



FLORIDA A&M UNIVERSITY

FOUNDATION
BOARD OF DIRECTORS

Finance Committee Meeting Briefing Packet April 11, 2023

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FINANCE COMMITTEE MEETING

Tuesday, April 11, 2023 | 4:00 p.m. – 5:00 p.m.

Agenda

- I. **Call to Order (1 Minute)**
- II. **Roll Call (1 Minute)**
- III. **Conflict of Interest Disclosure (1 Minute)**
- IV. **Approval of Minutes (2 Minutes)**
 - a. November 18, 2022, Finance Committee Meeting
- V. **New Business (50 Minutes)**
 - a. Unaudited Financial Statements at December 31, 2022
 - b. Budgetary Comparison at December 31, 2022
 - c. Proposed Fiscal Year 2023-2024 Operating Budget
 - d. Review and Approve Spending Policy
 - e. Review and Discuss Spending Rate
- VI. **Other Items (5 Minutes)**
- VII. **Adjournment**

FAMU Foundation, Inc.

Vision

To be a global leader in the transformation of lives, one scholar at a time.

Mission

We will assist the University in achieving its mission by raising and stewarding contributions through exceptional management, investment, and administration of assets received.

Finance Committee Meeting Minutes

Fall 2022 FAMU Foundation Board Meeting | November 16-20, 2022

Friday, November 18, 2022 | 3:00 p.m. – 4:00 p.m. EDT

Hyatt Regency Grand Cypress | One Grand Cypress Blvd. | Orlando, FL 32836

Committee Members Present

Dir. Twuanna Munroe Ward, *Chair*
Dir. Clifton Goins, IV
Dir. Monica Williams Harris
Dir. Lenetra King
Dir. Gloria J. Walker
Dir. Hosetta Coleman

Dir. Kenneth Neighbors, *Vice Chair*
Dir. Angela Adderley
Dir. Laurence Humphries
Dir. Freddie Raines
Dir. John L. Green
Dir. Tirrell D. Whittley

Committee Members Not Present

Dir. John M. Crossman

Guests Present

Dir. Shawnta Friday-Stroud

Advancement Team Members Present

Ms. Kimberly Hankerson
Mrs. Audrey Simmons Smith
Mrs. Latosha Adams-Francis
Dr. Eric Swanigan

Mrs. Gena Palmberg
Mrs. Brandi Tatum-Fedrick
Mrs. Quiana Cunningham-Lowe

Call to Order and Roll Call

The meeting was called to order at 3:22 p.m. by Chair Twuanna Munroe Ward. Ms. Gena Palmberg called the roll and confirmed that a quorum was present.

Conflict of Interest Disclosure

Chair Munroe Ward requested that Committee members disclose any conflict of interest with items on the agenda; none were disclosed.

Approval of Minutes

September 13, 2022, Finance Committee Meeting

Dir. Freddie Raines made a motion for approval of the minutes; seconded by Dir. Tirrell Whittley. The minutes were approved, unanimously.

New Business

Unaudited Financials Statements as of September 30, 2022

Dr. Friday-Stroud provided an overview of the Unaudited Financial Statement as of September 30, 2022 to the Committee. She stated that the increase in current assets was primarily due to increase in cash giving and the revenue decrease is primarily due to decreased market performance.

The Committee was provided the below financial reports.

- Statement of Net Position for the periods ended September 30, 2022 and September 30, 2021, and year ended June 30, 2022.
- Statement of Revenues, Expenses and Change in Net Position for the periods ended September 30, 2022 and September 30, 2021 and year ended June 30, 2022.
- Statement of Functional Expenses for the periods ended September 30, 2022 and September 30, 2021.

Budgetary Comparison as of September 30, 2022

Dr. Friday-Stroud provided an overview of the Budget Comparison as of September 30, 2022 to the Committee. She stated that inflation may impact the budget and we will need to bring the budget back to the Committee with adjustments.

There was a brief discussion around the license tag and rent revenue, as well as, the salary line item.

Other Items

Dr. Friday-Stroud stated that Disciplina, the Foundation's Investment Advisor, will be recommending a change in the spend rate calculation to the Investment Committee, and that the Investment Committee and Finance Committee will need to meet to discuss the matter.

Adjournment | Minutes Prepared By

There being no further business, Dir. Tirrell Whittley moved to adjourn the meeting. Dir. Hosetta Coleman seconded the motion. The meeting was adjourned by unanimous approval at 3:42 p.m. Mrs. Gena Palmberg prepared the minutes.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

STATEMENTS OF NET POSITION

For the Quarters Ended December 31, 2022 and 2021, and the Year Ended June 30, 2022

