Endowment Distribution

- From “Ask” to “Task”
- Types of Endowment
- Endowment Distribution – Revenue
- Endowment Distribution – Calculating Payout
- Endowment Distribution – Processing
- Amending Endowments
From “ASK” to “TASK”

**UA**
- Cultivation
- Solicitation
- Gift Execution

**College/Unit**
- Prepare EFA & SPA
- Delegation of Authority

**UCORP**
- Account set-up
- Process Payments
Types of Endowment

<table>
<thead>
<tr>
<th>Permanent (true) Endowment</th>
<th>Temporary (term) Endowment</th>
<th>Quasi (board-designated) Endowment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000</td>
<td>All or part of principal may be used</td>
<td>&lt; $25,000 from planned gifts</td>
</tr>
<tr>
<td>60, 62</td>
<td>53</td>
<td>55</td>
</tr>
</tbody>
</table>
Donors who do not have the $25,000 minimum to establish an endowment are allowed some flexibility in doing so.

Current Terms & Requirements:

1. Donor makes an initial minimum gift of $5,000 towards the establishment of the endowment.
2. Donor agrees to make annual gifts to the spending account of $1,000 (the rationale is that the endowment would have generated about 4% had it been fully in place).
3. Donor agrees to fully fund the endowment within five (5) years.
4. If donor forfeits, the existing funds may be: 1) merged with another endowment fund that best meets the intent of the donor or 2) deposited in the Foundation’s general endowment account or 3) placed in a spending account to be used for the original purpose of the former endowment.

5. When the principal is met, the endowment is considered fully funded and the donor’s commitment is fulfilled.
Endowment Distribution - Revenue

Endowment

1.25%
• Foundation Operations
• Investment fees

<1%

4%
• Distributions
• Scholarships, campus programs

+%
• Reinvested

Foundation required to maintain 6 months of operating reserve
The Foundation has implemented certain measures (spending policy) to determine how much can be distributed from the endowments each fiscal year.

- **Distribution is based on a 12-quarter moving average as of the December 31.**

- **Additional layers applied:**
  1. For endowments with balances more than 4% above contributions, we distribute 4%.
  2. For endowments with balances above water but less than 4% above contributions, we distribute 2%. 
3. There is no distribution when an endowment is underwater (i.e. when the balance is lower than the contributed amount).

4. There is no distribution in the first year a permanent/quasi-endowment is established to allow for growth.

5. There is no distribution on “flexible” endowments until threshold met.

- Endowment distributions are approved by Executive Committee and available end of May/early June.

- Endowment fees are assessed on endowments in the first year and also on endowments underwater.
Endowment Distribution - Processing

- Each Foundation account has a corresponding “spending” account that sits on the UCorp side.

- Funds must be transferred from a Foundation account to the spending account before it can be used. Transfers are not automatic.

- A “Request for Transfer of Funds” form should be submitted to the Foundation CFO/Treasurer for approval. Maybe done anytime during the fiscal year.

- The approved form is then submitted to UCorp to process the transfer and make disbursements.

- Unused distributions - remain in endowment or spending account.
Transfer Request - Docusign

- Effective March 1, 2020, DocuSign required for all EFA and Request for Transfer forms.

- Go to DocuSign homepage.

- Click on the “Templates tab” and go to the Shared Folders (on the left) dropdown menu.

- Click on San Francisco State University Foundation.

- Select “Request for Transfer of Funds from Endowment to Spending Account Form”.
Amending Endowments

One of three (3) ways:

1. Contact the donor to amend.

2. If donor is deceased and endowment amount is over $100,000 and under 20 years, file the change in probate court - work with legal counsel.

3. If donor is deceased and endowment amount is under $100,000 and over 20 years (i.e. old and small), notify Attorney General’s Office.

NOTE: For quasi-endowments, go back to Foundation Board.
QUESTIONS
For more on Foundation policies, please visit our website at: http://sfsufdn.sfsu.edu/

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