

FUND POLICY

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The University of Wisconsin Oshkosh Foundation ["Foundation"] encourages donors to contribute unrestricted and restricted funds in support of the University of Wisconsin Oshkosh ["University"] and its programs and students. In order to protect its status as a public charity and the corresponding tax deductions of its donors, the Foundation has adopted the following policy governing funds established at the Foundation.

Applicable Definitions

Temporarily Restricted Fund: A non-endowed fund of which the entire balance is available to spend.

Permanently Restricted Fund: An endowed fund consisting of three parts:

Permanently Restricted Balance (03): The corpus, or principal balance, of an endowed fund, consisting of the original donation and any later contributions which are specified as corpus.

Temporarily Restricted Balance (04): This balance reflects any interest (including interest earned on the spendable (06) balance), realized and unrealized gains, losses, and fees allocated to the fund as described in this policy. This balance also reflects spending allocation transfers to the spendable balance (06).

Spendable Temporarily Restricted Balance (06): This balance consists of the annual spending allocation transferred from the temporarily restricted balance (04), any unspent funds carried forward from previous years, contributions specified as spendable, spendable fund transfers, and fund expenditures, other than fees.

Net Cash Value: The sum of the permanently restricted balance (03) and the temporarily restricted balance (04), less pledges receivable.

In/Out Scholarship: Awards for which the donor sends funding annually, with the entire fund balance being disbursed each year. Donors may choose to make a payment to cover awards for more than one year.

All funds shall be subject to the following policies, which may change from time to time:

- 1. New Fund Request** – Establishment of any new fund must be requested by a liaison from the Office of Advancement.
- 2. Agreement** – All funds established at the Foundation shall be administered pursuant to a written agreement between the Foundation and the establishing donor. If a college or department within the University wishes to create a fund at the Foundation, a written agreement shall be established between the Foundation and the appropriate representative as defined in Section 15(A). All funds shall be subject to the Foundation's bylaws and policies, which may be amended from time to time.
- 3. Purpose** – The purpose of all funds held at the Foundation shall be for a charitable purpose in benefit of the University and its programs and students.
- 4. Foundation Approval** – The Foundation's Executive Director must approve the establishment of all new funds. The Foundation will maintain a standard new fund form and fund agreement template for endowed funds and non-endowed funds. Any material variation from the standard agreement will require approval of the majority of the Board of Directors. No special accounting instructions shall be approved for an individual fund. However, a donor may submit a written request from time to time for the Board of Directors' consideration to approve a one-time fund management request, such as making a transfer from the spendable (06) balance to

the permanently restricted balance (03).

5. **Ownership** – All funds shall be component funds of the Foundation. The Foundation shall own all funds and have sole and absolute discretion over the investment and distribution of funds.
6. **Approval of Modification to Fund Purpose** – Should the purpose for which a fund is instituted become impossible to perform or impractical to the extent that the Foundation is unable to use the support generated by the fund under the existing terms of the fund agreement, upon the Foundation's request, the establishing donor may approve modifications to the purpose or terms of the fund by signing a superseding fund agreement. If a fund was established at the request of a University employee on behalf of their college or department, the succeeding individual in that position may, upon the Foundation's request, approve modifications to the purpose or terms of the fund by signing a superseding fund agreement.
7. **Variance Power** – In accordance with IRS regulations and the Bylaws of the Foundation, if it is impossible or impractical to consult on a modification of the fund terms with the Donor, the Executive Director shall make a motion for approval of the majority of the Board to modify any restriction imposed by the Donor on the investment or distribution of assets if such restriction becomes illegal, unnecessary, uneconomical, impossible to perform, and such modification would more effectively serve the charitable purposes of the Foundation keeping as close to the Donor's original intent as it can at that time devise.
8. **Administration** – All funds held by the Foundation must comply with policies set forth by the State of Wisconsin and the University of Wisconsin System. In addition, all endowed funds are subject to Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA), or its successor.
9. **Fees** – The Foundation is entitled to recapture its reasonable operational expenses. Therefore, all funds are subject to an annual administrative fee of 1.0% for non-endowed funds, 1.4% for student managed endowed funds, and 2.5% for endowed funds. One-fourth of the fee will be assessed quarterly, based on the non-endowed fund's balance or the endowed fund's net cash value. An endowed fund's spendable (06) balance is not assessed an administrative fee. In/out scholarships shall also be exempt from administrative fees.

Additionally, credit card processing fees and returned check fees shall be charged back to the fund to which the contribution was designated.

