

NCHSAA General Endowment Spending Policy

The Finance Committee, a subset of the NCHSAA Board of Directors, shall determine the amount of funds available for annual distribution from interest earnings for the General Endowment Fund in keeping with the investment objectives described within the Investment Policy Statement. Gift principal (Permanently Restricted¹ funds; total initial value of all gifts placed in the endowment funds) shall never be expended.

A prudent portion of the annual earnings and/or accumulated appreciation of the General Endowment Fund may be expended annually.

At the beginning of each fiscal year (7/1), the General Endowment Fund value (fair value²) shall be calculated to determine the amount of funding available for use to support NCHSAA programs (spending rate). The following formula will be used:

- The average fund value for each of the previous three fiscal years will be calculated based on a 7/1 to 6/30 fiscal year.
- A percentage of that average value will be determined for distribution.
- The resulting dollar amount will be distributed throughout the fiscal year (7/1 through 6/30) per designated programming needs.

This spending policy will be reviewed annually by the Finance Committee to ensure that earnings and accumulated appreciation are adequate to sustain the distributions.

The Finance Committee may adjust the spending rate percentage as it deems appropriate in order to fulfill the purposes described in the Investment Policy Statement, and in consideration of market fluctuations and resulting earnings/losses and appreciation/depreciation. It is the intent that the annual spending rate percentage will be between three percent (3%) and five percent (5%). Any deviations to this range must be authorized by a two-thirds (2/3) majority vote of the NCHSAA Board of Directors.

Approval Date: 4/28/2021

Effective: 4/28/2021

¹ *Permanently Restricted: Resources that carry donor-imposed restrictions and are meant to be perpetual in nature. The Principal cannot ever be spent, only income from interest earnings and appreciation.*

² *Fair Market Value: U.S. GAAP (Generally Accepted Accounting Principles) defines fair value as the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date (i.e. the exit price).*