CENTENARY COLLEGE OF LOUISIANA STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

Updated October 15, 2015

INTRODUCTION

This statement of investment policies and objectives governs the investment management of the Centenary College of Louisiana Endowment Fund (the "Endowment") and will be effective until modified as conditions warrant by the Financial Integrity Committee (the "Committee"). Both the Board and investment advisors are expected to propose revisions in the guidelines whenever the existing guidelines would impede meeting the Endowment's investment and prudent fiduciary objectives.

This policy complies with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that was made law by the Louisiana Legislature and effective as of July 1, 2010, which Act is hereby made a part hereof by reference. Louisiana's UPMIFA prescribes the guidelines for expenditure of donor-restricted endowment funds (in the absence of overriding, explicit donor stipulations). UPMIFA focuses on the entirety of a donor-restricted endowment fund, both the original gift and the net appreciation. UPMIFA eliminates the historic dollar threshold below which a fund may not be reduced and clearly states that it is the fiduciaries' main responsibility to ensure the duration and preservation of the endowment fund.

In accordance with the UPMIFA statute, the College shall manage and invest the Fund in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. The College shall use the following criteria to determine whether to appropriate or accumulate funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The total return from income and appreciation of the investments
6. Other resources of the College
7. The investment policies of the College

<u>Risk Tolerance</u>

The following statements reflect the Committee's understanding of current and expected capital market risk as well as measures adopted to control undue portfolio volatility:

1. The Committee recognizes that the primary fiduciary obligation regarding the Endowment is the duration and preservation of the endowment fund.
2. The Committee's primary objective is to maximize the inflation-adjusted principal value of the Endowment to meet current and future spending requirements.
3. The Committee fully recognizes the likelihood of periodic market declines and is willing to accept the possibility of some short-term declines in market value in order to achieve potentially higher long-term investment returns.
4. The Committee will consider investments appropriate for the Endowment based on thorough research and consultation with its investment consultants and other outside professionals. Assets of the Endowment are to be diversified to protect against large investment losses and to reduce the probability of excessive performance volatility.
5. Diversification of assets is to be achieved by allocating monies to various asset classes and investment styles within asset classes. Consistent with the statute, the College shall diversify the investments of an endowment fund unless the College reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.
6. Asset allocation will be structured after consultation with the investment consultants and other outside professionals to minimize downside volatility while maximizing return at an acceptable risk level.
7. A reasonable time horizon for evaluating total Endowment investment performance shall be long-term. Time frames for evaluating the performance of investment managers should approximate a market cycle.

A. INVESTMENT OBJECTIVES

The overall **financial objectives** of the Endowment are (1) to support the current and future operations of Centenary College of Louisiana (the "College"), (2) to preserve and enhance the purchasing power of the Endowment, and (3) adhere to the donor's purposes for such Endowment. To accomplish these goals, the Endowment must generate *real* returns from investments equal to, and preferably greater than, its spending rate over the long term. The spending rate is defined in the appendix.

Thus, the **investment objective** of the Endowment is to attain an average annual real total return[1] (net of investment management fees) in excess of the spending rate over the long term (rolling five-year periods). It is recognized that the real return objective will be difficult to attain in every five-year period, but should be attainable over a series of five-year periods.

B. PORTFOLIO COMPOSITION AND ASSET ALLOCATION

1. The Endowment consists of three major sub-pools:
   a. Common Pool – these are all Endowments and associated funds that are not included in the Louisiana Board of Regents funds (see Section 1b) and Beneficial Trusts Held by Others (see Section 1c).
   b. Louisiana Board of Regents Endowed Chair, Endowed Professorships, and Endowed Scholarships ("ESEPS") – These assets are funded partially (60%) by Centenary College and partially (40% match) by the Louisiana Education Quality Support Fund. These funds are subject to the Statement of Investment Policy and Objectives as outlined by the Board of Regents that governs the management of these programs' investment assets. That Statement of Investment Policy and Objectives is attached as Appendix C.
   c. Beneficial Trusts Held by Others ("THBO") – Centenary College is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the College. The College's financial statements account for these trusts since the College has the legally enforceable rights or claims to such assets, including the right to income from such trusts. While these trusts are considered part of the College's Endowment Fund, these assets are managed under the guidelines and policies outlined in the associated trust agreements as well as the trustee's own investment guidelines and, where applicable, investment guidelines established by the Committee.

