

TITLE: ENDOWMENTS AND USE OF ENDOWMENT FUNDS

POLICY STATEMENT:

The College's endowments consist of assets held in perpetuity to achieve that goal of support for the College's strategic objectives. Endowments are managed to ensure that the College is able to properly maintain the quantity and quality of projects and programs that are possible through the generosity of the community. The endowments should generate sufficient investment earnings to serve those designated purposes.

PURPOSE:

The purpose of this Policy is to describe the general objectives and management guidelines regarding the College's endowments. The College is engaged in comprehensive and on-going fund development activities to provide financial resources in support of the College's strategic objectives. The College actively seeks and welcomes the donation of assets, which may include real property, shares or cash.

SCOPE:

This policy and procedures apply to all donor-funded College endowments.

GUIDELINES:

1. *Definition, Purposes and Holding of Endowment Assets:*
Endowments are funds with provisions that prohibit encroachment on the donors capital contribution which is maintained in perpetuity (unless otherwise designated by the donor) to generate income for annual use for such purposes as agreed to between the donor and Red Deer College/Red Deer College Foundation. All endowment assets are held by Red Deer College.
2. *Minimum Requirement and Designated Usage:*
An endowment may be created with donations over \$25,000. The income generated from these endowments may be used by the College for a variety of scholarships and awards, specific programs, investment or special projects as designated by the donor.
3. *Preservation of Donors' Capital Contributions:*
Seventy-five percent (75%) of the annual interest earned will be transferred to an expendable operating account to fund the purpose for which it was established (e.g. to generate a scholarship(s) or other award(s)). Twenty-five percent (25%) of the annual interest earned will be re-invested into the principal portion of the endowment to offset the effects of inflation and fluctuations in annual earnings. The long term objective will be to preserve the capital of the endowment within two percent (2%) of a five (5) year rolling average of the Alberta Consumer Price Index (ACPI) and adjust the cumulative total of the endowment pool for any shortfall. Financial Services will review annually. In the event of a shortfall, the top up to the endowment principal will be funded from the Ultimate Heir Endowment or from other internal sources as may be designated by the College, at its discretion.

4. *Shortfalls in Annual Expendable Amount:*

The College and Foundation adheres to the practice that only the expendable interest earned in previous fiscal periods shall be made available for use in the subsequent fiscal year. In the event of any annual shortfall, the College reserves the right to use undesignated donations to ensure its scholarships and annual commitments are covered.

RESPONSIBILITY: Vice President of Enterprise and Community Relations

CONSULTATION FOR REVIEW: Chief Financial Officer, Development Manager

POLICY REVIEW DATE: September 2014

EFFECTIVE DATE: September 1, 2009

REVISED DATE: September 1, 2009

RELATED POLICIES:

- Investments