



## Endowment Policy Statement

**POLICY:** It is the policy of the Brevard Schools Foundation to accept endowment donations to support various programs and activities of the Foundation.

**PURPOSE:** The purpose of this policy is to define donations that may qualify as endowments and to define how endowment funds are to be administered by the Foundation.

### **PROCEDURE:**

- **Qualifying Accounts**

In order to qualify as an endowment account, and to be eligible for annual disbursements and monthly crediting of earnings, the account balance must be at least \$25,000.

- A. Donor-Directed Endowments**

Donors may name and/or restrict an endowment gift. Donor(s) will sign the appropriate contract/form regarding each endowment and will specify the criteria, if applicable.

- B. General Endowment Fund**

Gifts to the General Endowment Fund are unrestricted. The BSF Board of Directors will determine the appropriate use of the earnings of the General Endowment Fund consistent with the mission and goals of the BSF. Donor(s) will complete an agreement form.

- **Multi-year Pledges**

Donors have up to five (5) years to complete the minimum \$25,000 endowment. The donor may give an additional gift annually in order for funds to be awarded until the total endowment level is achieved. Payments on a multi-year pledge will be placed in a pending endowment suspense account. No interest is added to the principal of the endowment while it is in suspense.

- **Investment Policy**

Endowment funds are a subset of total Foundation funds and are subject to the existing BSF Investment Policy. Endowment funds will be invested as part of the Balanced Fund

accounts described in the Investment Policy. Balanced Fund accounts are subject to realized and unrealized gains and losses, as well as dividend and interest earnings.

- **Maintenance of Accounts**

Endowment funds will be commingled and invested collectively. However, the Foundation will maintain individual records of endowments, crediting contributions, earnings, gains, losses, and disbursements to each individual endowment account.

- **Crediting of Earnings**

Earnings will be credited to each endowment account on a monthly basis.

- **Spending Policy**

- A. **Donor-directed Endowments**

Recognizing the goal of having dependable income from the endowment funds, disbursements will be made in a manner intended to facilitate dependable disbursement and long-term maintenance and growth of principal. To accomplish this, during the first quarter of each fiscal year, the Foundation may disburse up to 5% of the previous average monthly balance of the fund to the program or activity designated by the donor to receive such disbursements. Any earnings above 5% will be rolled back into the principal amount to be used as a hedge against inflation. This strategy provides stable funding, which serves as the basis for ongoing planning and consistent operations from year to year. However, in certain years, the 5% disbursement may exceed the current year's earnings. Access to the original principal is prohibited. At the end of each fiscal year (June 30<sup>th</sup>), an annual management fee, based on 1% of the average monthly fund balance, will be assessed and withdrawn from the account.

- B. **General Endowment Fund**

BSF will not withdraw more than 5% of the general endowment assets each year.

Generally, a 5% systematic withdrawal will be allocated at the Board's discretion to general operations, programs and services, and/or returned to principal.

- **BSF will provide no tax advice in connection with endowment funding.**