

As Reported in the NACUBO Endowment Survey

	Market Value of True/Term Endowments	Market Value of Quasi- Endowment	Total Market Value End of Year	Yield *	Current Fund Income from Endowment *	Net Transfers In/Out of Endowment	Total Annual Return on Investments
Year 1 FYE 2008	\$16,712,460	\$1,734,747	\$18,447,207	See note below	See note below	-\$68,000	-\$282,000
Year 2 FYE 2007	\$17,210,120	\$1,586,777	\$18,796,897	See note below	See note below	\$2,724,546	\$2,905,796
Year 3 FYE 2006	\$14,954,026	\$1,129,419	\$16,083,445	See note below	See note below	\$3,417,000	1,224,000

* Investment portfolio is managed on a Total Return Basis, therefore, Yield and Current Fund Income are included in the Total Annual Return on Investments

Definition of Endowments:

1. **True endowments.** A “true” endowment is a permanent fund with provisions that prohibit spending the corpus, or principal, of that fund. Only investment income generated by the fund, which is usually defined to include capital gains, may be used to support designated activities. True endowments are gifts or bequests that contain provisions prohibiting the original principal amount from ever being spent.
2. **Quasi-endowments.** Quasi-endowments are also called “funds functioning as endowment.” These are funds that the institution’s governing board may choose to treat as endowment, but the board is not subject to any legal prohibitions against spending the principal. Quasi-endowments may originate from several sources-unrestricted gifts, surplus operating funds, or unused reserves.
3. **Term endowments.** Term endowments are sometimes referred to as “wasting endowments.” These are funds with provisions that state the principal may be spent at a specified rate, after a specific date, or upon the occurrence of a specific event. These funds are not designed or required to exist in perpetuity.

HSU Advancement Foundation Spending Policy – representing dominate investment philosophy:

The amount withdrawn in each fiscal year will be targeted at 4.5 percent of the HSU Advancement Foundation’s (HSUAF) average total market value during the 12 quarters ending with the last quarter of the previous calendar year. The HSUAF may also spend any additional funds that were available to spend but were not withdrawn in previous fiscal years. The quarter ended June 30, 2005 will be the earliest quarter used in the calculation of average total market value. Until there are 12 full quarters of history, the average total market value calculation will include as many quarters as possible, beginning with the June 30, 2005 quarter.