



University of Georgia
External Affairs Division
Office of Financial Services

Spending Budgets

Arch Foundation for the University of Georgia
The University of Georgia Foundation



Spending Budgets

Policies and Procedures

- Available online:
 - Arch Foundation www.uga.edu/archfoundation
 - UGA Foundation www.ugafoundation.org
- Policy Section VII.C (both Foundations)
- Endowment Guide, including a summarized explanation of spending policy, is also online on each Foundation's website.
- Georgia law requires a spending policy for endowments.



Spending Budgets

Timeline for Fiscal Year 2008

February 2007:

- Foundation investment committees determine Spending Rate for next fiscal year.
- Balances are pulled for endowment averages.

March 2007:

- Estimated spending budgets are available on IFAS.

August 2007:

- Final opening spending budgets available on IFAS.
- Funding of spending budgets.



Spending Budgets

Requirements before Spending from Endowments

- Invested for at least one full fiscal year.
- Available investment return – cannot spend corpus.
- Fund agreement is signed.
- Endowment minimum is met.



Spending Budgets

Components of Spending Budget

Two components for Total Spending Budget:

- Current Year Spending Budget (annual funding)
- Rollover Spending Budget (one time funding)
 - Unused spending budgets roll over to the next fiscal year, but cannot exceed:
 - Available Investment Return, or
 - Total of Spending Budgets granted in the last 3 fiscal years.
 - Excess stays in endowment to fund future spending.



Spending Budgets

Current Year Spending Budget

Current year spending budget (annual funding):

Endowment average balance (up to 36 months used)*
X Spending Rate
= Spending Calculation

Spending Budget = lesser of

- (1) Spending Calculation, or
- (2) Available Investment Return

* Based on history as of January 31. Investment appreciation/depreciation is excluded from average for funds with less than 36 months of history.



Spending Budgets

Funding the Spending Budget

Current Year Spending Budget:

- Funded in August 2007.
- Cash needed is transferred from Principal to Income.

Rollover Spending Budget:

- No additional funding provided.
- Contact our offices to discuss funding needs.

NOTE: Income can be reinvested at unit's request if spending budgets will not be used.



Spending Budgets

Spending Rate for Arch Foundation

	Low	High	Fiscal YTD 7/1/06-12/31/06	Since Inception	
				Actual 4/30/06-12/31/06	Index* 4/30/06-12/31/06
Projected Annual Returns	5.00%	12.00%	9.46%	6.19%	8.35%
Spending	4.00%	4.00%	4.00%	4.00%	4.00%
Inflation (reinvested) - up to 3.5%	1.00%	3.50%	3.50%	2.19%	3.50%
Support Fee up to 1.00%	0.00%	1.00%	1.00%	0.00%	0.85%
Excess Return (reinvested)	0.00%	3.50%	0.96%	0.00%	0.00%

* 70% S&P, 30% Lehman Aggregate



Spending Budgets

Spending Rate for UGA Foundation

	Low	High	Fiscal YTD 7/1/06-12/31/06	Since Inception	
				Actual 3/1997- 12/2006	Policy Index 3/1997- 12/2006
Projected Annual Returns	9.20%	15.90%	11.20%	10.10%	8.70%
Spending	4.50%	4.50%	4.50%	4.50%	4.50%
Inflation (reinvested) 3.5%	3.50%	3.50%	3.50%	3.50%	3.50%
Support Fee 1.00%	1.00%	1.00%	1.00%	1.00%	0.70%
Excess Return (reinvested)	0.20%	6.90%	2.20%	1.10%	0.00%



Spending Budgets

Estimated Total Spending Budget Report

Estimated Total Spending Budget Fiscal Year 2008

Fund Name	TFA	ASCEND	Fund
Endowment Fund	XXXXXX	XXXXXX	XXXXXX

Under the Foundation's Spending Policy, the Total Spending Budget includes amounts rolled over from the previous fiscal year and the Current Year Spending Budget subject to available Investment Return. Investment Return represents interest and dividend yield and market appreciation of investments. The spending rate established for FY2008 is 4.5%. For more information see the Spending Policy (Section VII.C) of the Foundation's Policies and Procedures.

