COLUMBIA UNIVERSITY POLICY ON
ENDOWMENT FUND ADMINISTRATION AND COMPLIANCE

Effective Date: May 1, 2008
Latest Revision: July 9, 2012

Policy Statement

It is the policy of Columbia University to adopt and adhere to standards that are designed to ensure the proper management, administration and compliance of restricted endowment funds. Endowment funds are an important part of the University’s operations and play an integral role in helping the University achieve its goals. Endowment funds impose upon the University contractual, legal and ethical obligations, as well as financial and management reporting responsibilities (among other responsibilities). Furthermore, the proper management and administration of our endowment funds helps maintain and enhance the confidence and trust of the University’s constituents (especially its donors).

To view the PDF of the full text of this policy, please use the link of the right.

Reason for the Policy

The purpose of this endowment policy is to set forth principles and procedures that are designed to ensure the University complies with its responsibility to properly manage and administer its endowment funds.

Primary Guidance to Which This Policy Responds

This policy responds to the legal requirements of state and federal law, Generally Accepted Accounting Principles and to the specific contractual obligations of individual gift instruments.

Responsible University Office

Office of the Controller

Revision History

Policy originally effective May 1, 2008; Revised policy effective October 2011.

Who is Governed by This Policy

This policy applies to all University employees with financial, administrative and reporting responsibilities in connection with endowment funds, including the University departments that provide support with respect to endowment funds (e.g., Office of the Controller, Office of the General Counsel, Office of Alumni and Development).

The Office of Alumni and Development maintains the University’s policies and procedures relating to the solicitation, acceptance and voluntary stewardship of gifts, pledges, and bequests. This policy is not meant to encompass or supersede those separate policies. In addition, this policy is not intended to cover all aspects of endowment management, administration and compliance. For example, this policy does not cover the rules and requirements relating to the financial accounting and reporting of endowment funds.
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Who Should Know This Policy

- All persons governed by this Policy (see above)
- Deans, Department Chairs, Directors of Institutes, Centers, and other University units
- Departmental Administrators and other departmental staff
- All University faculty and staff with signature authority over one or more endowment funds
- All University employees with financial, administrative and reporting responsibility with respect to endowment funds
- Office of the Controller staff
- Office of the General Counsel staff
- Office of Alumni and Development staff

Exclusions & Special Situations

None

Policy Statement

I. Endowment Overview

A. Permanent (“True”) Endowment Funds

A permanent (“true”) endowment is a fund established in accordance with donor restrictions, to exist in perpetuity. There are two types:

1. **True Endowments governed by the New York Prudent Management of Institutional Funds Act (“NYPMIFA”)**

   Under NY Law, the University may appropriate so much of a permanent endowment fund as is prudent for the uses, benefits, purpose and duration of the fund.\(^1\)
   - The University may appropriate and spend from an endowment fund that has a market value that is less than the value of the original gifts so long as any appropriation is prudently determined in accordance with the factors set forth in NYPMIFA.
   - Coded in ARC with a project type “EHDVN”, as spending original gifts is not prohibited.

2. **True Endowments where NYPMIFA may not apply**

   In certain cases, NYPMIFA may not apply and the original value of all gifts contributed to the endowment, also called historic dollar value or corpus, may never be expended. In these cases, only the income and appreciation earned by the endowment fund may be expended for the purpose specified by the donor and agreed to by the University.
   - This rule applies to funds:

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\(^1\) See Appendix A for the specific considerations in determining appropriations from endowment funds under NYPMIFA
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- created prior to the adoption of NYPMIFA, where the donor elected not to have NYPMIFA apply; or
- as directed by a donor’s specific instructions in a gift instrument.

- If the market value of the endowment fund is less than the value of the original gifts, often called an “underwater” endowment, no appreciation is available to fund the spending, so the University may not appropriate and spend from the endowment. These funds will have their annual distribution automatically reinvested to principal until the fund is sufficiently above historic dollar value.
- Coded in ARC with a project type “EHDVY”, as spending original gifts is prohibited.

B. Quasi Endowment Funds
A quasi endowment (sometimes called “board designated”) is a fund that functions like an endowment, but without any legal restriction to hold the fund permanently. Thus, net appreciation, reinvested income and/or principal may be appropriated and expended in full. There are two types:

1. **Donor- Directed**
   Donors may direct that their gifts be held as quasi-endowments, either because they envision the spending of principal at some point (or under certain conditions), or because they want to give the University that flexibility. The corpus of donor-established quasi-endowment accounts may be expended in accordance with donor terms and restrictions.