	<u>Unaudited 12/31/2022</u>	<u>Unaudited 12/31/2021</u>	<u>% Variance</u>	<u>Audited 6/30/2022</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 26,392,186	\$ 16,165,359	63%	\$ 16,908,712
Investments	496,562	1,112,349	-55%	2,614,302
Accounts receivable	31,289	9,225	239%	104,724
Prepaid expenses	921,501	660,953	39%	1,736,305
Total current assets	<u>27,841,538</u>	<u>17,947,886</u>	<u>55%</u>	<u>21,364,043</u>
Noncurrent assets				
Restricted assets				
Pledges receivable, net	4,586,336	1,763,665	160%	2,456,283
Investments, net of current portion	146,168,106	164,368,134	-11%	141,363,036
Property held for sale	168,400	168,400	0%	168,400
Cash surrender value of life insurance	57,539	4,763	1108%	57,539
Lease right of use asset, net	4,115	-	-	4,115
Capital Assets				
Nondepreciable assets, primarily land	27,000	27,000	0%	27,000
Depreciable property and equipment, net	127,579	145,372	-12%	136,404
Total noncurrent assets	<u>151,139,075</u>	<u>166,477,334</u>	<u>-9%</u>	<u>144,212,777</u>
Total assets	<u>178,980,613</u>	<u>184,425,220</u>	<u>-3%</u>	<u>165,576,820</u>
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	443,607	368,425	20%	289,458
Scholarships payable	-	1,418,140	-100%	-
Salaries payable	136,520	163,438	-16%	177,155
Agency funds	3,352,498	3,650,063	-8%	-
Total current liabilities	<u>3,932,625</u>	<u>5,600,066</u>	<u>-30%</u>	<u>466,614</u>
Noncurrent liabilities				
Scholarships payable, net of current portion	-	1,736,167	-100%	-
Lease liability	4,429	-	-	4,429
Deposits	4,688	5,687	-18%	4,687
Total noncurrent liabilities	<u>9,117</u>	<u>1,741,854</u>	<u>-99%</u>	<u>9,116</u>
Total liabilities	<u>3,941,742</u>	<u>7,341,920</u>	<u>-46%</u>	<u>475,730</u>
Net Position				
Net investment in capital assets	154,579	172,372	-10%	163,404
Restricted				
Expendable	71,511,212	80,106,028	-11%	65,671,025
Nonexpendable endowments	97,696,582	92,384,860	6%	95,961,451
Unrestricted net assets	5,676,498	4,420,040	28%	3,305,210
Total net position	<u>\$ 175,038,871</u>	<u>\$ 177,083,300</u>	<u>-1%</u>	<u>\$ 165,101,090</u>

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

For the Quarters Ended December 31, 2022 and 2021, and the Year Ended June 30, 2022

	Unaudited 7/1/2022 - 12/31/2022	Unaudited 7/1/2021 - 12/31/2021	% Variance	Audited 6/30/2022
Operating revenues				
Contributions, net	\$ 14,923,864	\$ 13,932,304	7%	\$ 22,178,162
Net realized and unrealized loss	(1,566,919)	6,687,098	-123%	(11,653,768)
Interest and dividends	1,655,614	355,246	366%	597,053
Miscellaneous income	919,221	865,598	6%	1,836,637
Total operating revenues	<u>15,931,780</u>	<u>21,840,246</u>	<u>-27%</u>	<u>12,958,084</u>
Operating expenses				
University support expenditures	4,447,712	4,264,691	4%	8,566,430
Scholarships and grants	1,829,310	1,211,918	51%	2,419,617
Fundraising	513,175	669,343	-23%	1,267,728
Management and general	938,933	841,473	12%	1,410,289
Total operating expenses	<u>7,729,130</u>	<u>6,987,425</u>	<u>11%</u>	<u>13,664,064</u>
Operating income/(loss)	<u>8,202,650</u>	<u>14,852,821</u>	<u>-45%</u>	<u>(705,980)</u>
Income (loss) before other revenues	<u>8,202,650</u>	<u>14,852,821</u>	<u>-45%</u>	<u>(705,980)</u>
Contributions to permanent endowments	<u>1,735,131</u>	<u>1,880,093</u>	<u>-8%</u>	<u>5,456,684</u>
Change in net position	9,937,781	16,732,914	-41%	4,750,704
Net position, beginning of year	<u>165,101,090</u>	<u>160,350,386</u>	<u>3%</u>	<u>160,350,386</u>
Net position, end of year	<u>\$ 175,038,871</u>	<u>\$ 177,083,300</u>	<u>-1%</u>	<u>\$ 165,101,090</u>

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

STATEMENTS OF NET POSITION

For the Quarters Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>% Variance</u>
Assets			
Current assets			
			Increase of \$10.2M is due primarily to increase in cash Restricted Endowed gifts of \$5.3M from 1/1/22 to 12/31/22 and pledge payments of \$2.6M. \$15M held in Money Market account at Regions Bank for current FY expenses.
Cash and cash equivalents	\$ 26,392,186	\$ 16,165,359	63%
Investments	496,562	1,112,349	-55%
			Increase of \$22.1K mainly due to \$8.3K rents receivable increase and \$8.6K loan advances.
Accounts receivable	31,289	9,225	239%
			Increase of 260.5K is mainly due to a scholarship reimbursement from the University with a balance of \$458.9K and a decrease in prepaid salary expense.
Prepaid expenses	921,501	660,953	39%
Total current assets	<u>27,841,538</u>	<u>17,947,886</u>	55%
			Increase of \$9.9M is due primarily to increase in cash Restricted Endowed gifts from 1/1/22 to 12/31/22 of \$5.6M and pledge payments of \$2.5M.
Noncurrent assets			
Restricted assets			
Pledges receivable, net	4,586,336	1,763,665	160%
			Increase of \$2.8M in pledge gifts of \$5.3M and pledge payments of \$2.6M. Decrease of \$18.2M is due to an decrease in realized and unrealized gains/investment performance from 1/1/22 to 12/31/22.
Investments, net of current portion	146,168,106	164,368,134	-11%
Property held for sale	168,400	168,400	0%
			Decrease in asset of \$60K due to property sold.
Cash surrender value of life insurance	57,539	4,763	1108%
			Cash value of life insurance policy increase of \$53K.
Lease right of use asset, net	4,115	-	-
Capital Assets			
Nondepreciable assets, primarily land	27,000	27,000	0%
Depreciable property and equipment, net	127,579	145,372	-12%
Total noncurrent assets	<u>151,139,075</u>	<u>166,477,334</u>	
			Decrease of \$5.4M is primarily due to a decrease in investment performance over prior fiscal year of \$18.8M and an increase in Cash from restricted endowed contributions of \$5.6M and \$2.6M pledge payments, as well as an increase of \$2.8M in pledge gifts.
Total assets	<u>178,980,613</u>	<u>184,425,220</u>	-3%
Liabilities			
Current liabilities			
			Increase of \$75.1K is primarily due to increase in unpaid investment fees of \$63.8k.
Accounts payable and accrued expenses	443,607	368,425	20%
			Decrease of \$1.4M is due to scholarships paid with the scholarship reimbursement funds from the University.
Scholarships payable	-	1,418,140	-100%
			Decrease of \$27.0K is due to a decrease of \$16.0K OPS Engineering salary paid and decrease of \$10.3K in fringe benefits.
Salaries payable	136,520	163,438	-16%
Agency funds	3,352,498	3,650,063	-8%
Total current liabilities	<u>3,932,625</u>	<u>5,600,066</u>	-30%

