

### **WASHBURN UNIVERSITY ALUMNI ASSOCIATION AND FOUNDATION SPENDING POLICY**

#### **Philosophy and Objectives**

Washburn University Alumni Association and Foundation's (the Foundation) primary objective is to provide Washburn University with stable and predictable support for students and programs.

The Foundation feels distributions to be made in the future are as important as distributions made today, and therefore, should provide for distributions in perpetuity. To attain this goal the Foundation seeks to grow the aggregate portfolio funds over the Foundation's investment horizon through investing and additional fundraising.

#### **Governance and Procedures**

The Foundation's spending policy is administered by the Finance Committee and approved by the Foundation Board of Directors. The Finance Committee is responsible for reviewing the policy and reporting and recommending any changes to the Board of Directors for approval. The spending policy is reviewed annually to consider if any adjustment is needed.

The Foundation's Board of Directors reviews and approves the spending (*computed distributions to make available to the University for expending for university purposes*) no later than February for the coming fiscal year. Market values as of September 30 are used to compute the amount of spending.

The spending from endowment funds is computed by considering the following factors:

- Spending (distributions made available to the University) is calculated at 4.35% of the twenty-one-quarter moving average of the market value of the endowment pool. These computations are completed quarterly.
- To stabilize the amount available to the University over the years, the actual aggregate amount distributed from the current endowments for spending will not normally exceed 103% of the prior year's distribution, nor be less than 97% of the prior year's distribution. This amount will be reviewed each year.

Newly created individual endowment funds must be invested for at least nine quarters prior to the calculation date before the full amount of computed spending is made available for the university to spend. Depreciation and/or appreciation in the market value will normally accrue to the fund beginning in the quarter of the gift.

Under certain market conditions, it is possible for the market value of an individual endowment fund to be less than the amount of the original gift, in such case the individual endowment fund is classified as “underwater” and any distributions from these funds will be suspended until such time distributions are authorized by the Board of Directors after review and recommendation by the Finance Committee.

The Foundation does currently allow the use of unrestricted funds to support spending from individual underwater endowment funds when considered prudent and authorized by the Foundation Board of Directors.