2. **University- Directed**
   The University may designate certain funds to be held as quasi-endowments. Both types are coded in ARC with a project type “EQUAS”.

C. Common Endowment Purposes
Donors may designate the terms and restrictions of an endowment. Many funds are commonly designated to support:

1. **Professorships** - Please see Appendix B for detailed information on Professorships, including requirements for the Trustees establishment of a Professorship and the Professorship Spending Guidelines
2. **Financial Aid** (Scholarships, Fellowships)
3. **Research**

II. Establishing an Endowment Fund

A. Accepting a Gift that Establishes an Endowment Fund
1. Prior to soliciting or accepting any gift that establishes an endowment fund, the responsible parties within each school, department, institute, center, or other University unit (“schools and departments”) must understand the proposed terms of the endowment fund and the restrictions on spending and use, and have
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confidence that the school or department will be able to administer and spend in accordance with those terms and restrictions.

2. The Office of Alumni and Development requires the use of its standardized gift agreements for new gifts, other than bequests. These standardized agreements include provisions that facilitate the proper management and administration of the gifted funds. Exceptions to this requirement are evaluated on a case by case basis by the Office of Alumni and Development.

3. Prior to acceptance, all gift agreements must be approved by an authorized individual at the school or department receiving the gift, and by the Office of Alumni and Development, which will consult with the Office of General Counsel, the Gift Review Committee and University Officers and Trustees as necessary. Only the Executive VP for University Development and Alumni Relations or a VP of Development may accept a gift on behalf of the University.


B. Creating an Endowment Fund

1. All endowments must be set up in the University’s financial system (instructions are located on the Endowment Administration website - www.endowmentadmin.columbia.edu). Proper documentation must be submitted to establish and document the terms and restrictions of the fund.

2. Approval by the EVP for Finance, or his/her designee, is required to set up an endowment fund.

3. An endowment fund record is also set up in Advance/Athena, the centralized system of alumni and gift data at the University and the authoritative repository for endowment documentation.²

III. Compliance with Endowment Fund Restrictions

A. Budgeting and Expending Endowment Funds

1. Budgeting
As part of the process of budgeting endowment fund expenditures, schools and departments must ensure that planned expenditures are in compliance with the terms of the gift instrument.

• Pooled Endowment funds: Most of the University’s endowments are part of an endowment pool, which is managed by the Columbia Investment Management Company.
  ◦ During the annual budget process, the Office of Management and Budget calculates the University wide endowment spending rate per share for the following year, which is then approved by the Trustees. The approved spending rate is then multiplied by the number of shares each endowment fund holds to calculate the endowment income for

² Note that in certain cases, additional documents may reside with the Office of the General Counsel.
the coming fiscal year. This information is then distributed to the schools and departments for use in developing their budgets.

- The fair market value of a pooled endowment fund is based upon the number of shares the fund has in the total endowment pool, multiplied by the share price. Fund additions (new gifts, transfers, reinvestments) buy shares, and fund subtractions (transfers, decaps) sell shares, at the monthly price per share at the time of the transaction.

- **Separately Invested Endowments:** A small number of endowments are invested outside the endowment pool, in accordance with the donor’s investment restrictions. These funds receive only the actual income (dividends, interest, royalties, rents) that the investments generate.

2. **Expenditures**

All Deans, Department Chairs, Institute and Center Directors, and other University employees with financial, administrative and reporting responsibility with respect to endowment funds are responsible for ensuring that the expenditure of endowment funds complies with the terms of the gift instrument, applicable legal and accounting standards, and University policy.

- Endowment Term Sheets are available on the Endowment Administration website (www.endowmentadmin.columbia.edu). The Endowment Term Sheets provide access to key information regarding the terms and restrictions of an endowment fund. University personnel are expected to utilize the Endowment Terms Sheets when administering and spending from endowments.

- Questions about the interpretation and scope of terms and restrictions in gift instruments should initially be directed to the Director of Endowment Compliance who will involve the Office of the General Counsel as necessary.

- Each school or department must understand all applicable restrictions, standards and policies, even if the endowment income is transferred from another department.

- Any reporting and stewardship obligations are the responsibility of the school or department spending the fund.

- All transactions must be properly approved and documented so that there is sufficient written explanation to support the use of the funds. In addition, approvals for all transactions related to expenditures are subject to University policies on transaction approval and authority.

