

Policy on Assessing an Administrative Fee on New Endowments
The University Foundation, California State University, Chico

This policy addresses the issue of assessing an annual administrative fee on all new endowment accounts effective July 1, 2001 for which there have been no or insufficient reportable earnings from the endowment's date of inception.

As stated in the endowment spending policy adopted by the Board of Governors on March 14, 2001, all endowment accounts (true endowments, quasi-endowments, term endowments, and flexible endowments) are first subject to an annual administration fee of 1.75 % of the market value of the endowed account. An assessment is calculated at the end of each quarter, based on the average of the ending account balances for the prior three months, and deposited in the General Fund of the University Foundation.

No endowment account (true endowment, quasi-endowment, term endowment, or flexible endowment) will be assessed an annual administrative fee until such time there are sufficient earnings to pay the administrative fee and make a partial or full additional award distribution. Thereafter, the annual administrative fee will be assessed without accrual for prior years.

Any exception to the assessment of the annual administrative fee on a new or existing endowment must be submitted to the appropriate vice president for presentation to The University Foundation's Finance, Investment, and Audit Committee (FIAC) for review and action.

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