2. To achieve its investment objective, the Endowment shall be divided into two parts: **"Growth Drivers"** and **"Risk Reducing Assets"**. It should be noted that the division of the Endowment into these funds is conceptual and need not be related to the division of assets among outside investment advisors. The purpose of dividing the Endowment in this manner is to ensure that the allocation among asset classes remains subject to the regular scrutiny of the Committee, is reviewed annually, and is not allowed to become the residual of separate manager decisions. Over the long run, the allocation between the **Growth Drivers and Risk Reducing Assets** is expected to be the single most important determinant of the Endowment's investment performance.

3. The purpose of the **Growth Drivers** (common stocks, other alternative equity investments, and other strategies that take some directional market risk in order to generate return) is to provide a total return that will provide for growth in principal and current income (along with income from fixed income and other Risk Reducing Assets) sufficient to support spending requirements, while at the same time preserving and enhancing the purchasing power of the Endowment's assets. The Committee has determined that a long-term allocation of 67% to Growth Drivers should be adequate for this purpose. It is recognized that Growth Drivers generally entail the assumption of greater market variability and risk than Risk Reducing Assets.

[1]Real total return is the sum of capital appreciation (or loss) and current income achieved in the form of dividends and interest adjusted for inflation as measured by the Consumer Price Index (on interim periods) and the Higher Education Price Index (at fiscal year-end).

4. The primary purpose of **Risk Reducing Assets** (bonds, cash, absolute return strategies and inflation-sensitive assets) is to A) smooth the return stream of the total Endowment through strategies with low correlations to equity markets, B) hedge against macroeconomic risks that threaten the purchasing power of the Endowment. The purpose of absolute return strategies is to provide a low-volatility return stream uncorrelated to equity markets. The purpose of fixed income is to serve as a partial hedge against periods of prolonged economic contraction and to decrease the probability that the Endowment will be forced to liquidate equity securities at depressed prices to meet spending requirements. The purpose of marketable inflation-sensitive assets is to provide a source of income during unanticipated spikes in inflation, when both equity and bond prices become depressed. The Committee has determined that a long-term allocation of 33% to Risk Reducing Assets should be adequate for this purpose.

5. The Endowment will be diversified both by asset class and within asset classes (e.g., within equities by economic sector, industry, quality, and size). The purpose of diversification is to enhance returns and reduce the risk of significant declines in the market value of the Endowment.

6. After assessing how much risk the College can tolerate, the Committee has adopted a long-term asset allocation policy that is embodied in the following "Policy Portfolio". These asset allocations are for the Endowment as a whole. However, asset allocations within the ESEPS and THBO sub-pools (see Section I above) are subject to the investment and trust guidelines applicable to such sub-pool or underlying endowments. The Common Pool is therefore the only pool over which the Committee has complete discretion. The Committee recognizes the need for the Common Pool's allocation to bring the combined assets' allocation in line with the desired split between Growth Drivers and Risk Reducing Assets described above, while simultaneously ensuring preservation of purchasing power within the Common Pool as a separate entity.

   The target allocations below A) ensure that total assets conform to the desired split between Growth Drivers and Risk Reducing Assets described above, B) ensure each sub-pool is able to maintain its relative level of support to the College over time, and C) conforms to all guidelines and trusts governing each pool. The Committee may adjust these allocation percentages from time to time consistent with the objectives of this policy statement

	Pool Name				**Allowable Ranges**
	Common	**ESEPS**	**Trusts**	**TOTAL**	**TOTAL**
Growth Drivers	**71%**	**61%**	**50%**	**64.5%**	**60 - 75**
US Equity	20%	22%	20%	21%	15 - 30
Intl Equity	15%	12%	17%	14%	10 - 20
EM	10%	10%	3%	9%	5 - 12
Long/Short Equity	11%	7%	10%	9.5%	8 - 15
Private Investments	10%	5%	0%	7%	0 - 8
Illiquid Inflation Hedge	5%	5%	0%	4%	2 - 7
Risk Reducing Assets	**29%**	**39%**	**50%**	**35.5%**	**25 - 40**
US Fixed Income	5%	16%	29%	12%	10 - 20
Global Fixed Income	5%	10%	2%	6%	3 - 10
Absolute Return	14%	8%	10%	11.5%	6 - 12
Marketable Inflation Hedges	5%	5%	5%	6%	2 - 10
Cash	0%	0%	5%	0%	0 - 5

7. Additions to principal shall be allocated by the Vice President for Finance & Administration subject to the authority of the Committee. As a general rule, new cash will be used to rebalance the total Endowment in the direction of the targets set forth in the Policy Portfolio, subject to any applicable donor restrictions. The rebalancing process will generally be reviewed quarterly, and must be reviewed at least annually.

