

**UNIVERSIDAD DEL SAGRADO CORAZON**  
**POLICY ON QUASI-ENDOWMENTS**

This is the policy of the Universidad del Sagrado Corazón (the “University”) with respect to the establishment of *quasi-endowments*, whether by donors or the University itself.

A *quasi-endowment* is a fund that will be invested and used as if it were an endowment fund<sup>1</sup> pursuant to the University’s “Endowment Fund – Statement of Investment Objectives, Policies and Guidelines” (“Endowment Fund Investment and Spending Policy”), but the principal and the appreciation thereof (whether in the form realized gains, unrealized gains, interest or dividends) may be used at any time at the discretion of the University’s Board of Trustees. A *quasi-endowment* may be established by a donor or external party (“donor-established *quasi-endowment*”) or by the University itself (“University-designated *quasi-endowment*”).

**Donor-established Quasi-endowments.** In order to support the mission of the University, external donors or parties may provide certain gifts to the University, some of which are not constrained by any restriction (“unrestricted gifts”) and some of which are constrained by restrictions as to purposes or uses such as, for example, an academic department, student scholarships, or capital improvements (“restricted gifts”).

Donors may establish a *quasi-endowment* for unrestricted purposes or uses or for a specific purpose or use provided the terms are broadly defined, acceptable to the University, and contain alternative purpose and use provisions. In either case, the funds will be invested and used pursuant to the University’s Endowment Fund Investment and Spending Policy, but the *principal and the appreciation thereof (whether in the form of realized gains, unrealized gains, interest and dividends)* will remain available for spending at the discretion of the University for general purposes (if unrestricted) or for specific purposes or uses (if restricted). Donors must be made aware of the University’s policy for the use of the principal and the appreciation. The *quasi-endowment* fund terms should be documented in a written agreement to be signed by the donor and the University’s authorized representative.

---

<sup>1</sup> An endowment (often known as “true endowment”) is a fund for which a donor or other external party has established, as a condition of the gift, that the principal is to be maintained in perpetuity and invested for the purpose of producing current and future earnings, and that only appreciation on said principal can be used for general or specific purposes, as per the gift instrument.

In the event of a donor-established quasi-endowment, the Board of Trustees and the University will aim to respect and honor the donor's intent with respect to the investment and use of the gift.

**University-designated Quasi-Endowments.** From time to time, the University may also make internal decisions to allocate and/or designate *as quasi-endowments* certain otherwise unrestricted funds (e.g., unrestricted gifts, internally generated funds or other funds whose use is unrestricted) or restricted funds donated for specific purposes or uses.

**Donor Reclassifications.** There may be instances where a donor decides to change the original intent of a gift to either unrestricted or quasi-endowment funds.

(a) **Reclassification as Unrestricted Funds.** A donor may consent to remove all restrictions on the gift and authorize the University to use the funds for such educational uses and purposes as the Board of Trustees deems necessary and advisable to serve the best interests of the University. In such cases, the Board of Trustees may decide to establish a *quasi-endowment* pursuant to the terms of this policy.

(b) **Reclassification as Quasi-Endowment Funds.** A donor may consent to remove certain restrictions on the original gift, allow the University to use the funds for general or certain specific purposes and request that the University establish a *quasi-endowment*. In such case, any *quasi-endowment* established must conform to this policy. The donor must recognize that the principal of the gift and the appreciation thereof remain available for spending at the University's discretion whether for general or specific purposes, as per the terms of the donor's instrument.

In the event of such donor reclassifications, the Board of Trustees and the University will aim to respect and honor the donor's original intent with respect to the investment and use of the gift.

**General Provisions.** It is the policy of the University that only the Board of Trustees can establish, alter (including increasing or decreasing the funding amount) or terminate a *quasi-endowment*. Any recommendation regarding the establishment, alteration, or the termination of a *quasi-endowment* must be submitted by the President of the University to the Board of Trustees.

If the Board of Trustees authorizes the use of any gifted funds reclassified with donor consent as a *quasi-endowment*, the University shall inform the donor in writing in its annual report to the donor.

This policy shall supersede any previous resolutions of this Board of Trustees, or any parts thereof, which are inconsistent with this policy, and such resolutions are hereby repealed, rescinded and revoked to the extent of such inconsistency.

Approved June 21, 2017

A handwritten signature in blue ink, reading "Gilbert J. Mauerack Smith". The signature is written in a cursive style with a large initial "G".

President