

## ADMINISTRATION FEE POLICY

### PURPOSE

The purpose of the Administrative Fee Policy is to provide a framework for the administrative management of funds held at the Jewish Community Foundation of Calgary (“JCFC”).

The Administrative Fee Policy supersedes any existing policy and will be reviewed at least every two years to ensure it continues to reflect the Foundation’s requirements in the context of its charitable and fund management objectives.

The Administrative Fee Policy does not apply to funds subject to separate written agreements that set out alternative administration fee arrangements.

### OBJECTIVES

The administrative fees will be determined by the Board of Directors of the Jewish Community Foundation of Calgary with consideration to:

- a.) equity of recovery of expenses across all funds,
- b.) the benefit that accrues to all fund holders from a larger pool of assets and consequently from larger fund holders, and
- c.) to ensure the Foundation recovers 100% of its expenses.

### GUIDELINES

The JCFC recovers its costs by charging an administrative levy to its funds. The fee is an annual fee, calculated and charged quarterly on the average market value of the fund at the end of each quarter and reconciled annually.

Funds in excess of one million dollars (\$1,000,000) will be charged a fee based on:

- a.) their full pro rata share of the Foundation’s expenses (calculated in the manner set out below) on the first one million dollars (1,000,000), and
- b.) a flat fee of one half of one percent (0.5%) on fund balances in excess of one million dollars (\$1,000,000) (hereinafter referred to as the “Flat Fee”).

The fee charged to Funds of less than one million dollars (\$1,000,000) will be a full pro rata fee of the Foundation’s expenses (calculated in the manner set out below).

Generally, in calculating the full pro rata rate the following shall apply:

1. The Foundation shall determine its total annual operating expenses for its fiscal year (excluding grants, life insurance premiums, investment management expenses, and expenses directly charged to individual funds) (“Total Operating Expenses”).
2. The initial expense ratio for the Foundation (“Initial Expense Ratio”) shall be calculated by dividing Total Operating Expenses by total average assets held by the JCFC for the same year. The total average assets shall be the thirteen month average of the assets held by the JCFC at the end of each month for the fiscal year.
3. The Initial Expense Ratio shall be applied to the first one million dollars of Funds from a single organization/donor that has an aggregate value exceeding one million dollars.
4. The Flat Fee shall be calculated on the thirteen month average dollar value on the portion of funds exceeding one million dollars from a single organization/donor.
5. The JCFC expense recovery (i.e. the flat fee plus the pro rata share) to be allocated to each Fund with aggregate assets of one million dollars or more shall be determined, pursuant to points 3 and 4.
6. The amount calculated pursuant to point 5 above shall be deducted from Total Operating Expenses of the JCFC to determine the residual balance of operating expenses (the “Residual Operating Expenses”).
7. The Residual Operating Expenses shall be divided by the Remaining Assets (as defined below) to determine the expense recovery to be allocated on a pro rata basis to Funds holding less than one million dollars. The expense recovery will be applied on a pro rata basis on the thirteen month average of the assets held in each Fund at the end of each month for the fiscal year.
8. The “Remaining Assets” shall be calculated as the sum of the average fund assets of the JCFC determined on the basis of the thirteen month average of assets on record at the end of each month for the fiscal year, not including those funds which have had an Administration Fee determined in accordance with points 3 and 4 above.

The Foundation reports investment returns net of investment counsel fees. The annual administrative fee is not inclusive of Investment Counsel fees which are levied directly against the JCFC’s investment portfolio.

Administration Fees are set by the Board of Directors of the JCFC and are subject to change from time to time.

## **REVIEW**

This policy document will be reviewed by the Board of Directors of the JCFC at least every two years.

**The Current Administration Fee Policy Reflects the Following Approvals and Amendments:**

**Approval by JCFC Board, January 25th, 2017**

**Approved without amendment by the JCFC Board May 27<sup>th</sup>, 2020**