PROPOSAL: Closing of Quasi-Endowments Valued Less Than $50,000

Background

Over the last year, University Advancement contracted with Plante Moran to complete an audit of the endowed funds held by the Western Michigan University Foundation. Based on recommendations from the review, the new minimum dollar amount to establish a quasi-endowment held by the WMU Foundation is $50,000.

At the upcoming September 23rd Western Michigan University Foundation Board of Directors meeting, action is expected to be taken to close quasi-endowments with a market value of less than $50,000 as of July 1, 2022. Proceeds from the closed quasi-endowment funds will be made available to the appropriate University department and must be expended according to the statement of quasi-endowment for each specific fund when donor-gifted.

The assets of a quasi-endowment (“funds functioning” as endowment) may be totally expended and represent funds that the University rather than a donor or other external agency has determined to treat as permanent capital although there is no legal obligation to do so.

It is anticipated the closure of these lowest-valued quasi-endowments will reduce administrative burden and encourage prompt spending to support the stated purpose of each individual fund.

Recommended Action

It is recommended the Western Michigan University Board of Trustees endorse the anticipated action of the Western Michigan University Foundation closing the 92 quasi-endowments identified in the attached appendix and providing the dollars to the appropriate University department to align spending with the original intent.