10. **Fund Investment** – All endowed funds shall be invested according to the Foundation's Investment Policy. Student managed endowed funds shall be exempt from this policy and instead will be invested at the direction of the SMEF faculty advisor and students enrolled in the SMEF course. SMEF funds are subject to all other Foundation policies. If at any such time the SMEF program is discontinued, these funds shall be converted to regular endowment funds.
11. **Investment Allocations** – Investment earnings and losses are allocated to all endowed funds on a quarterly basis. The amount allocated to each fund is calculated as follows:

$$\text{Fund's Net Cash Value} \div \text{Total of All Endowed Funds' Net Cash Values} \times \text{Investment Earnings/Losses} = \text{Earnings/Loss Allocation}$$

The spendable balance (06) of an endowed fund earns interest, which is allocated quarterly to the fund's temporarily restricted balance (04). Any interest earned from non-endowed funds is not allocated to the individual fund, but instead is allocated to the Administrative Fund.

12. **Endowed Fund Spending Allocation** – The Foundation annually allocates endowment income for spending in accordance with UPMIFA. The annual spending allocation is based on a rate of 4%. The spending allocation rate is annually reviewed by the Finance and Investment Committee and any recommended adjustments are

approved by the Board of Directors at the July meeting. Following board approval, spending allocations are calculated for the following fiscal year, based on the 3-year average of the fund's net cash value as of June 30 of the current calendar year. The spending allocation assigned to the Fund is the lesser of the 4% spending calculation and the available positive earnings in the Fund's temporarily restricted balance (04) as of June 30 of the current calendar year.

13. Minimum Fund Balances – To establish a non-endowed scholarship fund, a minimum annual award amount of \$500 is required and the donor is expected to fund an annual award for at least three years. Donors not able to make this commitment shall be encouraged to support an existing scholarship fund. Non-endowed funds for purposes other than scholarships require a minimum \$250 contribution. Non-endowed discretionary funds (i.e. general department funds) are exempt from the \$250 minimum. An endowed fund requires a minimum contribution of \$25,000 to the permanently restricted balance (03).

14. Building to Minimum Endowment – The permanently restricted balance (03) of an endowed fund is allowed to reach the minimum balance of \$25,000 within four years of establishment. As the fund is building to this minimum, spending from the fund will not be allowed, with the exception of donations designated by the donor as spendable. While the fund is building, all positive earnings, less fees, will be added to the principal of the fund annually on June 30th.

Should the fund's permanently restricted balance (03) not reach \$25,000 after four years, the donor and/or the appropriate University department will be notified and will have the opportunity to make a contribution to increase the fund's balance to this minimum level. If that option is not exercised, the entire balance of the fund, including contributions and earnings, shall be available for spending according to the fund's established purpose. If there are no established criteria for a scholarship fund, the balance will be added to a fund that supports general UW Oshkosh scholarships.

15. Contributions by the establishing donor or others – All contributions shall be irrevocable once accepted by the Foundation and shall not be returned. Due to tax implications, the donor forfeits all control over the funding once the gift is made.

16. Distributions – Distributions shall be made in accordance with the written fund agreement and the Foundation's Fund Expenditures Policy. Disbursements shall only be made against available fund balances. Pledge payments must be received before that funding is permitted to be disbursed. The signature authority on record shall submit a signed disbursement authorization form to the Foundation for approval.

A. **Signature Authority** – The Foundation shall designate signature authority for each fund as follows:

- i. Unrestricted funds – Foundation Executive Director
- ii. Unrestricted college or department funds – dean of the college and department chair (if applicable) or director of the non-academic department
- iii. Scholarship funds – director of the non-academic department or program, or dean of the college, unless the dean grants their authority to their departmental chairs/directors
- iv. The Foundation Board of Directors may approve an exception to designation of signature authority in certain situations.

17. Approval of Distributions – Without further approval from the Board of Directors, the Foundation Executive Director is authorized to make distributions from a fund, so long as said distribution is under \$5,000. Distributions totaling \$5,000 or more require a second signature from a board member who has check signing authority.

Without further approval by the Board of Directors, the scholarship coordinators are authorized to make award offers to scholarship recipients, in accordance with the specific criteria established for each scholarship fund and the Foundation's Scholarship and Award Policy, which may change from time to time. Distribution of

final scholarship payment to the University must be approved by the Foundation's Executive Director.

18. Fund Stewardship – The Foundation shall provide information regarding the operation and impact of the fund, as allowed by law and Foundation policy, to the establishing donor on an annual basis.

19. Fund Closure – At any time, an establishing donor may request that their endowed fund be converted to a non-endowed fund, spent down in accordance with the fund purpose, and then be closed. Such requests require approval from the Chairman of the Foundation Board of Directors.

If the balance of a non-endowed fund is depleted and there are no outstanding commitments to the fund, the fund will be closed. If a non-endowed fund has not had any activity, other than fees, in two years and has a fund balance of \$100 or less, the balance of the fund will be transferred to the UW Oshkosh Fund and the fund will be closed.