Noncurrent liabilities			
Scholarships payable, net of current portion	-	1,736,167	Decrease of \$1.7M is due to scholarships paid with the scholarship reimbursement funds from the University.
Lease liability	4,429	-	-
Deposits	4,688	5,687	-18%
Total noncurrent liabilities	<u>9,117</u>	<u>1,741,854</u>	-99%
Total liabilities	<u>3,941,742</u>	<u>7,341,920</u>	-46% Decrease of \$3.4M in liabilities is mainly due to scholarships paid with the scholarship reimbursement funds from the University.
Net Position			
Net investment in capital assets	154,579	172,372	-10%
Restricted			
Expendable	71,511,212	80,106,028	-11% Decrease of \$8.6M is primarily due to a in investment loss of \$18.8M over and above revenue and expenditures from 1/1/22 to 12/31/22.
Nonexpendable endowments	97,696,582	92,384,860	6% Increase of \$5.3M in endowment contributions from 1/1/22 to 12/31/22.
Unrestricted net assets	<u>5,676,498</u>	<u>4,420,040</u>	28% Increase of \$1.3M of revenue over expenses from 1/1/22 to 12/31/22.
Total net position	<u>\$ 175,038,871</u>	<u>\$ 177,083,300</u>	-1% Decrease of \$2.0M is primarily due to an investment loss of \$8.6M and an increase in restricted endowed contributions of \$5.3M, as well as an net revenue increase of \$1.3M in unrestricted fund.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

For the Quarters Ended December 31, 2022 and 2021

	<u>7/1/2022 - 12/31/2022</u>	<u>7/1/2021 - 12/31/2021</u>	<u>% Variance</u>
Operating revenues			
Contributions, net	\$ 14,923,864	\$ 13,932,304	7%
Net realized and unrealized loss	(1,566,919)	6,687,098	123%
Interest and dividends	1,655,614	355,246	366%
Miscellaneous income	919,221	865,598	6%
Total operating revenues	<u>15,931,780</u>	<u>21,840,246</u>	-27%
Operating expenses			
University support expenditures	4,447,712	4,264,691	4%
Scholarships and grants	1,829,310	1,211,918	51%
Fundraising	513,175	669,343	-23%
Management and general	938,933	841,473	12%
Total operating expenses	<u>7,729,130</u>	<u>6,987,425</u>	11%
Operating income/(loss)	<u>8,202,650</u>	<u>14,852,821</u>	-45%
Income (loss) before other revenues	<u>8,202,650</u>	<u>14,852,821</u>	
Contributions to permanent endowments	<u>1,735,131</u>	<u>1,880,093</u>	-8%
Change in net position	<u>9,937,781</u>	<u>16,732,914</u>	-41%
Net position, beginning of year	<u>165,101,090</u>	<u>160,350,386</u>	
Net position, end of year	<u>\$ 175,038,871</u>	<u>\$ 177,083,300</u>	

\$8.3M decrease is due to an decrease in investment performance as compared to 4th quarter 2021.

\$1.3M increase is due to an increase in investment interest and dividends paid on investments.

Total operating revenues decrease of \$5.9M is primarily due to a \$7.0M decrease in investment performance, coupled with a \$992.0K increase in pledge contributions.

\$617.3K increase in scholarship support.

\$156.2K decrease in Fundraising expenditures mainly due to a decrease in equipment purchases.

\$97.5K increase is mainly due to an increase in computer software/equipment.

Total operating expenses increase of \$741.7K is mainly due to an increase in scholarships.

Total change in net position of \$(6.8)M is mainly due to a decrease of \$7.0M in investment performance.

