



ENDOWMENT PROGRAM POLICIES AND GUIDELINES

Introduction

An endowment is a special fund where the underlying assets of the fund, which are known as the principal, are designated solely for investment purposes. A portion of the income generated by the investment of the principal is available to KUED for expenditure each year.

Purpose

The future of KUED depends, to a large extent, on the station's ability to meet long-term needs. While annual member contributions keep the "on" in on-air, they do not guarantee the future excellence in KUED. A key element in guaranteeing excellence for the future lies in building a permanent base of financial support with a programming endowment fund.

KUED embarked on an effort to build an endowment fund in 1995. Having an endowment fund is a good business practice to ensure KUED's financial strength. Additionally, the effort to build an endowment was conceived of by visionary station volunteers and management to:

- Provide a safeguard against unpredictable federal and state funding.
- Guarantee our journalistic independence from the influences of commercial and governmental pressures.

General Policies

- I. Objective: KUED intends that endowment funds will be invested perpetually and will remain inviolate.
- II. Definitions: There will be two different types of endowment. "True endowments" will consist of funds received with the donor stipulation that the principal remain perpetually intact. "Quasi endowments" shall consist of funds received without donor stipulation that the principal remain perpetually intact, but that KUED intends that the principal remain perpetually intact.
- III. Restricted Use: The term "restricted use" refers to funds received with donor stipulation as to the use or purpose to which the funds, or income therefrom, shall be put. KUED quasi endowment shall consist of funds that are not restricted by the donor. Separate

accounts shall be maintained for any "restricted use" funds.

- IV. Gifts to Endowment: Outright gifts, bequests, and transfers to KUED will be added to true endowments if instructed by the donor or transferor. All unrestricted bequests shall be added to KUED's funds functioning as endowment.
- V. Named Funds: Named endowments are available for contributions of \$25,000 or greater. Depending on the level of support and area being supported, named endowments may be recognized on air or through some other lasting recognition opportunity. Annual reports on use of investment income will be made yearly to donors who have established named endowments.
- VI. Investment Policy: A consistent rate of return, growth of principal, and conservation of the principal value are the paramount investment objectives. The asset base will be protected and expected to yield an average annual net total return of 10% or greater over the long term so that income increases annually by an amount sufficient to offset economic inflation.
- VII. Spending Policy: Annual expendable income shall factor in the rate of inflation before the percentage of annual expendable income is determined. Annual expendable income will, however, be limited to 4% of the endowment's average quarter end market value during the prior 12 quarters for endowment accounts that have a market value above book value. Earnings in excess of 4% will remain invested on behalf of the endowment fund in order that the endowments' purchasing power can be maintained. If an individual endowment account's market value is below book value, only current interest and dividends are distributed.
- VIII. Administration: The principles governing the administration of endowment funds of KUED including the investment policy and spending policy described above are in accordance with the University of Utah investment and spending policies. The Investment Manager of the University of Utah will be responsible for guidelines regarding the investment and use of endowment funds in conformance with the State Money Management Act and other applicable laws and regulations.
- IX. Use of Quasi Endowment Funds: In the event KUED requires funds in excess of amounts payable as described in the spending policy in the form of a loan or direct pay out, a request shall be made to KUED's Chief Financial Officer. Upon recommendation of the Chief Financial Officer, the matter shall be submitted for final approval by KUED's General Manager. This request will only be made or considered under extraordinary circumstances.
- X. If KUED ceases operation, endowment principal will be transferred to the endowment fund of the University of Utah in Salt Lake City, Utah unless otherwise stipulated by the donor.