8. Authority for approving any changes to the investment policy, including asset allocation targets, is vested in the Financial Integrity Committee. Implementing the policy, including rebalancing and manager hiring or firing, is the responsibility of the investment consultant. Any rebalancing or manager adjustments made to the portfolio between regular meetings of the Financial Integrity Committee will be communicated to the Vice President of Finance and Administration immediately and to the Committee at the next scheduled meeting.

C. GUIDELINES FOR GROWTH DRIVERS

1. The Committee has adopted a Policy Portfolio that has target of 64.5% to Growth Drivers and seeks to achieve this objective without exposing the Endowment to unacceptable levels of systematic (domestic stock market) risk. In addition to domestic and foreign marketable securities, Growth Drivers may be include, at the discretion of the Committee, other forms of equity investments with the objective of enhancing returns and/or reducing the fund's volatility. Over time, when valuations are judged attractive, the Committee will seek to diversify Endowment equity holdings to include a variety of asset classes and/or vehicles that exhibit low performance correlations with the S&P 500. This includes Real Estate Investment Trusts, long/short equity strategies, and private equity.

2. The return objective for **Growth Drivers** is to provide a superior risk-adjusted return (net of fees) to the MSCI All Country World Index Performance will be monitored on a regular basis and evaluated over rolling five-year periods. It is recognized that the return objective may be difficult to attain in every five-year period, but should be attainable over a series of five-year periods.

3. Common stocks of the **Growth Drivers** portfolio will be broadly diversified according to economic sector, industry, number of holdings, and other investment characteristics. Diversification will be achieved at the fund level and not necessarily at the level of individual stock portfolios. To produce overall diversification, equity and common stock managers may be selected to employ different equity management philosophies that together achieve the desired degree of diversification. Portfolios will be monitored for adherence to these philosophies

4. Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover and the other tools employed by active managers are left to broad manager discretion, subject to the usual standards of fiduciary prudence.

5. Equity managers may, at their discretion, hold investment reserves of either cash equivalents or bonds, with the understanding that performance will be measured as described in paragraph C.2. above.

D. GUIDELINES FOR RISK REDUCING ASSETS

1. The risks addressed by the Risk Reducing Assets allocation include:

   a. Volatility: diversifying among assets and strategies with low correlations to equity markets will smooth the Endowment's return stream, allowing for more predictable payout and enhancing compound returns.
   b. Deflation/Economic Contraction: As a partial hedge against economic contraction, a commitment to high quality, non-callable intermediate-to-long duration bonds should be maintained. This is intended to enable the Endowment to maintain spending without forced sale of equities at depressed prices.
   c. Inflation: Similarly, liquid inflation-sensitive assets should be maintained in order to provide a source of spending during unexpected spikes in inflation without forcing the College to sell depressed equities or bonds.

2. The return objective of **Risk Reducing Assets** is to outperform (net of fees) the Barclay's Capital Aggregate Bond Index. Performance will be monitored on a regular basis and evaluated over rolling five-year periods. It is recognized that the return objective may be difficult to attain in every five-year period, but should be attainable over a series of five-year periods.

3. With the exception of obligations of the U.S. Government and its agencies, no purchase will be made that will cause more than 5% of the fixed income allocation to be invested in the securities of any one issuer. The average quality of the **Fixed Income Fund** must generally be AA or higher and must never fall below A, although investment in securities rated below investment grade (BB or below) may be made subject to a limit of 15% of the **Fixed Income Fund** provided that the entire portfolio meets the average quality objective. Cash equivalents should be placed with issuers whose commercial paper is rated "A-1" or "P-1," or bond ratings of "A" or better.

4. Within fixed income investments, derivative securities may be used to hedge the portfolio's investment risk or to replicate an investment that would otherwise be made directly in the cash market. Financial leverage is prohibited. Fixed income managers must have in place systems to rigorously analyze and monitor duration, liquidity and counter-party credit risk to minimize derivative risks.

E. GUIDELINES FOR TRANSACTIONS

As a general guideline that should apply to all assets managed, transactions should be entered into on the basis of best execution, which is interpreted normally to mean best-realized price.

F. MONITORING OF OBJECTIVES AND RESULTS

1. All objectives and policies are in effect until modified by the Committee. They will be reviewed at least annually at a meeting of the Committee for their continued appropriateness.

