



## Endowments at Rhode Island College

### About

Rhode Island College Foundation is a separate 501(c) (3) nonprofit corporation established in 1965 that is devoted to raising philanthropic funds solely for Rhode Island College. The foundation also exercises fiduciary responsibility over endowments and other philanthropic investments made to Rhode Island College.

### Endowment

Endowment funds are gifts from donors with the restriction that the principal is not expended but invested for income-producing purposes. Income from endowments can be either restricted or unrestricted, based on donor direction. A portion of the income is available to be expended for the agreed upon purpose and a portion may be reinvested to maintain purchasing power. Funds designated by the Board to function as endowments may be totally expended at any time at the discretion of the Board.

Approximately 80 percent of the Foundation's assets are held in endowment funds that are held in perpetuity to support scholarships and programs of the College. A number of endowment funds were created in honor of or in memory of families and individuals. Additional funds held by the Foundation are designated to be expended in support of College related priorities and programs.

### How to Create an Endowment

The minimum gift to establish an endowment is \$25,000, with payments scheduled over a period of no more than five years.

An endowment can be established in many ways, such as in your own name, a family member's name or in honor/memory of someone special to you.

Through a fund agreement a donor can specify how the endowment income will be used. The income can be directed to a particular school, department or program at the college. It can be used to support scholarships, research, equipment, faculty and or staff positions which provide income.

An endowment can be funded through a variety, or combination, of ways including cash, securities, life insurance, real estate, charitable trusts, antiques or collectibles, gift annuities, bequests or a pooled income fund.

### Investment Portfolio Annual Performance

Foundation Endowment Net Assets as of June 30, 2018 total \$ \$35,721,323

- *June 30, 2018* 9.44%
- *June 30, 2017* 19.30%
- *June 30, 2016* (2.37%)

*Amended July 1, 2019*

## **Rhode Island College Foundation Relevant Policies**

### **Investment Portfolio Management**

The Foundation's portfolio is managed by two outside managers, Fidelity and JP Morgan, who operate within the guidelines established by the Investment Committee of the Board of Directors. The investment managers have complete discretion to manage their portfolios to achieve the investment objectives and requirements set forth by the Foundation's Investment Policy Statement.

The executive director in conjunction with the investment committee is responsible for conducting manager searches, ensuring compliance to the Investment Policy Statement, allocating assets among the investment managers and reporting portfolio performance to the Board of Directors.

### **Spending Policy**

The Foundation has approved a 4 percent annual distribution based on a three year-rolling average of the fair market value. Spending for new endowments shall be deferred until the accumulated income is equal to an expendable reserve of twelve to eighteen months from date of inception. Endowments must be vested for a full year prior to any allocations being made. The annual distribution shall not exceed total return for each endowment. Exceptions are possible with board approval.

This policy is based upon the Foundation's goal that the investments earn a minimum annual return of seven percent. The Foundation expects the current spending policy to allow its endowment to grow at an average of three percent annually. This policy is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

### **Investment Strategy**

The investment strategy for the portfolio is growth and income. This strategy is consistent with a goal of long-term appreciation and modest income. The Foundation has adopted an asset allocation range which will allow portfolio managers to take a long-term approach to the asset allocation decision rather than a short-term market timing strategy.

### **Asset Allocation Policy**

Endowment assets are invested in a combination of cash equivalents, common stocks, fixed income securities and mutual funds. The equity portfolio is invested in broadly diversified large capitalization (cap) companies with a smaller percentage in mid to small cap companies. Fixed income securities have an overall dollar weighted average "A" quality rating. A small portion of the portfolio is invested in global and international mutual funds as a means of achieving greater equity diversification.

**Please visit [ricfoundation.org](http://ricfoundation.org) for more information.**