Endowment Management Policy

Standards and guidelines for creating named endowments to benefit Northwest College have been established by the NWC Foundation Board of Directors. The purpose of these rules and guidelines is to ensure that the amount used to create an endowment will generate sufficient income to accomplish the donor's intended purpose.

Recognizing the required endowment sums must often be accumulated over a period of years, the NWC Foundation generally is cooperative in working with a donor who wishes to spread the payment toward creation of an endowment over a period of up to five years. However, an endowment fund is typically not activated until the minimum level has been reached.

Investment Management
The NWC Foundation, through its Finance Committee, will invest/reinvest the endowment holdings. Various gifts will be pooled for investment purposes, but each endowment fund will be tracked and managed as a separate permanent account.

Absent specific donor stipulations, the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), *W.S. 17-7-301 through 307*, to provide flexibility in appropriating amounts for expenditure or accumulation and will consider the following factors (if relevant):

- the fund duration,
- purpose of the institution and its endowments,
- general economic conditions,
- inflationary/deflationary effects,
- the Foundation's current investment policy,
- expected total return of the endowment, and
- other resources available to the College.

Distribution Formula and Timing
While the Historical Dollar Value is no longer a limiting factor, the Foundation will continue to emphasize preservation of the fair value of the donor gift/permanent fund and maintains a two-pronged spending policy for its endowment funds as listed below. Distributions can be paid from interest income, dividends or capital gains as deemed appropriate.

1) ***Funds that are above their historical dollar value*** – distribute 4.5% of the three-year average market value on December 31 to accomplish the purpose specified by the donor.

2) ***Funds that are "under water" or below their historical dollar value*** – distribute 3.5% of the three-year average market value on December 31 for the donor's intended purpose.

Spending levels will be evaluated annually by the Finance Committee and approved by the Board of Directors.

Administrative Fee Assessment
The NWC Foundation charges a reasonable administrative fee as determined by the Foundation Board for endowment management services. Endowment payouts and fees are calculated using the principal balance's three-year rolling average on December 31 of each year. Investment appreciation or depreciation is also allocated using the Foundation's endowment software allocation process.

Endowment Spending
The NWC Foundation will provide Northwest College budget managers with information regarding expenditure terms and restrictions for each endowment fund and determine processes for authorization of expenses.

If endowment distributions are not accessed within a five-year period, the Foundation will consult individual budget managers and the NWC Finance Director regarding utilization of the annual distribution to offset ongoing operations costs within the designated area or seek to support other purposes. If units are working to accumulate funds to accomplish a larger project/purchase, they must submit a plan for approval so that the funds will not be re-directed.

Named Gift Opportunities
Endowments provide a tremendous opportunity for creating 'Named Gifts' supporting Northwest College. Funds may be designated for specific scholarships or campus programs depending on donor wishes, subject to approval of the NWC Foundation or NWC Board of Trustees.

The NWC Foundation has established guidelines for minimum gift levels of common naming options by a donor. Other categories may be determined based upon donor interests and institutional needs. All named gifts are documented through detailed operating agreements between the donor and the NWC Foundation.