2. If at any time a manager believes that any guideline inhibits its investment performance, it is the manager's responsibility to clearly communicate this view to the Committee.

3. Both the Endowment and the individually managed portfolios will be monitored on a continual basis for consistency in each manager's investment philosophy, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. The Committee on a quarterly basis will review portfolio results, but results will be evaluated over rolling five-year periods. However, the Committee will regularly review managers in order to confirm that the factors underlying performance expectations remain in place.

4. Each investment manager will report the following information quarterly: total return net of all commissions and fees, returns for the equity and fixed income portions of the account and additions and withdrawals from the account. Separate accounts will also provide current holdings at cost and at market value, and purchases and sales for the quarter. Regular communication concerning investment strategy and outlook is expected. Additionally, managers are required to inform the College of any significant change in firm ownership, organizational structure, professional personnel, account structure (e.g., number, asset size and account minimums), or fundamental investment philosophy.

APPENDIX A

SPENDING POLICY

The spending policy is meant to ensure that the Endowment's purchasing power (real value) will be maintained over time by keeping the long-term rate of annual spending from the Endowment equal to or less than the long-term real (inflation-adjusted) investment returns of the Endowment. The Board notes that the spending rate is the one lever over which it can exercise true control toward increasing the Endowment's value and that near-term spending restraint will enable greater spending flexibility over the long term.

The Board will review endowment spending each year in conjunction with the annual planning process and will establish fiscal year endowment spending at a level that anticipates current and expected investment returns. This policy allows for maximum fiscal year spending of 5.0% of the average market value of the endowment funds for the 20 quarters ended December 31 of the prior calendar year.

As a general matter, the Committee will review spending policy and practices at least every year to ensure that the policy remains aligned with financial objectives.

Appendix B MANAGER XXX

(EXAMPLE) INVESTMENT

Guidelines

I. [Investment manager, denoted as "XXX' in this appendix] will manage the College's account on a separate basis, using its ...... strategy. The portfolio will be created through .... (brief description of XXX's investment process).

II. The College's account will be well diversified with xx to yy stocks selected from the top of XXX's universe. Securities of companies with market capitalizations of (less or more) than $yyy million will not be purchased, and securities of companies with market capitalization of less than $1 billion will be limited to 5% of the portfolio at the time of purchase. The portfolio will typically be fully invested, though XXX may hold bonds or cash-equivalents if market conditions warrant it. Although no limit is placed on the amount of bonds or cash-equivalents the portfolio may hold, XXX will be expected to inform the College's Vice President for Finance & Administration if the allocation exceeds 10% of the market value of the portfolio.

III. The portfolio investment return is to outperform the S&P 500, net of commissions and management fees, when measured over rolling five-year periods. The Board will consider the total return (net of fees) produced by the College's account, regardless of whether the investment return consists of capital appreciation or income. In addition, performance will be measured relative to the Cambridge Associates common stock manager median. Comparisons will also be made with the composite account returns reported by XXX to Cambridge Associates as representative of the performance of all of its discretionary relationships. While at times the manager may invest a portion of the portfolio in bonds or cash equivalents, the performance of the portfolio will nonetheless be measured against the above-mentioned all-equity benchmarks.

IV. The average annual turnover of the portfolio is expected to be not more than yy%, except in unusual market conditions.

V. With regard to cash-equivalent investments, there will be no investment in bankers' acceptances, in commercial paper rated less than "P-1" by Moody's Investors Services or less than "A-1" by Standard & Poor's, or in certificates of deposit issued by commercial banks except those banks with debt ratings of "A" or higher and Keefe, Bruyette and Woods BankWatch ratings of A or B (with country ratings of I or II for non-U.S. banks). Such banks should have ready access to world capital markets, a demonstrated record of profitability (including the avoidance of recent major loan losses) and a sizable ongoing certificate of deposit issuance or deposit collection program. Investments in corporate bonds shall be only in securities rated "A" or higher by Moody's or Standard and Poor's.

VI. XXX will provide the Board with quarterly reports that include the following: total return (on a time-weighted basis); additions and withdrawals from the account; current holdings at cost and at market; and purchases and sales for the quarter. Regular communication concerning investment strategy and outlook is expected.

VII. XXX may not sell securities short, buy securities on margin, borrow money or pledge assets, or buy or sell uncovered options, commodities, or currencies within this account.

VIII. Except under unusual circumstances, all transactions will be entered into on the basis of best execution, which means best realized net price.