3. **Charging Expenses to Endowments**

Expenses incurred for endowment purposes should be charged directly to the applicable endowment fund. Given the careful accounting and financial tracking that is required for endowment funds, transferring, pooling or aggregating funds from different endowments should be avoided.

- After a thorough review of the restrictions of each fund to confirm a transfer is appropriate:
  - Endowment income/expense transfer entries must be approved by a Senior Business Officer.
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- Schools or departments must keep detailed documentation to substantiate appropriate use and demonstrate that expenditures meet the terms of each endowment. Documentation substantiating appropriate use must be attached to the endowment income transfer entries in the financial system. A substantiation template is available on the Endowment Administration website to assist in properly documenting these transactions.

4. Overdrafts and Surpluses in Endowment Spending
Each school or department is responsible for monitoring its endowment funds to ensure the fund balance does not fall into deficit and/or is not accumulating substantial surplus.

a. Overdrafts
In general, a surplus in one endowment fund may not be transferred to another endowment fund, particularly if the purpose of the transfer is to cover a fund overdraft. Transfers into any restricted fund to relieve overdrafts, from either unrestricted or restricted balances, may complicate donor reporting and, therefore, are not recommended. Expenses should be moved from the restricted endowment fund to an unrestricted fund to relieve the overdraft.

b. Surpluses
As a matter of policy, surpluses and excessive accumulation of income should be avoided and endowment payout should be expended regularly. Under limited circumstances (e.g., the terms of the gift actually contemplate accumulation), accumulation of income may be appropriate.

Options for surplus spending include:
- Supporting activities in the next fiscal year that conform to donor restrictions.
- Committing the funds to future planned and approved programs/recruitment that conform to donor restrictions.
- Reinvesting part or the entire surplus if consistent with donor restrictions.

Note, however, that accessing these surplus funds in the future requires that the department follow the decapitalization procedures outlined below.

B. Decapitalization (“Decapping”) of Endowment Funds
Decapping is appropriating for expenditure the net appreciation, reinvested income and/or principal from the endowment principal account beyond the amount distributed as a result of the spending rule. As stated earlier, under NY Law, unless the donor has provided specific instructions either in a gift instrument or other writing, the University may appropriate so much of an endowment fund as is prudent for the uses, benefits, purpose and duration of the fund.3

The University’s policy is not to decap below 120% of the value of the original gift(s) to an endowment fund, unless the donor specifies otherwise. Any exceptions to this policy

3 See Appendix A for the specific considerations in determining appropriations from endowment funds under NYPMIFA.
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will be reviewed and approved by the Office of Endowment Compliance, the VP of Budget and Planning and the Executive Vice President for Finance. Quasi endowment principal accounts are not subject to this rule and may be decapped in full.

Decapped funds must be used exclusively for the uses and purposes for which the endowment fund was established. As a matter of stewardship, potential decaps must be discussed with the Development Office of the academic unit involved.

See the University’s policy “Decapitalizing Endowment Funds” for further details.

C. Modifying Restrictions
Modifying the terms and restrictions of an endowment fund is a significant proposition. There are essentially three ways to modify donor restrictions:

1. Seek the donor’s or donors’ written consent. Oral agreements are not acceptable.

2. If changed circumstances make it illegal, impracticable, or impossible to expend the funds in accordance with the terms of the endowment, and if the donor cannot or will not agree in writing to a proposed change in purpose, a cy pres action can be initiated by the University, to petition a court for a modification of restrictions. Inconvenience or general difficulty in administration is not a legally acceptable basis for cy pres. Endowment funds that are more than 20 years old and less than $100,000 may be eligible for a simplified modification process, which includes providing written notice to the Attorney General.

3. If changed circumstances make it illegal, impracticable, or impossible to expend the funds in accordance with the endowment and the gift agreement includes a cy pres provision that permits Columbia to make that determination and modify the restriction(s), Columbia can make these modifications in accordance with the process, and within the limitations, set forth in the gift agreement.

If a school or department is contemplating a request to modify one or more restrictions through any of the ways listed above, the senior officer must contact the Office of the Controller who will involve the Office of the General Counsel as needed. In cases where a donor will be contacted about modifying a restriction, the Development Office of the appropriate academic unit should also be contacted because, in most instances, the fund raising relationship managers will be the best people to make first contact with the donor, to explain and negotiate the changes being sought.

