



Clayton State University Foundation Summary of Endowment Fund Management

Endowment funds for the benefit of Clayton State University are held by the Clayton State University Foundation, Inc., a 501(c)(3) organization whose purpose is to receive and manage private contributions made for the support of the University. The acceptance of the gift by the Foundation establishes an obligation on the part of its Board of Trustees to preserve the fund in perpetuity. An endowment fund may be named in honor of the donor or some other person specified by the donor. A written endowment agreement confirms the designation of the fund and permits the Board of Trustees of the Foundation to manage the fund in accordance with its regular policies and procedures, as amended over time to adjust to changing circumstances.

An endowment fund may be established with a minimum contribution of \$25,000, generally paid within five years. In the event the fund cannot be usefully applied for the purpose specified by the donor, the Board of Trustees of the Foundation may use the fund for such other purposes as they in their discretion shall determine to be consistent with the original intent of the donor in establishing the endowment.

Individual endowment funds are commingled for investment purposes in the Foundation's pooled investment strategy. The Foundation's investments are managed by professional investment managers under the supervision of the Investment Committee of the Board of Trustees. Investment objectives for the endowment are set to achieve the long-term growth of capital at an appropriate level of risk. The Foundation utilizes unitized accounting, which permits individual endowment funds to retain their identity on the Foundation's books and records and share proportionately in the earnings of the pooled endowment.

In managing endowment funds, the Clayton State University Foundation strives to maintain a balance between the current needs of the University and maintaining the long-term inflation-adjusted value of the endowment. The primary financial objective of the Foundation is to preserve the real purchasing power of the endowment over the long-term. The Board of Trustees of the Foundation continually reviews its endowment spending policy in light of this objective. Under current policy, once "fully eligible," the amount distributed from the endowment may be no greater than four percent of the five year average market value at the end of the previous calendar year. A specific allocation percentage is set annually by the Board of Trustees on the recommendation of its Finance Committee. Distributions from an endowment may be made from current income, accumulated income, realized and unrealized appreciation, and from principal to the extent necessary to meet the allocation percentage for the year.

The expenses of the Foundation are paid, in part, through the allocation of an additional amount from each endowment fund. Under current policy, the additional allocation may not exceed one percent of the five year average market value annually. The additional allocation covers both direct expenses associated with the administration of the fund and a reasonable general overhead charge that permits the Foundation to recover the cost of other institutional resources that are essential to the accomplishment of the purposes of the fund but that cannot practicably be traced to that particular fund's activities.