



CalPolyPomona

Philanthropic
Foundation

POLICIES AND PROCEDURES

**Subject: Administration of Program,
Scholarship, Endowment, and Event Funds**

**Policy No. 503
Date: 02/2023**

PURPOSE

To provide guidance for the administration of Program, Scholarship and Endowment Funds. The Cal Poly Pomona Philanthropic Foundation provides essential fundraising and financial-management services that benefit the entire university. To cover expenses, the Foundation relies on a mix of revenue sources; these include investment earnings, endowment-management fees and gift fees.

POLICY

All gifts and funds will be subject to the following fees. The gift fee is charged at the time the gift is received.

Foundation Program Funds – represent funds invested by the Foundation per the [General Investment Policy #501](#) in support of University activities.

1. No administrative fee will be assessed on all expenditures processed, including transfer of funds, and accounts payable disbursements to provide support to the general fund of the Foundation.
2. All donations will be assessed a gift fee of 5%.

Scholarships Funds – represent funds invested by the Foundation per the [General Investment Policy #501](#) that are restricted only for the distribution of scholarships.

1. No administrative fee will be assessed on all expenditures processed, including transfer of funds, and accounts payable disbursement.
2. All donations will be assessed a gift fee of 5%.

Endowment Funds – represent funds invested per the Foundation [Endowment Investment Policy #502](#).

1. The Cal Poly Pomona Philanthropic Foundation may distribute an amount up to 4% of the market value of each endowment fund based on the 12-quarter moving average market value. The valuation date shall be September 30 for the following fiscal year's distribution. Once the annual spending distribution is calculated, the Foundation shall transfer the funds into the general operating investment pool during the current fiscal year.

At the time of valuation, no distribution will be made from an individual endowment if its market value is equal to or less than 90% of its corpus. Partial distributions will be made as long as a distribution shall not cause the market value to drop below 90% of the corpus (e.g. if an endowment's market value is 92% of the corpus, a partial distribution of 2% of the corpus will be made.)

New endowments can receive a distribution in the first year of investment in the endowment pool, so long as the distribution shall not cause the market value to drop below 90%.

2. The endowment funds will be assessed an annual administrative fee of seventy-five basis points (0.75%). If the annual earnings are less than 0.75%, fees will first be recovered from prior undistributed earnings and if no available prior year earnings, then from corpus.
3. All donations will be assessed a gift fee of 5%.

Endowment Funds Terms – all endowments are invested in an activity managed portfolio.

1. Quasi Endowment

The principal/corpus of a quasi-endowment is established by the needs of the institution. Quasi-endowments function as an endowment, but without legal restrictions established by a donor agreement to hold the fund permanently.

2. True (Permanent) Endowment

Are funds established in accordance with donor criteria and restrictions, fund must exist in perpetuity.

3. Term Endowment

Funds are similar to true (permanent) endowments, except that, upon the passage of a stated period (or time) or the occurrence of a particular event, all or part of the donation may be expended. True and term endowments are collectively referred to as 'donor restricted' transactions.

Endowment Operating Funds – represent funds invested by the Foundation per the [General Investment Policy #501](#).

1. No administrative fee will be assessed on all expenditures processed, including transfer of funds, and accounts payable disbursements to provide support the general fund of the Foundation.
2. All donations will be assessed a gift fee of 5%.

Endowment "Buildup" Funds – represent funds invested by the Foundation Endowment Investment Policy #502.

1. Funds will be placed in a quasi-endowment to build up to the minimum threshold required to permanently endow. The minimum threshold will be based on the corpus, or the funds committed by the donor, not the earnings or losses as a result of being invested in the market. No expenditures may be made during the buildup during the buildup period. Once the minimum endowment threshold is met, the fund will be moved to a True (Permanent) Endowment. The buildup funds will be reviewed 5 years after inception to see if the minimum threshold has been met and will be moved to establish a permanent endowment, or the funds will be spent down and closed.
2. All donations will be assessed a gift fee of 5%.

Quasi Endowment Funds – represent funds invested per the [Foundation Endowment Investment Policy #502](#).

1. Quasi Endowments are donations made for a specific purpose which are intended to be spent at some time in the future or after an occurrence of an event (large pieces of equipment, capital projects, etc.), and to not be considered as a current expenditure operating account.
2. Quasi endowments will be invested along with other funds in the Endowment Investment Pool. They will be subject to the same rules as other endowments for account minimums, annual distributions and administrative fees. Annual distributions can be spent or re-invested. Ninety-day notice is required prior to requested distribution.
3. The initial contributed value of the Quasi Endowment account must be invested for a minimum of five years prior to expenditure of the fund balance. Additional contributions can be made to the account at any time.
4. Any exceptions to the time requirement must be approved by the Chief Executive Officer or the Chief Operating Officer.
5. All donations will be assessed a gift fee of 5%.

Event Management Fund – represent funds invested by the Foundation per the [General Investment Policy #501](#).

1. All fundraising events must use the event management fund and once the related expenses have been paid, the net revenue will be transferred to the appropriate, benefiting Philanthropic Foundation account identified in the Fundraising Event Approval Form. No administrative fee will be assessed on all expenditures processed, including transfer of funds, and accounts payable disbursements to provide support to the benefited program(s).
2. All donations will be assessed a gift fee of 5%.

Philanthropic Grants – represent philanthropic dollars typically coming from private and public foundations and may receive, at the foundation's discretion, administration similar to that of government grants to ensure good stewardship.

1. Nonprofit organizations, corporations, and foundations that have written board-adopted policy that prohibit fees may submit such documentation for a waiver consideration.

Waiving of Gift Fees

Waiving fees is not permitted by policy and by doing so would create inequality for all other gifts received by the Cal Poly Pomona Philanthropic Foundation Inc. In extraordinary circumstances, the CEO of the Cal Poly Pomona Philanthropic Foundation may review fee adjustment waivers and has the authority to change or waive the gift fee on a case-by-case basis.

The Cal Poly Pomona Philanthropic Foundation Board will review fee policy periodically and reserves the right to modify fees as appropriate.