D. Substantiation, Monitoring, Stewardship, and Reporting Requirements

- **Substantiation**
  Detailed information must be maintained regarding the amount of expenditures from endowment funds and the purposes for which the expenditures are made. The documentation must be sufficient to substantiate that the funds were used in accordance with the endowment fund’s terms and restrictions. At the close of each fiscal year, each school and department is required to confirm that all expenses in the endowment funds utilized were compliant with the applicable terms and restrictions.
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- **Monitoring**
The Office of the Controller is authorized to conduct ongoing monitoring of endowment account administration and compliance. In particular, the Office of the Controller has the authority to:
  - review fund transactions, including fund transfers, for compliance with donor restrictions and fund accounting rules;
  - monitor surpluses and overdrafts; and
  - monitor all other aspects of endowment administration and compliance.

All schools and departments are required to respond to inquiries and requests for information from the Office of the Controller regarding matters of endowment fund administration. Determinations issued by the Office of the Controller concerning endowment fund administration and compliance, and interpretations received by the Office of General Counsel regarding donor terms and restrictions must be followed.

Annually, Internal Audit may review a random sample of endowment funds. This review is designed to ensure that endowment administration functions are subject to adequate and effective controls.

- **Stewardship**
Sometimes endowment terms require the University to give periodic reports to donors regarding the use of their gift funds. The school or department should coordinate with the Office of Alumni and Development to ensure that donor-mandated stewardship reports are completed timely. In addition, Development prepares many voluntary stewardship reports, so the school or department is required to facilitate voluntary reporting as requested.

- **Reporting**
Section 513 of the Not-for-Profit Corporation Law requires the University’s Treasurer to present to the University’s Board of Trustees an annual report as to the endowment funds held by the University, and the use by the University of those assets and their income. The report is prepared by the Controller’s Office for presentation to the Trustees.

**IV. Summary of Responsibilities**
Below is an extract of the responsibilities discussed in this policy. Please note this is not an exhaustive list of the responsibilities for these University units.

**Office of the Controller**
- Serve as the centralized resource for questions regarding the administration and compliance of endowment funds pursuant to this policy, including compliance with the terms and restrictions of an endowment fund
- Coordinate and review matters, as necessary, with the various University departments that are involved in endowment administration and compliance, including the Office of Alumni and Development, the Office of General Counsel, the Office of Management and Budget, and Internal Audit
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- Provide support with respect to endowment funds
- Review and approve requests to create an endowment fund with the proper authorization forms
- Conduct ongoing monitoring of endowment fund administration and compliance
- Prepare the annual report on endowment funds on behalf of the Treasurer for presentation to the Board of Trustees

Office of the General Counsel
- Provide support with respect to endowment funds
- Advise on the interpretation and scope of terms and restrictions in gift instruments
- Determine, as appropriate, whether a fund is a candidate for a cy pres proceeding
- Advise as needed on the terms of proposed gift agreements

Office of Alumni and Development
- Maintain the University’s policies and procedures relating to the solicitation, acceptance and voluntary stewardship of gifts, pledges, and bequests
- Store information about the endowment funds, including the terms and restrictions and images of the gift documents on the Advance/Athena system
- Approve gift agreements, prior to acceptance, and consult with the Office of General Counsel, and University officers and Trustees as necessary
- Oversee stewardship

Office of Management and Budget
- Work with the Controller’s Office, as necessary, to determine if the fund is central or non-central in the Endowment Create and Amend processes
- Calculate the University wide endowment spending rate per share for the following year fiscal year

Internal Audit
- Determine the adequacy and effectiveness of internal controls as they pertain to endowment compliance and administration

