FOUNDATION ENDOWMENT POLICY

Original Policy adopted December 1996

1. Named endowment funds for any purpose may be established with a minimum gift or pledge of $25,000 and accompanied by a documented agreement detailing the purpose and use of the endowment and its spending distributions.
   a. Endowment agreements are executed between the Donor, the Foundation, and California State University, Northridge, hereinafter referred to as the University.
   b. The University's signatories are:
      i. The Vice President of the unit or the Dean of the College in which the endowment will be located, and
      ii. The Vice President for University Advancement
   c. The Foundation's President or Chief Financial Officer will sign the agreement on behalf of the Foundation.

2. Colleges, departments, programs, centers, and institutes may create endowments for the particular unit with the approval of the appropriate approving authority.

3. All Endowment are held in a pooled investment fund. Exceptions to this method must be approved by the Finance and Investment Committee of the Foundation.

4. The Foundation will maintain on its books the historical gift value represented by philanthropic gifts to the endowment, designated program revenue, and reinvested earnings – hereinafter referred to as the corpus. The Foundation will also maintain on its book the market value of the endowment represented by the corpus plus the allocation of dividends, interest, and capital gains and losses.

5. The Foundation will maintain on its books the amount available for expenditure as defined by the endowment agreement.

6. Annually, the Foundation's Board of Directors, upon recommendation of the Finance and Investment Committee, will approve the distribution, stated as a percentage, to be allocated for each endowment's spending allocation. This distribution will be based on the net total return of the endowment investment pool achieved over the previous three, five, and ten years. The Finance and Investment Committee and the Board of Directors will also consider these factors:

   - The duration and preservation of the endowment
   - The purposes of the Foundation and the endowment
   - General economic conditions
   - The possible effect of inflation or deflation
   - The expected total return from income and the appreciation of investments
   - Other resources of the Foundation
   - The investment policy of the Foundation

   a. The amount of funds allocated for expenditure for the purposes for which an endowment was established ("Spending Distribution") will equal the distribution percentage multiplied by the average market value at the end of each quarter for the prior twelve (12) quarters as of March 31st.
   b. The Finance and Investment Committee will be informed of any spending distribution for a fund in which the distribution will result in the market value of the endowment being less than the corpus.
   c. The spending distribution authorized by the Board of Directors will be transferred from the market value to the expenditure fund on a quarterly basis (July 1, October 1, January 1, and April 1).

7. On an annual basis, the Foundation's Board of Director will approve an endowment management fee as a percentage of the market value of the endowment. This fee represents the costs of the Foundation's investment and management of the investment pool.
   a. The management fee will be appropriated on a monthly basis.
   b. The fee shall only be collected if the market value of the endowment exceeds the corpus.
   c. The existence of this management fee shall be disclosed in the endowment agreement.

8. The Endowment Fund director may transfer funds from the expenditure fund into the Endowment corpus. At the discretion of the Foundation, the unexpended funds available for expenditure not utilized within twenty-four (24) months of allocation may be transferred to the Endowment corpus. These reinvestments will become part of the corpus and invested as part of the investment pool.

Ratified by the Foundation Board of Directors on June 8, 2016