

## ENDOWMENTS

### Policy 201

#### Purpose

Defines an endowment and indicates how one is established.

#### Policy

An endowment is a gift of money, or a gift which shall be rendered to monetary value, which is invested by the Foundation for a purpose identified by the donor with the agreement of the Foundation. If a donor places no restrictions on an endowment gift, the earnings are used at the discretion of the Foundation in the area of greatest need within the College. If the donor chooses to specify how the gift is to be used, the earnings will be devoted solely to that purpose, so long as the purpose exists.

#### Procedures

1. The objective of an endowment is to provide benefits in perpetuity, or for such time that the intended purpose may be sustained. Contributions to the endowment, its principal, shall be prudently invested in at risk financial investments, which may result in both gains and losses, but are anticipated to provide benefits while maintaining and growing in value over time. Benefits from the endowment may be paid from growth and income. The principal of an endowment, in special circumstances may be spent with the written consent of the donor; total earnings growth generated each year shall include a portion of the earnings returned to the principal to ensure that the fund's value keeps pace with inflation and tuition increases.
2. Upon the acceptance of the gift, the Foundation will work with the donor to draw up a gift agreement that is satisfactory to both parties, reflects the wishes of the donor, and be affirmed by the signature of both the donor and the Executive Director of the Foundation,
3. Endowments may be created for various purposes including scholarships, faculty enrichment, libraries, academic programs and physical facilities.
4. If future circumstances change, or the donor fails to fulfill his pledge obligation, or the purpose for which the fund is established becomes illegal, impractical, or no longer meets the needs of the College, the Foundation may designate an alternative use in the spirit of the donor's original intent for the gift to further the objectives of the College.
5. Endowments may be established beginning at \$10,000 up to an amount of gift.
6. An endowment may be created over a three year period with the opportunity to extend the period to five years upon the approval of the Board. Under limited circumstances, if the Foundation is assured that the endowment will be completed as agreed, the Foundation may approve advance funding of the initial awarding of an endowed scholarship.

7. The donor, with agreement from the Foundation, may name the endowment.

## **ENDOWED SCHOLARSHIP SPENDING POLICY**

### **Policy 202**

#### **Purpose**

Establishes a maximum payout for scholarships annually from endowed accounts to allow for greater predictability of spendable income for budgeting purposes and to ensure gradual, steady growth for the support of scholarships. In addition, this policy safeguards the principal value of investable assets over the long term.

#### **Policy**

All endowed scholarships, except those whose donors have made prior written agreements to the contrary, will be based on a payout policy that shall be established by the Foundation's Finance and Investment Committee. This shall be appropriately reviewed annually and revised (if needed) to maintain the goals and the long-term viability of the endowment.

The payout from earnings (dividends and income) and growth shall be 4% of the five year moving average of total endowed assets. This policy will be reaffirmed or adjusted annually on the recommendation of the Finance and Investment Committee.

#### **Procedures**

1. Endowment spending based on the calculation outlined above will be provided to the Finance and Investment Committee annually