School / Department / Institute / Center / and Other University Units (Including Deans, Department Chairs, Institute and Center Directors, Senior Business Officers, and University employees with financial, administrative and reporting responsibilities with respect to endowment funds.)
Day-to-day responsibility for the financial administration of endowment funds may be delegated by a Dean, Department Chair, Institute or Center Director (or similar head of a University unit, as applicable) to the senior business officer and/or a financial administrator of the applicable unit. The ultimate responsibility for stewardship and financial management remains with the Dean, Department Chair, Institute or Center Director. The senior business officer of the unit should work with the Dean, Department Chair, or Director, and in coordination with Office of Alumni and Development or School-based Development staff, as applicable, to ensure appropriate controls and procedures are in place for the school or center to fulfill the following responsibilities:
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- Ensure that the expenditure of endowment funds complies with the terms of the gift instruments, applicable legal and accounting standards, and University policy
- Consider the legal requirements for endowment fund expenditures in the budgeting process
- Understand all such restrictions, standards and policies, even if the income is received from another department (or other University unit)
- Use the Endowment Term Sheets and Advance/Athena as the primary source of endowment fund information
- Understand the terms and restrictions of proposed gifts for endowment funds and have confidence that the school or department will be able to administer and spend the endowment income in accordance with those terms and restrictions, prior to soliciting or accepting any gift that establishes an endowment fund
- Use the standard gift agreements
- Review and approve gift agreements (prior to acceptance) by an authorized individual at the school
- Use the proper authorization form(s) to create an endowment fund
- Approve and properly document transactions so that there is sufficient written explanation to support the use of the funds
- Monitor endowment funds to ensure the fund balance does not fall into deficit and/or is not over expended
- Spend endowment income regularly
- Fulfill any reporting and stewardship obligations that are the responsibility of the applicable school or department
- Ensure all approvals for transactions related to expenditures are in accord with University policies on transaction approval and authority
- Ensure any pooling or transferring is appropriate and detailed documentation is available to substantiate use in accordance with the terms and restrictions
- Follow the guidelines promulgated by the Office of Management and Budget, Office of the Controller and the Office of General Counsel for accessing the net appreciation of true or quasi endowment funds
- Confirm that all expenses in the endowment funds utilized were made in compliance with the applicable terms and restrictions at the close of the fiscal year
- Respond to inquiries and requests for information from the Office of the Controller regarding matters of endowment fund administration
- Comply with determinations issued by the Office of the Controller concerning endowment fund administration and compliance, and interpretations received by the Office of General Counsel regarding donor restrictions
- Contact the Office of the Controller if a school or department is contemplating a request to modify one or more restrictions

Contacts

Any questions or inquiries with respect to the administration of this policy, including compliance with the terms and restrictions of an endowment fund, should first be directed to the senior officer within the appropriate school or department. The senior officer may
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then contact for further direction, clarification or assistance with respect to any issue. For additional information, please visit the Endowment Administration website at www.endowmentadmin.columbia.edu.

Questions regarding the compliance and financial administration of endowment funds:
Office of the Controller
Contact: Jacqueline Erickson, Director of Endowment Compliance
Email: je2015@columbia.edu
Phone: (212) 854-9689

Questions regarding legal issues (e.g., legal interpretation of terms and restrictions, modifying restrictions):
Office of the General Counsel
Contact: Remi Silverman, Associate General Counsel
Email: rs@gc.columbia.edu
Phone: (212) 854-0287

Questions regarding professorship appointments (Appendix B):
Office of the Provost
Contact: Pearl Spiro, Associate Provost
Email: ps27@columbia.edu
Phone: (212) 854-1337

In addition, the Office of University Compliance provides a compliance hotline website for confidential, anonymous and open communication of any concerns or suspicions of business misconduct, including endowment administration and management. For more information, please refer to the website: https://www.submitreport.com/columbiauniversity.jsp.

Cross References to Related Policies (http://policylibrary.columbia.edu/)
- Decapitalizing Endowment Funds
- Gift Policies Manual
- Standard Gift Agreements
- Gifts vs. Grants

Web Address for Endowment related policies, forms, procedures
- www.endowmentadmin.columbia.edu

Training
- Endowment Administration and Compliance
  Administrators who are involved with the financial, administrative, or reporting responsibilities with respect to endowment funds must complete this class. This training is mandatory in order to obtain access to the Endowment Term Sheets. Register at: http://finance.columbia.edu/hr/training/endowmentadmincompl.html
**Advance/Athena**  
Access to Advance/Athena is available to University employees who have administrative, fundraising or financial responsibilities involving endowment funds. Training is required for all Advance/Athena users. For additional information about Advance/Athena, including online training schedules, visit: [http://www.advance.columbia.edu/](http://www.advance.columbia.edu/). For additional inquiries, please email advtraining@columbia.edu.
Appendix A

In accordance with the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), when determining appropriations from permanent endowment funds, the University considers the following 8 factors:

- The duration and preservation of the endowment fund
- The purposes of the institution and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the institution
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution
- The investment policy of the institution
Appendix B
Professorships

Trustee Approval Requirements

Establishment or Revision of a Named Professorship

All named professorships must be approved by the Provost and then Trustees.

