Salt Lake Community College Foundation
Finance and Investment Committee

SPENDING POLICY

PURPOSE. To outline the protocols for distribution of the Foundation's funds, providing transparency to donors as well as guidance to the Foundation Board, College leadership, and staff.

1. **OBJECTIVES**. The goal of the funds managed by the Foundation is to provide a total return that preserves the purchasing power of gifts made to the Foundation while generating an income stream to support Salt Lake Community College (SLCC) students and assist with advancing SLCC's mission.

2. **DEFINITIONS**.

   A. **Permanently Restricted Funds** - Contributions with donor-imposed restriction(s) requiring assets be maintained in perpetuity at the historic cash value of the donation. As of July 1, 2024, the creation of a named endowment fund requires a gift commitment of $50,000, paid in a lump sum or over a period of up to five years.
   B. **Temporarily Restricted Funds** - Donor-directed gifts or grants that are to be spent on a scholarship, program, project, special event, or other purpose. As of July 1, 2024, the minimum amount to create a Temporarily Restricted Fund is a commitment of $25,000, paid in a lump sum or over a period of up to five years.
   C. **Unrestricted Funds** – Donations and earnings thereon made available for any purpose that aligns with the overall mission of SLCC and/or the Foundation. Primary sources are philanthropic gifts to the College, specific departments or programs within the College, or to the Foundation, and Earnings Funds related to Temporarily Restricted and Unrestricted Funds.
   D. **Named Endowment Fund aka Endowment Principal** - the original gift and any subsequent donation(s) made by a Donor.
   E. **Earnings Fund** - Dividends, interest, capital appreciation, and both realized and unrealized gains earned on a Named Endowment.
   F. **Endowment Fund Asset Value -** The combined average of the most recent four quarter-ending value for a Named Endowment and its corresponding Earnings Fund.
   G. **Endowment Agreement** – A written agreement between the Foundation and a Donor, outlining conditions and requirements for the establishment of a charitable endowment supporting the mission of SLCC.
   H. **Total Asset Value** – The combined value of a Named Endowment Fund's Endowment Principal and its corresponding Earnings Fund.

3. **GUIDELINES**.

A. **Funds Managed** – The Foundation will manage Donor contributions as three types of funds: Permanently Restricted, Temporarily Restricted, and Unrestricted. A Donor's intent regarding their gift's status as one of these three funds should be clearly identified in a proposal or request presented to the Donor and/or as described in the pledge, scholarship, gift, or grant agreement between the SLCC Foundation and the Donor.
B. **Named Endowments**. Each Donor's Endowment Principal will be monitored and accounted for as an individual Named Endowment. Any income from dividends, interest, and capital appreciation, and both realized and unrealized gains, shall be accounted for and reinvested in the Named Endowment's corresponding Earnings Fund.
C. **Temporarily Restricted Funds –** Dividends, interest, capital appreciation, and both realized and unrealized gains earned on Temporarily Restricted Funds will be reinvested in the Foundation Unrestricted Earnings Fund.
D. **Distributions.** At the beginning of each calendar year, the Finance and Investment Committee will review the following amounts for distribution in the ensuing fiscal year. Unless otherwise directed in an Endowment Agreement or approved by a donor,
   1) Initial annual distributions will be made at the earlier of
      a) 12 months following establishment of a Named Endowment, or
      b) The Earnings Fund has matured to a value of at least 4% of its Endowment Principal.
   2) The annual distributions from each Earnings Fund shall be limited to the lesser of:
      a) 4% of the endowment's Total Asset Value, defined as the average of the most recent four quarter-ending Total Asset Value for the endowment within the investment pool, or
      b) The annual earnings of such Named Endowment.
E. **Executive Director Spending Authority**.
   1) **Named Endowment Funds** – The SLCC Foundation Executive Director is authorized to distribute monies from endowment funds in accordance with this spending policy and the Donor's expressed intent. Any exception to this policy requires a 2/3 majority approval during a SLCC Foundation Board of Trustees meeting and the approval of SLCC's Vice President of Institutional Advancement.
   2) **Temporarily Restricted Funds** – In the event of doubt regarding a Donor's intent or the ability for the Foundation to fulfill such intent, the Executive Director will seek written direction from the donor. If that is not possible, the Executive Direction will propose a resolution to SLCC's Vice President of Institutional Advancement and the Foundation's Finance Committee for approval. Either the VP or the Finance Committee will then determine whether further approval from the Foundation Executive Committee or the Foundation Board is warranted.
   3) **Events-Oriented Funds** - The Executive Director is authorized to cover event expenses from the proceeds accumulated in the Foundation fund associated with the event.

4) **Unrestricted Funds** - The Foundation will advise the corresponding College budget center manager of such funds available and issue a Gift Management Memo to outline the distribution of funds. The Executive Direct is authorized to distribute unrestricted funds in accordance with such Gift Management Memo.
   i. **Unrestricted Earnings Fund** - The Executive Director will develop an annual plan in collaboration with SLCC leadership and the Foundation's Executive Committee to advance the College's mission and/or strategic plan, as well as attract additional philanthropic support. The Executive Director is authorized to distribute up to $15,000 per calendar quarter from the Unrestricted Earnings Fund, for these purposes. The Executive Director will report all distributions from the Unrestricted Earnings Fund to the Finance Committee quarterly.
   ii. **Operating Budget**. The Executive Director will annually request funds from the Foundation Board to support and supplement SLCC's Development Office operating budget.

F. **AMENDMENTS.** The endowment spending policy is subject to annual review by the Finance Committee.