Florida Agricultural and Mechanical University Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2022 and 2021

	December 31, 2022					December 31, 2021				
	Program Services		Fundraising	Management & General	Total	Program Services		Fundraising	Management & General	Total
University Support	Scholarships and Grants	University Support				Scholarships and Grants				
Scholarships and grants	\$ -	\$ 1,829,310	\$ -	\$ -	\$ 1,829,310	\$ -	\$ 1,211,918	\$ -	\$ -	\$ 1,211,918
Salaries and fringe benefits	838,555	-	-	462,190	1,300,745	617,227	-	-	486,082	1,103,309
Contract services	1,761,139	-	-	19,108	1,780,247	725,357	-	-	16,925	742,282
Equipment purchases	154,694	-	63,296	67,936	285,926	235,588	-	100,966	60,807	397,361
Travel and meetings	161,199	-	58,015	72,117	291,331	239,945	-	98,279	42,887	381,111
Materials and supplies	239,599	-	92,475	16,540	348,614	392,122	-	149,059	14,783	555,964
Professional fees	225,874	-	78,883	87,880	392,637	282,528	-	94,941	58,000	435,469
Entertainment and dinners	626,361	-	162,086	95,674	884,121	503,548	-	127,968	50,613	682,129
Repairs and maintenance	18,518	-	6,257	40,194	64,969	116,861	-	48,384	38,228	203,473
Postage	457	-	195	514	1,166	3,330	-	1,427	-	4,757
Dues and subscriptions	45,098	-	-	110	45,208	58,772	-	-	-	58,772
Insurance	29,393.00	-	-	12,952	42,345	33,187	-	-	6,324	39,511
Equipment rental	77,045	-	-	4,886	81,931	72,159	-	-	2,635	74,794
Printing and advertising	26,072	-	9,153	4,692	39,917	87,228	-	20,142	2,761	110,131
Telephone	-	-	-	7,563	7,563	-	-	-	6,303	6,303
Rent	86,424	-	-	-	86,424	29,793	-	-	188	29,981
Depreciation	-	-	-	8,824	8,824	-	-	-	9,016	9,016
Utilities	-	-	-	24,946	24,946	-	-	-	20,036	20,036
Training and seminars	44,646	-	12,364	7,320	64,330	77,127	-	22,474	-	99,601
Taxes and licenses	1,528	-	555	226	2,309	24,033	-	3,828	3,675	31,536
Bank charges	32,748	-	-	5,261	38,009	32,173	-	-	6,878	39,051
Contributions	18,362	-	7,870	-	26,232	22,225	-	2,025	15,332.00	39,582
Other university support	25,000.00	-	-	-	25,000	661,873.00	-	-	-	661,873.00
Provision for uncollectible pledges	-	-	7,026	-	7,026	-	-	(21,413)	-	(21,413)
Miscellaneous	35,000.00	-	15,000	-	50,000	49,615.00	-	21,263	-	70,878
Total	\$ 4,447,712	\$ 1,829,310	\$ 513,175	\$ 938,933	\$ 7,729,130	\$ 4,264,691	\$ 1,211,918	\$ 669,343	\$ 841,473	\$ 6,987,425

FAMU FOUNDATION, INC
BUDGETARY COMPARISON FOR FISCAL YEAR 2022-2023
For Quarters Ended December 31, 2022 and 2021

