



UNIVERSITY OF
GEORGIA
FOUNDATION

April 7, 2020

Dear UGA Community,

As you all know, our nation and community are experiencing truly extraordinary times and we understand this raises a lot of questions about to what to expect in the coming year. Despite these trying and troubling times, we will persevere.

The UGA Foundation was established in 1937 in order to support the University of Georgia, its students, faculty, and programs. Despite being born in the depths of the Great Depression, the Foundation endured that initial recession and has since endured another twelve recessions including the most recent Global Financial Crisis in 2008. Over the past 83 years, the Foundation has maintained its support of UGA, its students, faculty, and programs through World War II, the Korean War, the Vietnam War, the Gulf War, 9/11, the Cold War, the Cuban Missile Crisis, a presidential assassination, presidential resignation, Chernobyl, Tiananmen Square, oil spills, hurricanes, tsunamis, and on and on. The Foundation will maintain its support of UGA through a global pandemic.

Today presents another stressful time period for the investment portfolio. However, the portfolio is designed to absorb many of these short-term fluctuations. Our spending formula is designed to minimize short-term market aberrations and provide consistent support to our students, faculty, and programs. The following information will provide greater detail regarding FY21 spending budgets, rollforwards, and our plans to work with you to navigate the current situation.

FY21 Spending Allocation

Each fiscal year, the Foundation uses December 31 market values of an individual endowment to determine the spending allocation for the upcoming fiscal year, beginning July 1. This is done to allow for departmental budget planning prior to the start of the next fiscal year.

While the Foundation, like so many others, has been faced with volatility in our long-term portfolio in the first quarter of this calendar year we are positioned to provide you the previously calculated FY21 spending allocations. Rest assured that we plan to provide the allocation that was shared with you last month for the upcoming fiscal year 2021 and that we plan for it to be available to you in cash for spending, effective July 1st.

Standard Cash Rollforward Guidelines

The Foundation has guidelines in place to monitor the excess cash carried forward from year to year in each endowment. Cash carry-forward to fiscal year 2021 would generally be limited to the amount of the fiscal year

2020 spending allocation. Excess cash above that limit would be reinvested within the fund. These are followed as best practices for long-term growth and avoids funds being rolled forward year after year without any opportunity for re-investment.

Additional Consideration for Cash Rollforward for FY21

The Foundation recognizes the unprecedented circumstances surrounding market volatility and the effect of COVID 19 on our operating procedures for the last half of fiscal year 2020. With that in mind, the Foundation office will send individual communications to each unit at fiscal year-end. This communication will include cash balances in each endowment and guiding principles to consider as you determine how to support your professorships, scholarships and operations, as defined by each fund agreement. In fiscal year 2021 we will consider forgoing the cash carryforward limit where appropriate.

We will provide more detail as this fiscal year comes to a close, but please know our spending formula is designed to provide consistent support and we are working to ensure that continues for FY21 and beyond.

Thank you,

Jason Bull, UGA Foundation Chief Investment Officer
Brett Jackson, UGA Foundation Chief Financial Officer