

General Fund Policy

Elk Grove Community Foundation dba Elk Grove Regional Scholarship Foundation (EGRSF)

A. Purpose

The purpose of this policy is to provide guidance to the Treasurer and the Finance Committee in investing scholarship funds and providing funds for scholarship pay-outs and other activities as approved by the Board of Directors.

B. Definitions

1. **Endowed Balance:** For purposes of determining the amount of scholarship payout, the Endowment balance is the principal balance that existed on March 31 of the previous year.
2. **Endowed Funds:** The Endowed Funds will account for all individual scholarship funds, except for Pass-Through Funds.
3. **Fully Funded Endowed Fund:** A Fully-Funded Endowed Fund is a scholarship fund that has attained the committed Endowed level and therefore has or will commence the payout of an annual scholarship.
4. **Fund(s):** A Fund or Funds is an accounting entry. Use of the word Fund or Funds means that individual and aggregate balances of a Fund will be reported to EGRSF Board. There may not necessarily be a segregation of the actual dollars deposited or invested by Fund.
5. **Partial Endowed Scholarship Fund:** A Partial Endowed Scholarship Fund is a transition Fund that has not yet attained the committed Endowed Level.
6. **Pass-Through Fund:** The Pass-Through Fund accounts for all specific receipts for scholarships that are designated to be disbursed on an annual basis. The minimum amount for a Pass-Through Fund will be determined by the Board and will include an administrative fee.

C. Contributions Not Specific

Any contributions to the Foundation that are not Pass-Through Funds or pledged to either be an Endowed Scholarship or expanding of an existing Endowed Scholarship will be recorded as General contributions to the Foundation.

D. Earnings / Losses on Investments

1. It is the intention of the Board of EGRSF to follow the Investment Policies, to grow the investments for current and future disbursements of scholarships and other operational needs as deemed appropriate.
2. All earnings and losses will revert to the General Fund of EGRSF on an annual basis.
3. The date full funding of an Endowed Scholarship or Extended Endowment is attained determines when that scholarship qualifies to be awarded. The full funding must be completed by March 31 of the year prior to when that scholarship qualifies for payout. Said differently, if funding were completed to the Endowed level of \$20,000, that named scholarship would be qualified to award a four-unit scholarship for the following scholarship year.

Determination of the total amount available to be awarded as an Endowed Scholarship for the following year will be set by the Board annually based on historical earnings. Effective each year, the Board will review earnings for the 12 months ending June 30 of that year to set the total amount of scholarships to be awarded the following year.

E. General Fund Reserves

1. It is the Board's intent to grow the Foundation by having reasonable returns on investments as is presented in the Investment Policy. Currently, levels of annual awarded scholarships are set at \$250 per each \$5,000 level of endowment or said differently \$250 per Unit. That level effectively equates to a 5% factor of growth. This General Fund Policy and the Endowed Scholarship Policy considers conditions where earnings of the Foundation's investments would not attain that 5% factor. Accordingly, the General Fund would be a source of funds in addition to the earnings to assure reasonable amounts of scholarships could be awarded in lean earnings years.
2. It is the Board's intent to maintain the Foundation funds at a liquid level that continues to support reasonable levels of scholarships and for operations as specified by the Board. Accordingly, the General Fund is to be reserved in a manner to support that continuance. The accounting and reporting of the General Fund will identify restrictions of that Fund as titled by "reserves." Actual cash and other investment instruments are not required to be segregated by each component of the General Fund. The Reserved General Funds will be maintained in the following priority order:
 - A total of all Fully-Funded Endowments and Pledged Expanded Endowments.
 - For each awarded Unit, there shall be \$5,000 of Endowed Reserve. If there is insufficient General Fund balance to reserve this amount, the Board directs all activity toward prioritizing the elimination of that insufficiency.

- A total of at least 100% of the next year expected scholarship awards.
 - A Reserve is to be established by the Board to represent 100% of the expected operating and administrative expenses for the next year.
3. Reserves of the General Funds are to be set by the Board at the end of each calendar year for the reserve requirements as specified in this General Fund Reserves section of the General Fund and Endowed Scholarship Policy.

F. Growth of General Funds

1. The Board expects the General Fund to grow. As it does, the Board should take reasonable actions to enhance the charitable functions by which the Foundation exists. The Board is expected to consider:
- Enlarging the amount awarded per Unit for qualified named scholarships (i.e. per Unit amount currently standing at \$250 would be raised to \$300).
 - Expanding the number of Units held by each qualified named scholarship on a proportionate basis of current outstanding Units (i.e. take "Joe Public Scholarship" standing of 4 Units to 5 Units, take "Mary Public Scholarship" standing of 8 Units to 10 Units, etc.); or,
 - Taking any other reasonable action deemed appropriate to safeguarding and enhancing the charitable intents of the Foundation.

G. Pass-Through Scholarships

The Foundation will continue to accept Pass-Through Scholarships that are approved as such by the Board.

H. Expiration of Awarded Scholarships

Scholarship awardees have two school years to request distribution of their awarded scholarship. This applies to all awarded scholarships, whether from endowed named scholarships or pass-through scholarships.

1. If an awardee fails to qualify for distribution of the awarded scholarship, that awardee can, before the conclusion of the two-school year period, request an extension of time by the Board if special circumstances justify.
2. If the two-school year period expires, that scholarship amount will be carried to the next award period to be awarded under that same named scholarship but to a new awardee as coordinated by the Scholarship Committee.

I. Superseding Prior Policies

This Policy amends and supersedes all prior policies regarding allocations of earnings/losses to Endowed and Pass-Through Funds.

Revised December 2025