IX. XXX is obligated to suggest and support revisions to these guidelines when it concludes that these guidelines would adversely affect the College's performance. Additionally, XXX is required to inform the Board of any material change in any of the following: fundamental investment philosophy, professional personnel, ownership, organizational structure, or account structure.

XXXX, 20XX

Appendix C

LOUISIANA BOARD OF REGENTS

ENDOWED CHAIR, ENDOWED PROFESSORSHIP, AND ENDOWED SCHOLARSHIP PROGRAMS

Statement of Investment Policy and Objectives

The constitutional amendment which created the Louisiana Education Quality Trust Fund (LEQTF) and the Louisiana Education Quality Support Fund (LEQSF) charged the Louisiana Board of Regents ("Regents") with allocating revenues available from the LEQSF to four broad program categories. The Endowed Chair, the Endowed Professorship, and the Endowed Scholarship Programs are funded within those categories. This Statement of Investment Policy and Objectives ("Statement") governs the management of the Endowed Chair, the

Endowed Professorship, and the Endowed Scholarship Programs' (collectively, "Program") assets, including the funds contributed by the Regents and the funds contributed by educational institutions ("Participants") participating in the Program (collectively, "Program Assets"). An Endowed Chair provides a permanent endowment beginning with $1 million, an Endowed Professorship provides a permanent endowment beginning with $100,000, and an Endowed Scholarship provides a permanent endowment beginning with $100,000 for 4 year institutions and $50,000 for 2 year institutions. These endowments are generally created by non-state contributions to the university that equal 60% of the Endowment and are matched with funds from the Regents that equal 40% of the Endowment. Endowed Chairs may be established in multiples of $1 million, Endowed Professorships may be established in multiples of $100,000, and Endowed Scholarships may be established in multiples of $100,000 or $50,000 as applicable.

In accordance with prudent management principles for endowed funds, the investment and expenditure of Program Assets shall comply with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as well as any additional restrictions contained herein. UPMIFA provides robust guidance through a set of standards and criteria that unifies both investment and expenditure decisions. UPMIFA became effective in Louisiana as of July 1, 2010, as defined in Louisiana Revised Statute 9:2337.1-10.

It is recognized that Participants with relatively small amounts of these endowments and with limited staff resources may be challenged by the administrative and investment-related issues involved in managing a diversified portfolio. Accordingly, such Participants may choose to seek collaboration with another Participant for the purpose of pooling investments. Nothing in this Statement of Investment Policy and Objectives shall limit the fiduciary responsibility of Participants.

The responsibility for the implementation of the policy and guidelines set forth in this Statement rests with the Finance Committee ("Committee") of the Regents. Specific guidelines for individual accounts managed by investment advisors and other Program documentation may be attached as appendices to this Statement by Participants, provided they do not conflict with this Statement.

A. FINANCIAL AND INVESTMENT OBJECTIVES

1. The primary financial objective of the Program Assets is to be a source of funds provided through return on the invested capital for the current and future support of the Program. Implicit in this objective is the financial goal of preserving purchasing power of the Program Assets.

2. More specifically, the long-term objective of the investment of the Program Assets is to attain an average annual real total return at or above the level of spending and fees. Real total return is investment return (gains and losses, realized and unrealized, as well as earnings) minus inflation. Inflation is measured by the change in the Consumer Price Index - Urban (CPI-U).

B. SPENDING POLICY

1. Annual spending must be determined by each Participant in accordance with UPMIFA. However, the market value of each endowment at the end of the most recent fiscal trust fund year must exceed the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal trust fund year for which a spending allocation is to be made. When the current market value of each endowment is below the original corpus of that endowment, no spending is allowed. The amount of annual spending allowed above for the Endowed Scholarship may be divided among multiple recipients, provided that each student receives at least $1,000 per year at 4 year institutions or at least $500 per year at 2 year institutions.

2. Also in accordance with UPMIFA, Participants may assess an appropriate usual and customary fee on Program Assets.

C. PORTFOLIO COMPOSITION AND ASSET ALLOCATION

1. To achieve the long-term investment objective, the Program Assets shall be invested in accordance with UPMIFA and appropriately diversified across such categories as asset class, geography, and market capitalization.

