

CAL POLY POMONA FOUNDATION, INC.

POLICIES AND PROCEDURES

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<b>Subject:</b>	<b>Yield / Mark-to-Market Allocation and Administrative Cost Recovery Fees</b>	<b>Policy No.</b>	<b>133</b>
		<b>Old No.</b>	<b>1996-3</b>
<b>Reference:</b>	<b>283-II-C, 301-II-D, 320-III-A, 333-III-B</b>	<b>Date:</b>	<b>10/01/97</b>
<b>Replaces:</b>	<b>1973-4, 1992-1</b>	<b>Revision:</b>	<b>02/27/01, 02/17/05, 11/15/07</b>

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**PURPOSE**

To provide guidance for the distribution of yield and market-to-market allocation and administrative cost recovery of administrative fees.

The recovery of administrative costs represented by this policy include a Foundation "gift of support" equivalent to 25% of the Foundation's estimated administrative cost for maintaining campus program, scholarship, endowment/endowment operating accounts.

**POLICY**

Yield and mark-to-market and fees allocated for administrative fees charged will be determined by the type of account and level of cash available for investment. When circumstances warrant, individual projects may develop special contractual agreements to reimburse the Foundation for administrative costs, which deviates from this policy.

Campus Program Accounts - represent funds administered by the Foundation in support of University activities.

1. Yield will be allocated quarterly on the average daily balance of the respective account.
2. The yield is the weighted average yield (coupon rate of the security plus or minus the amortization or accretion of any premium or discount) of the interest bearing securities and cash equivalents in the General Investment Portfolio **less an annual investment administrative fee of .50%.**
3. An administrative fee of **2.55%** will be assessed on all expenditures processed, including transfers to other accounts, payroll and accounts payable disbursements. The maximum administrative fee per transaction is \$2,550.

Scholarships Accounts - includes those funds that are restricted only for the distribution of scholarships.

1. Yield will be allocated quarterly on the average daily balance of the respective account.
2. The yield is the weighted average yield (coupon rate plus or minus the amortization or accretion of any premium or discount) of the interest bearing securities and cash equivalents in the General Investment Portfolio **less an annual investment administrative fee of .50%.**

3. An administrative fee of **0.0%** will be assessed on all expenditures processed, including transfers to other accounts, payroll and accounts payable disbursements.

Endowment Accounts - includes those accounts whose funds are restricted for expenditure either internally or externally by contractual obligation and are administered per the Foundation Endowment and Similar Funds Policy 130 and the Investment Policy 131.

1. Excess earnings are distributed annually per the Foundation Investment Policy for Endowment and Similar Funds Policy.
2. The value of the endowment accounts will be adjusted quarterly to market value net of the Foundation's annual administrative fee of seventy-five basis points (.75%). The earnings or losses (yield) will be reduced by the administrative fee prior to distribution to the endowment accounts. If the yield is less than .75% annually, fees will first be recovered from prior undistributed earnings and second from the Foundation's allocated designated gift budget to University Advancement, if available.

Endowment Operating Accounts - includes those accounts whose funds are restricted for expenditure either internally or externally by contractual obligation and are administered per the Foundation Endowment and Similar Funds Policy 130 and the Investment Policy 131.

1. Yield will be paid quarterly on the average daily balance of the respective account.
2. The yield is the weighted average yield (coupon rate of the security plus or minus the amortization or accretion of any premium or discount) of the interest bearing securities and cash equivalents in the General Investment Portfolio **less an annual investment administrative fee of .50%**.
3. An administrative fee of **2.55%** will be assessed on all expenditures processed, including transfers to other accounts, payroll and accounts payable disbursements. The maximum administrative fee per transaction is \$2,550.

A journal entry allocating the yield net of fees will be prepared in the month following the end of the quarter, except for the fourth quarter of the fiscal year which is completed in June. Management will review the administrative fees charged periodically and recommend changes as appropriate.

General Investment Portfolio - includes the funds from the above accounts including all other funds of the Foundation that are allowed to be invested in the General Investment portfolio i.e. general funds, grants and contract funds, designated funds, enterprise funds, agricultural-aid-to-instruction funds, continuing education funds, real estate funds, etc. per the Foundation Investment Policy 131.

1. Unrealized and realized gains and losses (Mark-to-Market Allocation) of the general investment portfolio are allocated and reported in the general fund of the Foundation in the month following the end of the quarter, except for the fourth quarter of the fiscal year which is completed in June. If the Mark-to-Market adjustment is a loss, the loss will first be recovered from current year gains in the general fund and any additional losses will be absorbed by the general fund of the Foundation, therefore no other funds of the Foundation will be affected.