- The request to establish or revise a professorship is made by the Dean of a School and/or the appropriate academic executive vice president in a letter to the Provost. These request letters must contain relevant terms and restrictions from the gift instrument, and must be reviewed and approved by the Office of Endowment Compliance, prior to submission to the Provost. The Provost’s Office reviews and approves these requests, and prepares for submission to the Trustees.

In accordance with the University’s Gift Policy Manual, in an effort to avoid any potential conflicts, only faculty members who have retired from full-time appointments may be honored through the naming of endowed professorships.

- It is not the intention to discourage the laudable impulse of a donor (or group of donors) to honor outstanding active faculty through an endowed professorship in their name. If a donor desires to establish a fund to honor an active member of the faculty, the following options are available:
  - the chair may be established under an alternative name and then renamed for the faculty member upon his/her retirement;
  - the professorship may be created in the active faculty member’s name, but it may not be filled until s/he retires; or
  - proceeds from the fund established may be used to support the faculty member’s work or research while s/he is active, and then converted to a professorship upon his/her retirement.

Appointing Faculty to a Professorship

The Provost and the Trustees must also approve appointments of full professors and associate professors to a professorship. As the process may differ for associate professors with and without tenure, the Provost’s Office should be consulted. The School must ensure that the appointment is in accordance with the terms of the agreement. The appointment request may be included in the letter requesting the establishment/revision of the professorship or may be a separate request.

Appointments to named visiting and assistant professorships are not required to be approved by the Provost and Trustees, assuming that the Trustees have approved the establishment of the named visiting and/or assistant professorship.
Timing of Establishments and Appointments

Typically, a professorship is established when full payment has been received or when the fund has reached the minimum amount required through a combination of gifts and capital appreciation.

- **Incremental Professorships:** Under certain circumstances, at the request of the dean and/or donor (or, in some instances, through an advocate such as the development officer or dean and/or academic executive vice president), the professorship may be established by the Trustees when at least 50% of the gift has been received. In those cases, an incumbent will not be appointed to an incremental professorship until the entire pledge has been fulfilled.

- **Substitutional Professorships:** Because of the importance of establishing new professorships in the current climate for recruitment, a dean may request formal establishment of a substitutional chair and appointment of a first incumbent when at least 50% of the endowment minimum has been established. Donors might also wish to provide additional spendable support to accelerate the process.

Submitting Establishment, Revision, and/or Appointment Requests to the Provost’s Office

- The draft request letter and copy of relevant gift agreements should be sent to the Office of Endowment Compliance (endowmentadmin@columbia.edu). Endowment Compliance will provide comments/approval, and copy the Provost’s Office.

- The draft request letter should contain the exact name of the professorship; information about the gift, including how much the University has received to date, and the schedule of payments (if any are remaining); the terms of the professorship, including which ranks of faculty may hold it (and whether the original incumbent may continue to hold it as he/she receives changes in title) and the field of specialization of the incumbent (if the terms do not specify a particular field, the letter should state so); and the biography of the donor(s), including how much and for what they have donated to the University in other contexts.

- A calendar of deadlines for submission of these materials to both the Office of the Provost and Endowment Compliance must be observed in order to ensure submission at the intended Trustee meeting/teleconference. [http://www.endowmentadmin.columbia.edu/procedures.html#Revise](http://www.endowmentadmin.columbia.edu/procedures.html#Revise)

Professorship Spending Guidelines

The gift instrument must be reviewed in order to determine a donor’s directions with respect to the type of expenses that may be paid from an endowment. Some professorship endowments are very straightforward, being restricted by the donor simply for the support of the professorship, without additional restrictive or expansive language. These endowments are sometimes referred to as “plain vanilla” professorship endowments. The Office of General Counsel has established guidelines for expenses that
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may be allowable for those straightforward, “plain vanilla” professorship endowments (http://www.endowmentadmin.columbia.edu/policy.html).

- These expenses are only allowable when the professorship is filled, unless the gift agreement provides otherwise.
- Expenditures charged to the endowment may only be for those incurred once the incumbent has been appointed by the Trustees.
- When the professorship is not filled and the agreement has not specifically provided for spending or reinvesting during the vacancy, the department may determine whether the spending distribution should be reinvested during this time.

As these are guidelines, you may have questions about how they apply to a specific fund or set of circumstances, and should contact the Office of Endowment Compliance, who will involve the Office of the General Counsel as needed.

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