

Policy on Investment and Spending

I. Purpose of Policy

This is the Policy on Investment and Spending (“Policy”) of the Spartanburg Community College Foundation, Inc. (“Foundation”). The purpose of this Policy is to establish the procedure by which the Foundation will allocate earnings and losses to all funds (“Earnings (Losses) Allocation”), determine spendable amounts from Endowed Funds (as defined herein) for the purposes for which the funds were established (“Spending Allocation”) and for administrative costs related to investment and administration of the Endowed and Non-Endowed Funds (“Administrative Fee”).

II. Policy

The Foundation is committed to administering, holding, and investing Endowed and Non-Endowed Funds (See definition on Page 3 of this document) in compliance with all relevant Foundation by-laws, organizational concerns, industry standards, and federal and state laws and regulations, including without limitation the Uniform Prudent Management of Institutional Funds Act (the “Act”). No policy will supersede any provision of federal or state law or regulation.

The Foundation shall periodically review the application of the Investment Allocation and Spending Allocation to Endowed Funds and applying the Administrative Fee to the Operational Budget and that such application to the budget is prudent.

Non-Endowed Funds and Spendable Funds shall be managed and invested separately from the Endowed Funds and will be deposited in accounts that shall preserve capital with minimal risk. There will be no allocation of interest (or other) earnings to these funds from such accounts in which Non-Endowed Funds and Spendable Funds are held.

In making a determination to expend such amounts from Endowed Funds, the Foundation shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and shall consider the following factors:

- a) The duration and preservation of the Endowed Funds;
- b) The purposes of the Foundation and the Endowed Funds;
- c) General economic conditions;
- d) The possible effect of inflation or deflation;

- e) The expected total return from income and the appreciation of investments;
- f) Other resources of the Foundation; and
- g) The investment policy of the Foundation.

The Foundation shall document its consideration of the above factors in its review. The Foundation has a duty under the Act to maintain the long- term purchasing power of each Endowed and Non-Endowed Fund and in accordance with that duty will record the Historic Dollar Value (“HDV”) of each Endowed Fund as a benchmark by which to measure each fund’s performance. The Foundation shall also institute such procedures as are reasonably calculated to identify any individual Endowed Fund, the long term purchasing power of which has the potential to be significantly impaired by continued application of this Policy, and present a strategy for remedying such impairment to the Finance Committee of the board of directors of the Foundation (the “Board”). The Foundation has partnered with the Spartanburg County Foundation to invest and manage endowed funds with the expectations this Policy is being respected.

The Foundation will in good faith make information available to donors and potential donors concerning its expenditure policies.

III. Calculation Method

a) Investment Allocation

Earnings or Losses, either realized or unrealized, derived from the pooled investment portfolio will be allocated to all Endowed funds on a monthly basis, based on each fund’s participation in the investment portfolio.

b) Spending Allocation

The amount of funds allocated for expenditure for the purposes for which an Endowed Fund was established (“Spending Allocation”) will be reviewed at least semi- annually and based on the prior average daily balance over 20-quarters.

The current spending rate for Endowed Funds as of the date of adoption of this policy is 4%.

The Spending Allocation will be transferred to the Endowed Fund spendable accounts at the request of the Foundation, at least semi- annually.

c) Administrative Fee

The amount of funds allocated for expenditure for Foundation administrative expenses (“Administrative Fee”) will be reviewed annually and calculated based on the last day of the prior fiscal year. The full Endowment Administrative Fee, as calculated, will be transferred to the Foundation’s operating funds annually following the Calculation Date.

IV. Exceptions

The Spending Allocation will not be calculated as set forth above for existing Endowed Funds established pursuant to a Gift Instrument which by its terms specifies a different spending method.

The Administrative Fee will not be assessed as set forth above for existing Endowed and Non-Endowed Funds established pursuant to a Gift Instrument which by its terms does not permit the assessment of such fees; and for new gifts from large Private Foundations (as defined herein) the governing boards of which prohibit the assessment of fees as an established organizational policy which can be documented in writing.

All other exceptions to this Policy must be approved by the Finance Committee of the Board upon the recommendation of the Foundation Chair where there is substantial potential for developing a long-term funding relationship with the donor and the gift's designated use is compatible with the University's organizational priorities. Exceptions to this Policy should be granted in only the rarest of circumstances.

V. Applicability

This Policy applies to all funds administered, held, and invested at or by the Foundation.

VI. Definitions

"Non-Endowed Fund" means a restricted Foundation fund or any part thereof that is wholly expendable by the Foundation based on the terms under which the fund was established.

"Endowed Fund" means a restricted Foundation fund or any part thereof not wholly expendable by the Foundation on a current basis under the terms of a gift instrument. Except as provided herein, the term does not include assets of the Foundation designated as an endowment fund for its own use (typically referred to as quasi-endowment funds).

"Spendable Fund" refers to a restricted Foundation fund or any part thereof that has received investment allocations and is wholly expendable for the purpose for which the fund was established originally. Each spendable fund has a corresponding Endowment Fund from which investment allocations are derived.

"Gift Instrument" means a record or records, including a solicitation, under which property is granted to, transferred to, or held by the Foundation as a Foundation fund.

"Historic Dollar Value" means the value of the donor's original gift to an Endowed Fund and any subsequent donations thereto.

VII. Enforcement and Interpretation

It is the responsibility of all employees and board members to uphold this Policy. Questions regarding interpretation of this Policy should be directed to the Foundation's Chair or Executive Director.

VIII. Effective Date

This Policy is effective July 1, 2020 and replaces and supersedes any proceeding policy concerning this subject matter. This Policy shall be reviewed by the Finance Committee of the Board, which shall make any necessary recommendations with respect to amendments to this Policy to the Board, not less than annually.

IX. Fees

All contributions to the Spartanburg Community College Foundation, Inc. are assessed certain administrative fees that are used to support Foundation operating expenses, as well as other priority needs determined by the school, college or unit receiving the gift.

X. Restricted Contributions to Non-Endowed Funds

A contribution fee of up to five percent (5%) will be applied to restricted (non-endowed) contributions. This fee directly supports the annual operating budget of the Foundation.

XI. Contributions to Endowed Funds

Beginning July 1, 2020, a two percent (2%) contribution fee is applied to all gifts to endowed funds; however, the fee is not assessed until the principle can be maintained. Once the fee can be assessed it will be transferred to the Foundation's operating funds in at fiscal year end. The contribution and administrative fees shall be applied to support the Foundation's mission.

XII. Endowed Fund Spending Allocation

The amount of funds allocated for expenditure for the purposes for which an endowed fund was established ("spending allocation") will be reviewed semi- annually and based on the balance provided by the Spartanburg County Foundation. The spending allocation that is available will be transferred to the endowed fund spending account in equal semi-annual installments on the first day of January and the first day of July in the fiscal year following the calculation date.

In the event that the calculated spending allocation is less than four percent (4%), then the spending allocation will not be transferred.

XIII. Revisions to Fees and Spending Allocation

The endowed and non-endowed contribution fees cited above are in effect as of July 1, 2020. The spending allocation and endowment administrative fees cited above are in effect as of July 1, 2020. All policies are subject to periodic review and amendment by the Spartanburg Community College Foundation Board of Directors.

Amended and presented the 22nd of June 2020 by the SCC Foundation Foundation Board of Directors.



Linda S. Hannon, Chair
SCC Foundation Board of Directors



Nicole Baker, Treasurer
SCC Foundation Board of Directors