

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.

Endowment Allocations and Administrative Fees Policy

Approved by Foundation BOD March 10, 2011

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Revised & Approved December 8, 2011 (rates)

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Revised & Approved December 8, 2021 as Appendix B to Statement of Policy and Investment Objectives (rates also approved - no change)

I. ENDOWMENT ALLOCATION POLICY

General Purpose:

The University of West Florida Foundation Investment Committee manages the endowment allocation rate annually to ensure intergenerational equity in applying funds for the donors' intended purpose.

Endowment Allocation:

The allocation rate is calculated on a three-year average of the market value of the endowments as of June 30. Spending is awarded for endowments (>\$25k) after a one year waiting period. Donors are encouraged to provide separate funding if spending (i.e. a named scholarship award) is desired prior to the end of the waiting period. For the FY17-18 academic year, the approved spending rate is four percent (4%).

Underwater Endowments:

The University of West Florida Foundation strives to balance the donor's desire to fund current program, faculty, and scholarship needs with the commitment to preserve over time the donor's gifts to the endowment corpus. Furthermore, the Foundation takes seriously its responsibility to provide prudent fiduciary management, oversight of the endowments, and intergenerational equity. However, the Foundation is aware that despite utilizing a well diversified investment portfolio strategy and the best good faith efforts of its Board members there will be times when the fair market value of an endowment may fall below the endowment corpus value creating underwater endowments. In the event an endowment falls underwater, the Foundation will use a 25% step down allocation method to slow the allocation from the endowment. For each 10% an endowment is underwater, the endowment allocation (exclusive of the operating allocation) will be reduced by 25%. For example, an endowment 9% underwater would receive 75% of its endowment allocation as calculated using the formula above and an endowment 14% underwater would receive 50% of its endowment allocation as calculated using the formula above, and so forth. Any endowment more than 30% underwater will receive no endowment allocation. The intent of this policy is to attempt to continue to provide allocation to support the scholarships, programs, and faculty as designated by the donor and within the limits of Florida laws, while also allowing the endowment to recover more quickly from economic downturns.

II. ADMINISTRATIVE FEES

General Purpose:

The Foundation strives to utilize an equitable fee structure to fund the cost of operations. Administrative fees are used to fund the tasks associated with pursuing, managing and investing the various types of funds held by the Foundation. These fees are essential support necessary to The University of West Florida Foundation's overall operation. The fee structure and rates are reviewed annually by The University of West Florida Foundation Investment Committee.

- **Management Fees Charged to the Endowments (Operating Budget):**

Because of the long range nature of the invested assets of the endowments, the Foundation assesses a management fee on market value of all endowments. This fee is used for overseeing the endowment’s share of the invested assets and operations of the Foundation.

Generally, two percent (2%) of a three-year average of the market value of the investment portfolio will be used to fund the operating budget. To accommodate both the needs of the university and keeping with the goal of managing the endowment portfolio for the long term the Board of Directors has fixed the amount at a rate of 1.75%.

- **Administrative Fees on Courtelis Funds:**

The Foundation adheres to Florida State Statute 1013.79 “University Facility Enhancement Challenge Grant Program” for The Courtelis Matching State Program. Per the Statute, the Foundation is obligated to preserve the original gift and invest the gift in such a way as to assure that the original gift is intact. This fee policy is established to insure compliance with Florida Statute.

While the Foundation actively solicits and manages Courtelis gifts, these accounts will be charged one quarter of one percent of market value each quarter. The fee will be paid from invested earnings not to exceed the appreciation.

- **Administrative Fees on Housing Revenue:**

A set percentage fee will be assessed on annual total revenue. The fee will cover Housing’s share of costs associated with insurance, software maintenance, audit fees and staff support.

- **Administrative Fees on Non Endowed Gifts and Revenue:**

A one-time fee is applied to all gifts and other revenue to non endowed accounts and assessed at month-end. An exception is made for gifts from non-profit foundations that explicitly state in their bylaws or written policies that they do not pay administrative fees. This fee is used to support transactional activities and cost of operations associated with non endowed gifts.

Gift Type	Fee Method	2019 – 2020 Rate
Endowment	3 year Average Balance	1.75%
Courtelis	.25% per quarter	1%
Housing	Based on Annual Total Revenue	1.25%
Non-Endowed	Per gift or other revenue	3.0%