2. Permissible Investments
   a. Publicly traded debt securities
   b. Publicly traded equity securities
   c. Alternative Investments managed by an external investment manager
      i. Real Estate Investment Trusts (REITs)
      ii. Hedge Funds
      iii. Private Equity and Private Debt

3. Restrictions

   a. In accordance with Article VII, Section 14 (B) of the Constitution of Louisiana, no more than 74% of the Program Assets may be invested in equity. For the purpose of this limitation, publicly traded equity and alternative investments shall be considered equity.
   b. A minimum of 26% of the Program Assets will be held in Fixed Income investments.
   c. No more than 50% of publicly traded equity may be foreign equity
   d. No more than 50% of publicly traded debt may be foreign debt
   e. Publicly traded debt must maintain an average credit quality of at least "A" as determined by Moody's, S&P, or Fitch.
   f. No more than 5% of publicly traded debt may be invested in any single issuer with the exception of securities issued by the U.S. Government or its agencies

g. No more than 25% of Program Assets may be invested in Alternative Investments

   i. No more than 10% of Program Assets may be invested in REITs
   ii. No more than 15% of Program Assets may be invested in Hedge Funds
   iii. No more than a 10% of Program Assets may be invested in Private Equity and Private Debt combined based on committed capital.

h. Leverage and the speculative use of derivatives are prohibited at the Participant level, yet are permissible for external alternative investment managers.

D. INVESTMENT MANAGEMENT STRUCTURE

The Participants may choose and monitor the investment manager(s) for their respective portions of the Program Assets. Each investment manager has discretion to manage the assets in each particular portfolio to achieve the investment objectives within the guidelines set forth in this policy and in any separate manager guidelines not contrary to this Statement adopted by the Participants.

E. PERFORMANCE AND MONITORING OBJECTIVES

1. The investment performance of the Program Assets is to be measured against benchmarks constructed to reflect the asset classes contained in each Participant's portfolio.

2. Each investment manager's portion of the Program Assets will be monitored by the Participant for consistency with that manager's investment philosophy, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. The Participants will review portfolios on an annual basis, but investment results will be evaluated in accordance with Section A and E.1.

F. GUIDELINES FOR TRANSACTIONS

1. The Participants will be responsible for communicating the guidelines set forth in this Statement and the individual Participant's investment plans and financial needs to the investment managers.

2. As a general rule that applies to all assets managed, transactions should be entered into on the basis of best execution.

G. STATEMENT REVIEW

This policy should be reviewed biennially for its continued appropriateness. The Investment Policy Advisory Committee (IPAC), which shall consist of two representatives from each public higher education system and two representatives from the Louisiana Association of Independent Colleges and Universities (LAICU), shall be responsible for making recommendations for revision of this policy to the Regents, the Committee, and the Commissioner of Higher Education on behalf of the postsecondary education community.

H. REPORTING REQUIREMENTS

1. Annual reporting forms developed by the Regents must be submitted no later than October 1st of each year or the end of the third month following the end of the fiscal trust fund year. The reports will reflect the activities of each Endowed Chair, Endowed Professorship, and Endowed Scholarship. These reports will be reviewed by the Regents' staff.

2. The Participant shall contract annually with an independent auditor or the Legislative Auditor to make the following representations and certifications regarding the Program. The auditor should certify that:

   a. The Program Assets have been managed in compliance with the provisions in this Statement.
   b. The annual financial reports for the Program submitted to the Regents were accurate and agreed to the accounting records of the foundation and/or institution.
   c. The proceeds of the endowed chairs were used in accordance with the provisions as set forth in the Board of Regents Endowed Chair Program Policy, the proceeds of the endowed professorships were used in accordance with the provisions as set forth in the Board of Regents Endowed Professorship Program Policy and the proceeds of the endowed scholarships were used in accordance with the provisions as set forth in the Board of Regents Endowed Scholarship Program Policy. The foundation, if applicable, is operating under and has complied with all provisions of a funds management agreement with its respective university. Investment earnings generated from pooled assets involving Endowed Chairs, Endowed Professorships, or Endowed Scholarships have been properly allocated to the chairs, professorships or scholarships in accordance with this Statement.
   d. The value of the state funds held by the foundation, if applicable, as reported in its financial statements is equal to the amount recorded in the university's books.

3. A copy of the above report along with a plan to address any findings shall be sent to the Finance and Administration Division of the Regents with a copy also sent to the appropriate management board by October 31st of each year or the end of the fourth month following the end of the fiscal trust fund year. In addition, if Program Assets are held by a foundation associated with a public institution of higher education, the report shall also be forwarded to the Legislative Auditor's office.

I. EFFECTIVE DATE

This revised Statement was adopted on January 26, 2012.

The effective date of this Statement is January 26, 2012.