ESTIMATED ROLLOVER SPENDING BUDGET	\$	1,240.76
ESTIMATED CURRENT YEAR FY2008 SPENDING BUDGET		<u>159,896.14</u>
ESTIMATED BEGINNING TOTAL SPENDING BUDGET FOR FY2008	\$	161,136.90

The Estimated Total Spending Budget reflected above was calculated using information as of January 31, 2007. The estimate could differ from the final total spending budget for one or more of the following reasons:

- * Actual spending for the rest of this fiscal year will reduce investment return and the estimated rollover spending budget.
- * Market fluctuations in investments prior to fiscal year-end will impact investment return available to fund the estimate.

Also, please be aware that, despite having a spending budget, an endowment cannot spend any funds until it has met the following conditions:

- * Funds have been invested for at least one full fiscal year.
- * There is a signed fund agreement.
- * The endowment has met its minimum funding requirement set forth in the fund agreement.

The final total spending budget for FY2008 will be calculated after fiscal year-end and available to you in August. That report will reflect the final total spending budget.



Spending Budgets

Opening Total Spending Budget Report

Opening Total Spending Budget

For FY 2008

Fund Name	TFA Number	ASCEND Number	Fund Number
ENDOWMENT FUND	XXXXXX	XXXXXX	XXXXXX
<p>Under the Foundation's Spending Policy, the Total Spending Budget includes amounts rolled over from the previous fiscal year and the Current Year Spending Budget, subject to available Investment Return. Investment Return represents interest and dividend yield and market appreciation of investments. For more information see the Spending Policy (Section VII.C) of the Foundation's Policies and Procedures.</p>			
ROLLOVER SPENDING BUDGET		\$ 1,240.76	
CURRENT YEAR SPENDING BUDGET		<u>159,896.14</u>	
FY 2008 TOTAL SPENDING BUDGET		<u><u>\$ 161,136.90</u></u>	
<p>The Current Year Spending Budget is the lesser of the Spending Calculation or the Investment Return available after funding the Rollover Spending Budget. The FY 2008 Spending Calculation for this fund is \$159,896.14</p>			



Spending Budgets

Monthly Total Spending Budget Report

Total Spending Budget Report
Fiscal Year-To-Date - 1/31/2008

Fund Name	TFA	ASCEND	Fund
Endowment Fund	XXXXXX	XXXXXX	XXXXXX
For Current Use			
<p>The Beginning Total Spending Budget includes amounts rolled over from previous fiscal years (one time use) and the current year spending budget (annual allocation). Spending Budgets are subject to available Investment Return. Investment Return represents interest and dividend yield and market appreciation of investments. For more information see the Spending Policy (Section VII.C) of the Foundation's Policies And Procedures.</p>			
ROLLOVER SPENDING BUDGET (one time use)	\$	1,240.76	
CURRENT YEAR SPENDING BUDGET (annual allocation)		<u>159,896.14</u>	
BEGINNING TOTAL SPENDING BUDGET	\$	161,136.90	
EXPENDITURES TO DATE:			
Operating Supplies & Expense	\$	31,102.81	
Travel	\$	1,790.34	
Other Transfers Out	\$	<u>30,000.00</u>	
LESS TOTAL EXPENDITURES		62,893.15	
LESS TOTAL OBLIGATIONS		<u>0.00</u>	
REMAINING TOTAL SPENDING BUDGET	\$	<u><u>98,243.75</u></u>	



Spending Budgets

Monthly Total Spending Budget Report (cont.)

For Future Planning Purposes

The Spending Budget remaining at Fiscal Year-End rolls over for use in future fiscal years, subject to the Rollover Limit. The Rollover Limit is the sum of the Current Year Spending Budgets from the three previous Fiscal Years, which is \$484,727.71 for this fund. Any excess of the Spending Budget above the Rollover Limit remains in the endowment as Investment Return.

ROLLOVER LIMIT:

For Fiscal Year 2008 the Current Year Spending Budget is:	159,896.14
For Fiscal Year 2007 the Current Year Spending Budget was:	160,604.78
For Fiscal Year 2006 the Current Year Spending Budget was:	164,226.79
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	\$484,727.71

NOTE: Showing the details on the Rollover Limit is optional in IFAS.



Spending Budgets

IFAS Access and Training

- Access forms for both Foundations are on their respective websites.
- Future training dates:
 - February 14
 - March 15
- Register through UGA Training and Development.



Spending Budgets

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