	FY 2022-2023			FY 2021-2022		
	APPROVED BUDGET*	ACTUAL** @ 12/31/2022	PROJECTED @ 06/30/2023	BUDGET	ACTUAL** ' @ 12/31/2021	PROJECTED ' @ 6/30/2022
REVENUE AND SUPPORT						
Operating Revenue	\$3,128,380	\$3,443,181	\$3,128,380	\$2,916,644	\$2,903,145	\$2,916,644
<i>Endowment Administrative Fees and Operating Fees</i>	\$2,787,380	\$2,941,033	\$2,787,380	\$2,556,619	\$2,556,619	\$2,556,619
<i>Development Investment Fees [7%, 5% or 3%]</i>	\$275,000	\$440,756	\$275,000	\$294,025	\$294,025	\$294,025
<i>Miscellaneous Revenue Fees (7%)</i>	\$60,000	\$58,603	\$60,000	\$60,000	\$50,133	\$60,000
<i>Disbursement Fees [\$2.50]</i>	\$6,000	\$2,790	\$6,000	\$6,000	\$2,368	\$6,000
<i>Campaign Fee [2%]</i>	\$300,000	\$216,417	\$300,000			
License Tags Revenue	\$450,000	\$258,819	\$450,000	\$450,000	\$261,736	\$450,000
Rents and Fees 625 East Tennessee Street	\$70,000	\$26,106	\$70,000	\$70,000	\$33,050	\$70,000
Contingency Revenue	\$550,000	\$0	\$550,000	\$151,289	\$0	\$151,289
TOTAL REVENUE AND SUPPORT	\$4,498,380	\$3,944,523	\$4,498,380	\$3,587,933	\$3,197,931	\$3,587,933
EXPENDITURES						
Foundation Operations						
Staff Salaries and Benefits	\$890,000	\$365,040	\$890,000	\$750,000	\$453,343	\$750,000
Contractual Services	\$25,000	\$18,412	\$25,000	\$25,000	\$2,565	\$25,000
General Counsel and Legal Services	\$60,000	\$30,000	\$60,000	\$60,000	\$5,000	\$60,000
Auditing and Accounting Services	\$55,000	\$48,600	\$55,000	\$55,000	\$53,000	\$55,000
Foundation Board Support	\$150,000	\$162,532	\$150,000	\$138,017	\$111,267	\$138,017
Travel, Registration, Training and Seminars	\$25,000	\$21,272	\$25,000	\$25,000	\$12,994	\$25,000
Memberships and Subscriptions	\$5,000	\$110	\$5,000	\$5,000	\$3,550	\$5,000
Insurance	\$40,000	\$12,952	\$40,000	\$40,000	\$8,415	\$40,000
Janitorial Services	\$30,000	\$17,150	\$30,000	\$30,000	\$14,700	\$30,000
Office Security Monitoring	\$12,000	\$2,886	\$12,000	\$12,000	\$5,689	\$12,000
Office Utilities	\$50,000	\$29,712	\$50,000	\$36,802	(\$16,378)	\$36,802
Pest Control	\$4,000	\$588	\$4,000	\$4,000	\$540	\$4,000
Grounds Maintenance	\$14,000	\$2,250	\$14,000	\$14,000	\$2,425	\$14,000
Software Maintenance	\$150,000	\$137,809	\$150,000	\$111,866	\$111,866	\$111,866
Telephone	\$2,500	\$0	\$2,500	\$2,500	\$0	\$2,500
Office Equipment/Furniture	\$25,000	\$3,620	\$25,000	\$23,319	\$6,386	\$23,319
Materials, Printing & Postage	\$20,000	\$15,835	\$20,000	\$20,000	\$8,707	\$20,000
625 E TN Street Renovations	\$100,000	\$14,383	\$100,000	\$81,492	\$81,492	\$81,492
Bank Fees	\$10,000	\$5,261	\$10,000	\$10,000	\$6,878	\$10,000
Donor Outreach Support and Other	\$83,775	\$3,851	\$83,775	\$55,000	\$0	\$55,000
Equipment - Van	\$0	\$0	\$0	\$0	\$0	\$0
Operating Contingency	\$9,157	\$4,886	\$9,157	\$9,157	\$0	\$9,157
Transportation Maintenance	\$2,500	\$2,118	\$2,500	\$2,500	\$365	\$2,500
Total Foundation Operations	\$1,762,932	\$899,267	\$1,762,932	\$1,510,653	\$872,804	\$1,510,653
Office of University Advancement						
Advancement Operations/Development Support	\$126,000	\$126,000	\$126,000	\$126,000	\$126,000	\$126,000
Capital Campaign Support	\$100,000	\$0	\$100,000	\$0	\$0	\$0
Fundraising Activities [75% Lic Tags Revenue]	\$337,500	\$194,114	\$337,500	\$337,500	\$196,302	\$337,500
Total Office of University Advancement	\$563,500	\$320,114	\$563,500	\$463,500	\$322,302	\$463,500
University Support						
University President Compensation	\$388,562	\$168,110	\$388,562	\$388,562	\$192,667	\$388,562
Interim University President Compensation	\$0	\$0	\$0	\$0	\$0	\$0
University President Bonus/Salary Adjustment	\$70,000	\$0	\$70,000	\$70,000	\$62,948	\$70,000
Office of the President	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
University Auxiliary Support	\$298,485	\$0	\$298,485	\$298,485	\$298,485	\$298,485
Board of Trustees Assessment	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
Board of Governors Assessment	\$16,000	\$15,332	\$16,000	\$15,332	\$15,332	\$15,332
Legislative Advocacy	\$80,000	\$80,000	\$80,000	\$72,500	\$72,500	\$72,500
License Tags Scholarships [25% Lic Tags Revenue]	\$112,500	\$64,705	\$112,500	\$112,500	\$65,434	\$112,500
Athletics Salary Support	\$104,000	\$59,430	\$104,000	\$104,000	\$69,096	\$104,000
Athletics Scholarships Support	\$350,000	\$0	\$350,000	\$0	\$0	\$0
University Executive Support	\$336,401	\$142,144	\$336,401	\$336,401	\$274,027	\$336,401
University Support	\$300,000	\$0	\$300,000	\$100,000	\$0	\$100,000
Total University Support	\$2,171,948	\$645,721	\$2,171,948	\$1,613,780	\$1,166,489	\$1,613,780
TOTAL EXPENDITURES	\$4,498,380	\$1,865,102	\$4,498,380	\$3,587,933	\$2,361,595	\$3,587,933
REVENUE LESS EXPENDITURES	\$0	\$2,079,421	\$0	\$0	\$836,336	\$0

*Approved by FAMU Board of Directors on April 27, 2022 and FAMU Board of Trustees on June 2, 2022.

