



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

FAU Foundation

Initiating Authority:

Interim Chief Executive Officer

Signature: _____ Date: _____

Name: David Kian

Chairman

Signature: _____ Date: _____

Name: Patricia McKay

Asst. VP Finance and Administration

Signature: _____ Date: _____

Name: Sharon Brown