How is an endowment fund created?

Tell Me

1. An endowment fund is created when funds are given to an institution by donors who have stipulated that, as a condition of the gift, its principal may not be spent but rather must be retained in perpetuity.
2. The donor restricts the use of the income earned to be spent for a particular purpose, and the institution must comply with the donor’s instructions.
3. An endowment agreement reflects the specific instructions by the donor and is signed by the donor and University representatives.
4. Once the agreement is fully executed, the department initiates a request for a new Banner fund number to identify the specific endowment agreement in the financial records.

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