



Cambrian College Foundation Board of Directors – Finance Committee Annual Endowment Disbursement Policy

Date Approved: March 27, 2019

Date Reviewed by Finance Committee:
December 13, 2018

Date Revised:

1. Overview

The endowment held by the Cambrian Foundation is used to fund a significant portion of the Cambrian College Awards Program on a yearly basis. Only the investment income that is earned from the endowment is used for award disbursements. The Cambrian Foundation uses a “slip-year” funding model. This sees the investment earned from the endowment in one fiscal year disbursed in the next fiscal year. The target rate of return for endowment disbursements is 4%.

2. Disbursement

When the endowment performs at a rate of return above 4%, investment income will be allocated as follows:

1. A rate equal to inflation will be set aside in an inflation rate stabilization fund.
2. A maximum of 4% to be used to pay for yearly scholarships, bursaries and awards.
3. 10% of the above 4% amount would be used to pay for the administration of the awards as is the current Cambrian Foundation practice.
4. Any further investment earnings in excess of 1) thru 3) will be designated to a Rate Stabilization Fund.

The example below will demonstrate the above:

Assuming an investment return of 8% and an inflation rate of 2% on an endowment balance of \$3,600,000, the following distribution would apply:

Investment return		8.00%	<u>\$288,000</u>
Firstly:	for Inflation Rate Stabilization	2.00%	72,000
Secondly:	for yearly Scholarships	4.00%	144,000
Thirdly:	for administration costs	0.40%	14,400
Fourthly:	for Rate Stabilization Fund	1.60%	<u>57,600</u>
			\$288,000



Cambrian College Foundation Board of Directors – Finance Committee Annual Endowment Disbursement Policy

Date Approved: March 27, 2019

Date Reviewed by Finance Committee:
December 13, 2018

Date Revised:

When the endowment performs at a rate of return below 4%, the following scenarios would apply:

1. The Rate Stabilization Fund would be used to ensure an award disbursement of 4% of the endowment balance.
2. The administration costs would be taken from operating funds.
3. Costs of maintaining the Cambrian College Awards Program at a minimum standard will be shared through the combined efforts of Cambrian Foundation, Cambrian College and the endowment donors.
4. The Cambrian Foundation and Cambrian College may opt to reduce the 4% disbursement until such time as the endowment is performing to expected standards.

These numbers may change in time and remain at the discretion of the Cambrian Foundation.

3. Amendments

The Annual Endowment Disbursement Policy shall be reviewed annually from the date of approval. It may be recommended that they be altered to meet the current needs of the Committee by agreement of the majority.

The above Annual Endowment Disbursement Policy for the Finance Committee have been agreed to:

Committee Chair

Date of approval by Committee

Ron Chrysler

December 13, 2018