** Actuals, Accruals, and Commitments.

FAMU FOUNDATION, INC
FISCAL YEAR 2023-2024 PROPOSED OPERATING BUDGET

	FY 2023-2024 Proposed Budget	Difference	2022-2023 Budget
REVENUE AND SUPPORT			
Operating Revenue	\$3,642,814	\$214,434	\$3,428,380
<i>Endowment Administrative Fees and Operating Fees</i>	<i>\$2,904,814</i>	<i>\$117,434</i>	<i>\$2,787,380</i>
<i>Incoming Gifts Fees [7%, 5% or 3%]</i>	<i>\$355,000</i>	<i>\$80,000</i>	<i>\$275,000</i>
<i>Administrative Fees on Miscellaneous Revenue (7%)</i>	<i>\$77,000</i>	<i>\$17,000</i>	<i>\$60,000</i>
<i>Administrative Fees on Disbursements [\$2.50]</i>	<i>\$6,000</i>	<i>\$0</i>	<i>\$6,000</i>
<i>Campaign Fee [2%]</i>	<i>\$300,000</i>	<i>\$0</i>	<i>\$300,000</i>
License Tags Revenue	\$450,000	\$0	\$450,000
Rents and Fees 625 East Tennessee Street	\$70,000	\$0	\$70,000
Contingency Revenue	\$0	(\$550,000)	\$550,000 *
TOTAL REVENUE AND SUPPORT	\$4,162,814	(\$335,566)	\$4,498,380
EXPENDITURES			
Foundation Operations			
Staff Salaries and Benefits	\$970,000	\$80,000	\$890,000
Contractual Services	\$25,000	\$0	\$25,000
General Counsel and Legal Services	\$60,000	\$0	\$60,000
Auditing and Accounting Services	\$55,000	\$0	\$55,000
Foundation Board Support	\$220,000	\$70,000	\$150,000
Travel, Registration, Training and Seminars	\$25,000	\$0	\$25,000
Memberships and Subscriptions	\$5,000	\$0	\$5,000
Insurance	\$40,000	\$0	\$40,000
Janitorial Services	\$30,000	\$0	\$30,000
Office Security Monitoring	\$12,000	\$0	\$12,000
Office Utilities	\$50,000	\$0	\$50,000
Pest Control	\$4,000	\$0	\$4,000
Grounds Maintenance	\$20,000	\$6,000	\$14,000
Software Maintenance	\$150,000	\$0	\$150,000
Telephone	\$2,500	\$0	\$2,500
Office Equipment/Furniture	\$25,000	\$0	\$25,000
Materials, Printing & Postage	\$20,000	\$0	\$20,000
625 E TN Street Renovations	\$100,000	\$0	\$100,000
Bank Fees	\$15,000	\$5,000	\$10,000
Donor Outreach Support and Other	\$83,775	\$0	\$83,775
Equipment - Van	\$0	\$0	\$0
Operating Contingency	\$20,091	\$10,934	\$9,157
Transportation Maintenance	\$5,000	\$2,500	\$2,500
Total Foundation Operations	\$1,937,366	\$174,434	\$1,762,932
Office of University Advancement			
Advancement Operations/Development Support	\$126,000	\$0	\$126,000
Capital Campaign Support	\$100,000	\$0	\$100,000
Fundraising Activities [75% License Tags Revenue]	\$337,500	\$0	\$337,500
Total Office of University Advancement	\$563,500	\$0	\$563,500
University Support			
University President Compensation	\$388,562	\$0	\$388,562
Interim University President Compensation	\$0	\$0	\$0
University President Salary Increase, Bonus & Benefits	\$80,000	\$10,000	\$70,000
Office of the President	\$80,000	\$0	\$80,000
University Auxiliary Support	\$298,485	\$0	\$298,485
Board of Trustees Assessment	\$36,000	\$0	\$36,000
Board of Governors Assessment	\$16,000	\$0	\$16,000
Legislative Advocacy	\$80,000	\$0	\$80,000
License Tags Scholarships [25% License Tags Revenue]	\$112,500	\$0	\$112,500
Athletics Salary Support	\$134,000	\$30,000	\$104,000
Athletics Scholarships Support/General	\$0	(\$350,000)	\$350,000 *
University Executive Support	\$336,401	\$0	\$336,401
University Support	\$100,000	(\$200,000)	\$300,000 *
Total University Support	\$1,661,948	(\$510,000)	\$2,171,948
TOTAL EXPENDITURES	\$4,162,814	(\$335,566)	\$4,498,380
REVENUE LESS EXPENDITURES	\$0	\$0	\$0

* Approved at the Orlando Board Meeting 11/19/22. \$350,000 (Athletics Scholarship) \$100,000 (University Support-Band) \$100,000 (University Support-AD Discretionary)

Note: Balance for Contingency Revenue \$100,000.00

Florida A&M University Foundation Board of Directors
Finance Committee
Action Item – New Business V. (d)

Spending Policy

Issue for Discussion

The Finance Committee is requested to review the two draft Spend Policies and approve one of the drafts. In addition, the Committee is requested to review the current spend rate of 3% against other Florida SUS rates and determine whether or not to keep the current rate or increase the spend rate.

Background Information

Section II of the FAMU Foundation, Inc., Spending Policy stipulates that:

The Foundation shall periodically review the application to endowed funds of its spending allocation and administrative fee described below, and shall make a determination that such application 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 endowed funds;
- b) The purposes of the Foundation and 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.

The Foundation has a duty under UPMIFA to maintain the long term purchasing power of each endowed fund and, in accordance with that duty, will record the historic dollar value of each endowed fund as a benchmark by which to measure each fund's performance relative to preservation of long term purchasing power. The Foundation shall also institute such procedures as are reasonably calculated to identify any individual endowed fund, the long-term purchasing power of which has the potential to be significantly impaired by continued application of this policy, and present a strategy for remedying such impairment to the Finance Committee of the Board of Directors of the Foundation.

Recommended Actions

Review the two draft spend policies and recommend to the full Board for approval one of these draft policies. In addition, review the current spend rate of 3% against other Florida SUS rates and determine whether or not to take an increased rate to the full Board for approval.

Spending Policy Draft #1 - 10% Underwater Spending

**FLORIDA A&M UNIVERSITY FOUNDATION, INC.
POLICY ON EXPENDITURES FROM ENDOWED FUNDS
(Spending Policy)**

Adopted: April 25, 2014

I. Purpose of Policy

This is the *Policy on Expenditures from Endowed Funds* of the Florida A&M University Foundation, Inc. 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 for the purposes for which the funds were established and for administrative costs related to investment and administration of the endowed funds.

