



FOUNDATION
COLORADO STATE UNIVERSITY

ENDOWMENT SPENDING POLICY

A formal endowment spending policy was approved by the Colorado State University Foundation Board of Directors (“Foundation Board”) on September 15, 2022 and is set forth below:

I. PURPOSE

The purpose of the Colorado State University Foundation’s endowment spending policy is to establish guidelines in furtherance of the Foundation’s fiduciary duties and its ability to provide a perpetual, stable, and growing source of revenue to the Colorado State University (“University”).

The Foundation provides spending distributions from endowment and quasi endowment funds to provide support for the University. The Foundation Board monitors, adjusts, and approves the annual spending distribution. By maintaining the spending distribution rate within a prescribed policy band over time, the Foundation strives to meet current university needs while ensuring the long-term, intergenerational purchasing power of the endowment for future needs.

II. SPENDING POLICY

A. Distribution Model to Support Impact

To help smooth the impact of any market turbulence, the Foundation Board approved a three-year rolling payout calculation. Under this payout model, the annual distribution payout is calculated by multiplying the average daily balance (ADB) of an endowment by the payout rate. ADB represents the time-weighted average daily balance of an endowment over a specified period dependent on the age of the endowment as follows:

1. Greater than 3 years (longstanding endowments): ADB is calculated for the period spanning the prior three calendar years ending December 31st (1,095 days).
2. Less than 3 years: ADB is calculated for the period spanning the prior two calendar years ending December 31st (730 days). The partial first year is excluded from the calculation.
3. Less than 2 years: ADB is calculated for the period spanning the prior calendar year ending December 31st (365 days). The partial first year is excluded from the calculation.
4. Less than 1 year (prior calendar year): ADB is calculated for the period spanning the prior calendar year ending December 31st.
5. Current calendar year: No payout will be made until the next calendar year.

B. Timing in Support of University Budgeting

While the University operates on a July-to-June fiscal year, the Foundation calculates the three-year-rolling average using calendar years. To best support the University’s budget planning for the upcoming fiscal year, the Foundation calculates the three-year average as of December 31 and reports to university partners the following February. Spending distributions are made to the University in August, with funding available to the University for use in August.

C. Administration Fee and Student Support

Effective in fiscal year 2023, the administrative fee will be reduced from 1.75% to 0.70%.

This is the result of the University and Foundation agreeing to direct 1.0% of the previous 1.75% administrative fee directly to student support instead of administrative expenses. The Foundation Board has also reduced the Foundation's operating budget from 0.75% to 0.70%.

The Foundation utilizes a three-year rolling average methodology to calculate both the administrative fee and student support allocation.

III. REVIEW OF POLICY

This policy shall be reviewed annually and shall also be subject to review, adjustment, and approval if warranted by internal or external events or changes.