APPENDIX A - DEFINITIONS - ENDOWMENT MANAGEMENT POLICY

1.0 PURPOSE

1.1 The definitions in this Appendix define the words used in the Endowment Management Policy.

2.0 DEFINITIONS

2.1 Endowment Fund is a fund made up of individual Endowment Principal Accounts each representing the original value of the donation and additions made for inflation and other capitalized accounts. It is designed for the collection of assets held in perpetuity to support the activities of the University.

2.2 Endowment Income Account means an account that holds the Spending Income Allocations for an Endowment Principal Account. It may include unused spending income from prior years.

2.3 Endowment Principal Account means an account that includes the original capital value of donations to an endowment, with additions made for Inflation Adjustment Factors (annually) and other capitalized amounts as directed.

2.4 Endowment Stabilization Reserve is a reserve to hold limited surplus investment earning to assist in maintaining stability of the annual Spending Income Allocations for Endowment Principal Accounts.

2.5 Fund Administrator is the designated administrator for an Endowment Principal and Income Account. The Fund Administrator is responsible for the effective use of the funds in that account.

2.6 Inflation Adjustment Factor is a capital addition to an Endowment Principal Account calculated as the latest calendar year percentage change in the Consumer Price Index (“CPI”) for British Columbia, times the average Endowment Principal Account balance during the fiscal year.

2.7 Investment Management Expenses are all direct expenses incurred to manage, control and report on the investment activities of the Endowment Funds. This includes custodial expenses,
investment management fees, performance measurement fees, and auditing or other specifically related fees.

2.8 **Spending Income Allocation** is an amount calculated annually by applying the Spending Income Allocation Rate \( t \) to the average monthly Endowment Principal Account balance during the fiscal year.

2.9 **Spending Income Allocation Rate** is the percentage rate set by the Board of Governors pursuant to section 5.4 of the Endowment Management Policy, to determine the annual amount to be made available for expenditure in the Endowment Income Account.

2.10 **Terms of Reference** are the management and administration procedures for each Endowment Principal and Income Account which are set out in a legally binding document entitled *Terms of Reference*. 

