



ENDOWMENT SPENDING POLICY

POLICY ON EXPENDITURES FROM ENDOWED FUNDS

Introduction

This is the Policy on Expenditures from Endowed Funds (“Policy”) of Coastal Educational Foundation, Inc. (“Foundation”). The purpose of this Policy is to establish the procedure by which the Foundation will decide to annually allocate for expenditure 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 Funds (“Endowment Management Fee”).

Policy

The Foundation is committed to administering and investing Endowed Funds in compliance with all relevant Foundation by-laws, organizational concerns, industry standards, and federal and state laws and regulations, including without limitation the South Carolina 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 Spending Allocation and an Endowment Management Fee described below to Endowed Funds, and shall make a determination that such application to the Endowed Funds is prudent. 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.

Calculation Method

Expenditures from Endowed Funds for the Spending Allocation and the Endowment Management Fee shall be calculated as described below.

- ***Spending Allocation***

The amount of funds allocated for expenditure for the purposes for which an Endowed Fund was established (“Spending Allocation”) will equal the lesser of 4.00% of the rolling prior 12-quarter average Market Value of each Endowed Fund on the Calculation Date or the Temporarily Restricted fund balance on the Calculation Date. If the Temporarily Restricted fund balance is below zero, there will be no spending unless authorized by the Coastal Educational Foundation Executive Committee based upon UPMIFA guidelines. Should the balance in the Temporarily Restricted fund exceed the calculated spending policy amount, the excess funds can only be spent pursuant to a special request which is consistent with the terms of the gift agreement and authorized by the CEF Executive Committee.

- ***Endowment Management Fee***

The amount of funds allocated for expenditure for Foundation administrative expenses (“Endowment Management Fee”) will equal one and one quarter percent (1.25%) calculated based on the rolling prior twelve (12) quarter average Market Value of each Endowed Fund on the Calculation Date. The full Endowment Management Fee, as calculated, will be transferred to the Foundation’s operating funds on December 31st of each year.

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 Endowment management Fee will not be assessed as set forth above for existing Endowed Funds established pursuant to a Gift Instrument which by its terms does not permit the assessment of such fees; or if the Gift instrument calls for a higher (or lower) management fee.

All other exceptions to this Policy must be approved by the Board of Directors upon the recommendation of the Foundation’s Budget/Finance Committee.

Definitions

“Calculation Date” means December 31 of each year.

“Endowed Fund” means a Foundation fund or any part thereof not wholly expendable by the Foundation on a current basis under the terms of a gift instrument.

"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.