II. 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 Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA). No policy will supersede any provision of federal or state law or regulation.

The Foundation shall periodically review the application to endowed funds of its spending allocation and administrative fee described below, and shall make a determination that such application 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 endowed funds;
- b) The purposes of the Foundation and 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.

The Foundation has a duty under UPMIFA to maintain the long term purchasing power of each endowed fund and, in accordance with that duty, will record the historic dollar value of each endowed fund as a benchmark by which to measure each fund's performance relative to preservation of long term purchasing power. The Foundation shall also institute such procedures as are reasonably calculated to identify any individual endowed fund, the long-term purchasing power of which has the potential to be significantly impaired by continued application of this policy, and present a strategy for remedying such impairment to the Finance Committee of the Board of Directors of the Foundation.

~~The Foundation may decide to spend from endowed funds, even to the extent of expending a portion of the fund which constitutes historic dollar value, in accordance its~~

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expenditure policies; provided, such spending is part of a purposeful, prudent and documented strategy to maintain the long term purchasing power of such funds.

The Foundation will in good faith make information available to donors and potential donors concerning its expenditure policies.

The Foundation is aware that despite utilizing a well diversified investment portfolio strategy and the best good faith efforts of its Board members there will be times when the fair market value of an endowment may fall below the endowment corpus value creating underwater endowments. In the event a fund falls underwater by 10%, the Foundation will reinvest the spending allocation back to net return and the fund will not receive a spending distribution or be charged any fees.

III. Calculation Method

Transfers from endowed funds for the spending allocation and the administrative fee shall be calculated as described below. Such transfers may be made regardless of whether an endowed fund has sufficient current period and/or accumulated net investment returns to support such allocation, unless a determination has been made pursuant to Section II above to limit or withhold such payments with respect to a particular fund.

a) Spending Allocation

The amount allocated for spending will equal 3.0% of the rolling prior 12-quarter average market value of the pooled investment portfolio. The average market value calculation will commence with December 31st of the year immediately prior to the fiscal year in which spending will occur. To assist budget planning, endowed fund beneficiaries will be informed of their spending allocation for the upcoming fiscal year by the end of March directly preceding the fiscal year in which spending will occur. The spending allocation will be recorded in the endowed fund spending account in full at the start of each fiscal year.

b) Administrative Fee

The amount of funds allocated for expenditure for Foundation administrative expenses will equal one and one-half percent (1.5%) of average market value calculated as described in III. (a) above. The full endowment administrative fee will be recorded in the Foundation's operating fund in full at the start of each fiscal year.

Description	Rate
Spending Allocation	3.0%
Administrative Fee	1.5%
Total	4.5%

IV. Exceptions

The spending allocation and administrative fee will not be calculated as set forth above for endowed funds underwater by 10% or established pursuant to a gift instrument that specifies a different spending method or does not permit the assessment of such fees.

All other exceptions to this policy must be approved by the Finance Committee of the Board of Directors upon the recommendation of the Foundation Executive Director where there is substantial potential for developing a long-term funding relationship with the donor and the gift's designated use is compatible with the Foundation's priorities.

V. Applicability

This Policy applies to all endowed funds administered, held, and invested at or by the Foundation.

VI. Enforcement and Interpretation

It is the responsibility of all employees to uphold this policy. Any violation of this policy may result in disciplinary action up to, and including, termination of employment. Questions regarding interpretation of this policy should be directed to the Foundation's Executive Director or Managing Director/CFO.

VII. Effective Date

This policy is effective for expenditures from endowed funds commencing with the fiscal year beginning July 1, 2016 and replaces and supersedes any preceding policy concerning this subject matter. This policy and its application shall be monitored by the Finance and Investment Committees of the Foundation Board of Directors, which shall make to the Board of Directors any necessary recommendations with respect to amendments to this policy.

VIII. Approval Date

This policy was approved by the FAMU Foundation, Inc. on April 25, 2014.

IV. Amendments

Amended on November 19, 2016.

Amended on August 28, 2014.

Spending Policy Draft #2 - No Spend for Underwater

FLORIDA A&M UNIVERSITY FOUNDATION, INC.
POLICY ON EXPENDITURES FROM ENDOWED FUNDS
(Spending Policy)

Adopted: April 25, 2014

I. Purpose of Policy

This is the *Policy on Expenditures from Endowed Funds* of the Florida A&M University Foundation, Inc. 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 for the purposes for which the funds were established and for administrative costs related to investment and administration of the endowed funds.

II. 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 Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA). No policy will supersede any provision of federal or state law or regulation.

The Foundation shall periodically review the application to endowed funds of its spending allocation and administrative fee described below, and shall make a determination that such application 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 endowed funds;
- b) The purposes of the Foundation and 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.

The Foundation has a duty under UPMIFA to maintain the long term purchasing power of each endowed fund and, in accordance with that duty, will record the historic dollar value of each endowed fund as a benchmark by which to measure each fund's performance relative to preservation of long term purchasing power. The Foundation shall also institute such procedures as are reasonably calculated to identify any individual endowed fund, the long-term purchasing power of which has the potential to be significantly impaired by continued application of this policy, and present a strategy for remedying such impairment to the Finance Committee of the Board of Directors of the Foundation.

