

# **WASHINGTON STATE 4-H FOUNDATION**

## **REVENUE & FINANCE POLICY**

### **General Policy**

It is the policy of the Washington State 4-H Foundation to vigorously pursue the Foundation's mission. This includes developing resources for Foundation disbursement as well as assisting state and county staff, districts, and counties in their efforts toward developing revenue for 4-H related purposes. Priority will be given to statewide efforts, then district or multi-county efforts.

The Washington State 4-H Foundation will prudently manage, invest and steward the assets entrusted to it by its donors.

All revenue and receipts of the Foundation whether generated by the Foundation or by others, must relate to furthering the mission of the Washington State 4-H Foundation.

### **Types of Accounts**

Two basic types of accounts are provided:

1. Endowment
2. Expendable or Current Use

### **Endowment Accounts**

Each endowment consists of a principal account and a corresponding but separate expendable account. An endowment may be established with a minimum \$10,000 principle balance. The principle account is not available for disbursement. Earnings on the principle account will be handled as follows:

- Endowed accounts receive a 5% annual payout credited to the corresponding expendable account, calculated at 1.25% quarterly on the 36 month rolling average market value of the total endowment portfolio.
- The 4-H Foundation receives a 1% annual management fee, calculated at .25% quarterly on the 36 month rolling average market value of the total endowment portfolio.
- Any additional interest earnings will be returned to the principle account to grow the endowment.
- Some or all of the unspent balance of the expendable account at fiscal year, may be credited back to the principal account or be retained in the expendable account.

This policy reduces the effects of short-term market fluctuations and provides a more predictable revenue flow into the expendable accounts. It also offers a potential hedge against inflation by encouraging continual growth of principal. At the same time, it provides a predictable annual level of revenue for the stated purpose of each endowment account as well as for the Foundation's operating expenses.

New endowed accounts can be held for up to five (5) years with an initial amount of less than \$10,000. This will enable the fund to reach the required minimum through additional contributions and accumulated income.

All income earned on pending endowed accounts will be reinvested in the account. No expenditures may be made from pending accounts, unless authorized for fund raising efforts to increase the account balance.

If pending endowed accounts do not reach the minimum \$10,000 balance within the five (5) year period, all interest earned will be credited to the general fund, with the original gift and additional contributions placed into the corresponding expendable account.

### **Expendable Accounts**

All funds in expendable accounts are available for distribution. Expendable accounts can be established with a minimum balance of \$500. With proper authorization, the full balance of the account can be disbursed at any time. These accounts may be either restricted (i.e., used only for specific purposes) or unrestricted (i.e., to be used as determined by individual(s) authorized to direct fund disbursement).

The terms of these expendable accounts should be filed with the foundation prior to account establishment, and should include:

- type of account (restricted or unrestricted)
- allowable uses
- position(s) or individual(s) authorized to direct fund disbursement
- methods of authorized disbursement
- procedure to modify agreement terms
- alternative uses of the account should the original purpose cease to exist

Because of their highly “liquid” nature, interest income is not paid on expendable accounts. Any income generated will be credited to the 4-H Foundation’s general fund to cover administrative expenses.

### **Service Fees**

- Grants: A 5% administrative fee shall be assessed for grant revenue where the Foundation acts as a conduit, accepting funds as a 501 (c ) ( 3) on behalf of a county or club. Prior approval for utilizing the Foundation as a conduit must be received from the Executive Director.
- Grants: A 10% administrative fee shall be assessed for grant revenue where the Foundation acts as fiscal agent and will administer the funds. Prior approval for utilizing the Foundation as fiscal agent must be received from the Executive Director. The Executive Director is authorized to waive this fee in cases where a private foundation or corporation does not allow administrative or indirect costs to be paid with grant funds.
- Service Accounts: A 5% service fee shall be assessed for revenue and receipts transferred through the Foundation to another fiscal agent. In such cases, the Foundation will act only in a transfer capacity. Prior approval for utilizing the Foundation in this capacity must be received from the Executive Director.

### **Loans**

Loans are not allowed. 4-H related groups, programs or accounts needing reimbursable funding may apply for such under the Foundation's grant program. Proposals requesting reimbursable funding will be reviewed by the Foundation's Grant Review Committee (such grants are dependent upon unrestricted funds being available).