

LONG BEACH CITY COLLEGE FOUNDATION

Investment Distribution of Endowments Restricted and Unrestricted Funds

PURPOSE: To provide standards for distribution of the various funds of the Foundation

DEFINITIONS AND PROCEDURES:

1. *Restricted Funds:* Funds whose distribution have been directed by the donor or established by the Executive Committee of the Foundation.
2. *Unrestricted Funds:* Funds that come to the Foundation without any restrictions by the donor. These funds may be invested or expended at the direction of the Executive Committee of the Foundation. Unrestricted funds may expend principal as directed by the Executive Committee. In these cases, spending of the principal will only be permitted when the conditions are documented in the Foundation files (e.g.: minutes of the Executive Committee meetings) including that the committee has discretion over the funds and/or has specifically approved recommendation to spend the principal.
3. *Endowment Funds:* Funds specifically designated by the donor or other donating agencies. Endowment corpus shall include the original gift and any subsequent donations to the fund. Endowments must have a minimum of \$25,000.00 (ten thousand dollars beginning July 1, 2007) in principal before any distribution may be made. Those endowments established before July 1, 2007 will be grand-fathered and will be encouraged to increase their fund to the new level. Amount of distribution from the fund shall be a minimum of 3% (three percent) of the market value of the investment pool as determined by the prevailing rate paid by LBS Financial Credit Union. Although all endowments are invested in a portfolio, all shall be accounted for separately in accordance with the donor's wishes. Newly funded endowments will receive distribution in the fiscal year following its creation prorated on the number of months the funds have been invested in the portfolio. All funds are invested in accordance with the Investment Policy Statement (April 28, 2016).
4. *Operating Funds:* The Foundation must have funding to operate efficiently and economically (salaries, office supplies, equipment, etc.). A fee of up to 2% of the earnings of the permanently restricted portfolios endowment may be assessed and 100% of the earnings of the temporarily and undesignated accounts will be assessed to meet the administrative expenses incurred by the Foundation. The operation fund distribution percentage shall be reviewed and adjusted annually as needed by the Finance Committee.
5. Distribution is the amount of money paid out each year in adherence to the Foundation's established payout procedure. Distribution comprises earned income and a portion of the funds appreciation. Additional appreciation is reinvested with the funds principal where it becomes part of the fund's market value and may be used to make up in low income years.