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III. Calculation Method

Transfers from endowed funds for the spending allocation and the administrative fee shall be calculated as described below. Such transfers may be made regardless of whether an endowed fund has sufficient current period and/or accumulated net investment returns to support such allocation, unless a determination has been made pursuant to Section II above to limit or withhold such payments with respect to a particular fund.

a) Spending Allocation

The amount allocated for spending will equal 3.0% of the rolling prior 12-quarter average market value of the pooled investment portfolio. The average market value calculation will commence with December 31st of the year immediately prior to the fiscal year in which spending will occur. To assist budget planning, endowed fund beneficiaries will be informed of their spending allocation for the upcoming fiscal year by the end of March directly preceding the fiscal year in which spending will occur. The spending allocation will be recorded in the endowed fund spending account in full at the start of each fiscal year.

b) Administrative Fee

The amount of funds allocated for expenditure for Foundation administrative expenses will equal one and one-half percent (1.5%) of average market value calculated as described in III. (a) above. The full endowment administrative fee will be recorded in the Foundation's operating fund in full at the start of each fiscal year.

Description	Rate
Spending Allocation	3.0%
Administrative Fee	1.5%
Total	4.5%

IV. Exceptions

The spending allocation and administrative fee will not be calculated as set forth above for endowed funds underwater or established pursuant to a gift instrument that specifies a different spending method or does not permit the assessment of such fees.

All other exceptions to this policy must be approved by the Finance Committee of the Board of Directors upon the recommendation of the Foundation Executive Director where there is substantial potential for developing a long-term funding relationship with the donor and the gift's designated use is compatible with the Foundation's priorities.

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VII. Effective Date

This policy is effective for expenditures from endowed funds commencing with the fiscal year beginning July 1, 2016 and replaces and supersedes any preceding policy concerning this subject matter. This policy and its application shall be monitored by the Finance and Investment Committees of the Foundation Board of Directors, which shall make to the Board of Directors any necessary recommendations with respect to amendments to this policy.

VIII. Approval Date

This policy was approved by the FAMU Foundation, Inc. on April 25, 2014.

IV. Amendments

Amended on November 19, 2016.

Amended on August 28, 2014.



Endowment & Investment – Endowment Value



University	Endowment total as of 12/31/22	Endowment total at 6/30/22 (NACUBO)	Non-Endowed or Operating Pool Total 6/30/22	2022 Administrative fee % (per policy)	2021 Administrative fee % (per policy)	2022 Administrative fee amount	2022 spending % from endowment (per policy)	2021 spending % from endowment (per policy)	2022 spending amount from endowment	Plan to change spending rate? Is so how?	How is spending rate calculated?
FAMU	\$108,975,752	\$111,477,293	\$33,808,972	1.5%	1.5%	\$1,148,679	3.0%	3.0%	\$4,215,507	No	Rolling prior 12-quarter average market value
FAU	\$251,329,053	\$258,127,394	\$71,599,122	1.7%	1.7%	\$4,483,478	3.9%	3.9%	\$6,394,066	No	20 quarters rolling average
FGCU	\$113,552,756	\$111,836,988	\$1,183,618	1.5%	1.5%	\$2,028,648	4.0%	4.0%	\$3,870,559	No	4% of 3 yr rolling average on Dec 31st.
FIU	\$288,320,176	\$284,292,409	\$105,955,365	2.0%	2.0%	\$3,286,198	4.0%	4.0%	\$9,883,301	No	Percent determined annually by Board; calculation based on 3-year rolling average at 12/31
FPU											
FSU	\$902,038,079	\$898,119,860	\$177,524,808	1.5%	1.5%	\$8,257,363	4.0%	4.0%	\$22,740,203	No	4% of rolling 3-year average of the quarterly market value of participating funds



Endowment & Investment – Endowment Value



University	Endowment total as of 12/31/22	Endowment total at 6/30/22 (NACUBO)	Non-Endowed or Operating Pool Total 6/30/22	2022 Administrative fee % (per policy)	2021 Administrative fee % (per policy)	2022 Administrative fee amount	2022 spending % from endowment (per policy)	2021 spending % from endowment (per policy)	2022 spending amount from endowment	Plan to change spending rate? Is so how?	How is spending rate calculated?
NCF	\$39,519,335	\$39,444,533	\$0	2.3%	2.3%	\$836,384	5.5%, 3.25% for Program, 2.25% for Admin Fee	5.5%, 3.25% for Program, 2.25% for Admin Fee	\$2,179,685	No	20 Quarter Rolling Average, end date 12/31/XX
UCF	\$211,853,920	\$208,443,520	\$79,171,380	2.1%	2.2%	\$4,470,954	4.0%	4.0%	\$6,982,088	No	[(70%)(Prior YR Spend)(1+CPI)] + [(30%)(12.31 Market)(Spend Rate)]
UFF	\$2.16B	\$2.28B	\$0	1.4%	1.4%	\$27.3M	4.0%	4.0%	\$82.2M	No	Rate is set by the Finance Committee and is reviewed/approved annually
UNF	\$131,609,443	\$133,510,274	\$33,276,135	1.5%	1.6%	\$2,146,260	4.0%	4.0%	\$4,721,638	No changes expected	3 year rolling average on Dec. 31
USF	approx. \$605 million	\$604,516,638	\$157,573,796	2.0%	2.0%	\$11,150,000	4.0%	4.0%	\$23,420,000	No	5 Year Average Market Value
UWF	\$108,047,122	\$86,874,886	\$23,201,767	1.8%	1.8%	\$1,630,148	4.0%	4.0%	\$3,247,334	No	3 Year Average