.</li> <li>2. Consult with units as to whether such transfers are appropriate.</li> <li>3. Make recommendations to the Board of Trustees regarding the establishment of unrestricted endowment funds, in consultation with the Controller’s Office.</li> <li>4. Review and approve subsequent transfers of unrestricted funds to an approved endowment.</li> </ul>

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Position or Office	Responsibilities
	5. Ensure that the anticipated holding period for the investment is included in the official, Board-approved description of the endowment fund as appropriate, in consultation with the Controller’s Office.
Senior vice president for business and finance	Approve the withdrawal of unrestricted funds held in the Long-Term Investment Pool, or otherwise redirect the funds as appropriate.
Unit	<ol style="list-style-type: none"> <li>1. Request approval to transfer unused cash balances to establish unrestricted endowment funds if desired.</li> <li>2. Consult with Financial Planning and Analysis on such transfers.</li> <li>3. Include the anticipated holding period for the investment in the official, Board-approved description of the endowment fund as appropriate.</li> <li>4. Expend, hold, or reinvest distributed endowment funds.</li> </ol>

### Resources

#### Governance Documents

Financial Code of Ethics, [busfin.osu.edu/sites/default/files/financial-code-of-ethics.pdf](https://busfin.osu.edu/sites/default/files/financial-code-of-ethics.pdf)  
 Fiscal Stewardship policy, [busfin.osu.edu/sites/default/files/111\\_internalcontrols.pdf](https://busfin.osu.edu/sites/default/files/111_internalcontrols.pdf)

#### Forms

Business and Finance University Policy Waiver Request, [docusign.net/Member/PowerFormSigning.aspx?PowerFormId=fd68959a-4afb-48bb-a0ae-67521b9ad821&env=na1&acct=387d1013-fb1c-4705-9bd9-7cf575f484ce&v=2](https://docusign.net/Member/PowerFormSigning.aspx?PowerFormId=fd68959a-4afb-48bb-a0ae-67521b9ad821&env=na1&acct=387d1013-fb1c-4705-9bd9-7cf575f484ce&v=2)

### Contacts

Subject	Office	Telephone	E-mail/URL
Fund transfers	Controller’s Office, Office of Business and Finance	614-292-6220	<a href="https://busfin.osu.edu/endowment">busfin.osu.edu/endowment</a>
Fund transfers	Financial Planning and Analysis, Office of Business and Finance	614-292-6220	<a href="mailto:bf-fpa@osu.edu">bf-fpa@osu.edu</a> <a href="https://busfin.osu.edu/financial-planning">busfin.osu.edu/financial-planning</a>

### History

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