For more information about our investment and spending policies, contact:
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In the event an endowment falls underwater by greater than 20% of its historic dollar value (the aggregate value of all contributions to an endowment fund at the time they were made), the Foundation, with input from the appropriate University unit, will perform an in-depth analysis of the fund in order to make a determination on future spending distributions. This analysis will include, but is not limited to, the following factors:

- The level of impairment of the fund;
- Discussions with the appropriate dean or department head;
- The need of the affected fund for continued support;
- Cash balance available for use by the affected fund; and
- Identification of any temporary alternative funding sources.

Following the analysis of a fund, the Foundation will make a decision on future spending distributions relative to that fund. For all endowed funds less than 20% underwater, spending distributions for the following fiscal year are determined on an annual basis by the appropriate dean or department head utilizing the endowed fund balances, and other pertinent information, as of December 31 of each year.

In the event an endowment falls underwater by greater than 25% of its historic dollar value (the aggregate value of all contributions to an endowment fund at the time they were made), future spending distributions and administrative fees will be suspended until the fund goes back above the 25% level. Exceptions to this requirement are intended to be extremely rare and can only be granted with the approval of the Provost and the Foundation Chief Financial Officer.

The intent of the Underwater Endowments Policy is to continue to provide spending distributions to support the scholarships, programs and faculty as designated by the donor and in accordance with Florida laws, while also allowing the endowment to recover more quickly from economic downturns.

Administrative Fee

The Foundation assesses an administrative fee sufficient to offset its operating expenses. As of July 1, 2018, the fee equals 1.5% annually.

Growth/Inflation

Earnings allocated to an endowment are based on each fund’s prorated share of the total investment pool. The amount allocated is the net of market performance, less the spending distribution and less an administrative fee for Foundation operating expenses. Earnings in excess of spending and the administrative fee are added to the endowment balance. This “growth” is then available to provide the cushion to fund spending and fees during periods of poor market performance. Likewise, the endowment balance will decrease when earnings are not sufficient to cover spending and fees. Growth is also anticipated from the addition of new gifts.

In order to maintain purchasing power, the following equation must be true:

\[ \text{Total Long-Term Return} = \text{Total Withdrawals (spending + administrative fees)} + \text{Inflation} \]

Fiduciary Responsibilities

An independent CPA firm annually audits endowment accounts held by the Foundation. Management reports are provided to the FSU Foundation board and FSU officials. All requests for disbursements are reviewed for compliance with the Foundation’s disbursement policy and donor guidelines. Financial Statements are made available monthly to responsible parties for each endowment.