



<b>SUBJECT:</b> Spending Policy on Endowed Funds  <b>Responsible Authority:</b> Asst. VP Finance and Administration, FAU Foundation, Inc.  <b>Scope:</b> Defines the prudent oversight of Foundation resources and donor stewardship	<b>Effective Date:</b> 06/24/2013	<b>Policy Number:</b> 16	
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**General Foundation Policy on Endowed Funds**

The Florida Atlantic University Foundation, Inc. will be guided by the principle that the corpus of all endowed gifts and any associated state match may not be spent.

**Spending Allocation Rate**

Current Spending Rate approved by Foundation Board for 2012-2013: 3.9%  
 Current Administrative fee approved by Foundation Board for 2012-2013: 1.7%

Given the current market conditions, the expected long-term investment return rate, and inflation, the Foundation Board plans to gradually reduce the spending rate and administrative fee over the next ten years. The goal of such action is to ensure long-term integrity of each endowed fund by protecting and increasing each fund’s purchasing power.

**Highlights of Spending Policy**

**Carry Forward Limit (CFL)**

Any fund with a cash balance on March 31 greater than or equal to 8 quarters of spending will receive no spending allocation. Any fund having less than 8 quarters of spending will receive the lesser of one year spending allocation or the spending allocation needed to reach the carry forward limit (i.e., the maximum cash permitted to accumulate in an endowed fund’s expendable account.)

**One-year Hibernation on all new funds**

Any new endowed fund must remain in the endowment pool for four (4) full quarters from the date the full contribution is received before making any distribution or applying administrative or investment fees on the endowed fund.

**No Spending Distribution**

If there are no available resources in a fund's Market Appreciation account, the fund will not receive a spending distribution or be charged any fees. The primary donor(s) and the fund manager(s) will be notified that no funds will be distributed for the upcoming year based on this policy.

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**FAU Foundation**

*Initiating Authority:*

*Chief Executive Officer*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: Danita D. Nias

*Chairman*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: Patricia McKay

*Asst. VP Finance and Administration*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: Sharon Brown