

DRAFT DISCLOSURE-FSP 117-1: “Interpretation of Relevant Law”

*In approving endowment, spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Trustees of [University], as authorized by the [state law], has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the [University], including University Counsel, and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary.*

*As a result of this interpretation, for accounting and financial statement purposes, the [University] classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.*

*The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified for accounting and financial statement purposes in accordance with requirements of the Financial Accounting Standards Board and the law.*

General Information on FAS 117-1

FAS 117-1 is entitled *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds.*

The disclosure requirements apply to all not-for-profit organizations whether or not the organization operates in a state subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).