



Barstow College Foundation
Policy: Endowment Establishment / Maintenance (2022)

PURPOSE:

An Endowment Fund is created to provide income on an on-going basis to meet a continuing need in perpetuity. This is accomplished by establishing an investable balance (minimum \$10,000) upon which earnings are realized to fund the intended purpose of the endowment.

The Barstow College Foundation maintains endowment funds for the benefit of Barstow Community College and its students. This policy is designed to provide guidance to donors, staff and volunteers in the establishment and maintenance of these funds.

POLICY / PROCEDURE:

1.1. Establishing an Endowment: As the purpose of an endowed fund is to provide regular benefit in perpetuity, this requires preservation of the principle (corpus). Income from the fund less costs associated with managing the fund are available for support of the endowment's designated purpose. In order to meet this standard, the Barstow College Foundation requires a minimum of \$10,000 and acceptance by the Executive Committee and Foundation Board of Directors for a fund to be endowed.

1.2. Types of Endowed Funds: Endowments may originate from a donor's request or be established at the direction of the Foundation Board of Directors

1.2.1. Donor Designated Endowment Funds: The Foundation is required by law to follow restrictions placed on gifts by donors. Those donors who, during their lifetimes, wish to create an endowment fund will be asked to review this policy and acknowledge acceptance of its provisions prior to Board acceptance. In the event the donor's wishes do not coincide with this policy, the Foundation Board of Directors may at its discretion still establish the endowed fund. When through a Will or Trust, an endowment fund is created after the death of the donor, if the provisions of the Will contradict with this policy, the donors stated wishes must take precedence if the Foundation Board agrees to accept the gift.

1.2.2. Board Designated Endowment Funds: These funds are created by an action of the Foundation Board of Directors utilizing otherwise unrestricted assets of the Foundation. This policy will be followed with all Board created endowments. The Board may create endowment funds for any specific purpose of the Barstow College Foundation listed in the Foundation's Articles of Incorporation and Bylaws. The Board may also create an unrestricted endowment fund, the income from which may be used for any purpose the Board chooses to designate.

1.3. Building to Endowed Status: As a general practice, the Foundation will retain all earnings within the fund until it reaches the minimum principle amount. During this time of "growth to endowed status" the earnings will be used to build the corpus and pay costs associated with the administration and development of the fund.

The Foundation desires that all donors building endowed funds make continuous contributions, at least annually, until the minimum balance is achieved, and requires that the fund reach the minimum \$10,000 threshold within five years. Unrealized endowment funds deposited in an

endowment growth program must be used for the benefit of Barstow Community College and can be disbursed at the discretion of the Foundation in one of the following ways.

- The fund balance can become part of the Foundation's general fund for distribution at the discretion of the Foundation's Board of Directors to meet emerging needs of Barstow College and the Barstow College Foundation.
- The fund balance can become part of another named endowment fund already established within the Foundation.
- The fund balance can be disbursed for student scholarships in equal amounts over five years. If this option is selected a scholarship criteria form will be completed by the donor at the time the endowment growth program is started.

1.4. Investment of Endowment Funds: The investment of Endowment Funds will be managed by the Barstow College Foundation Investment Finance Committee in accordance with the Foundation's Investment Policy Statement (FP-4).

1.4.1. Identification of Investments: The principle (corpus) of endowed funds will be properly invested within 30 days of acceptance. The Foundation will maintain a record of the investments associated with each endowment in order to clearly identify the fund growth.

1.5. Expenditure from Endowment Funds: Expenditures from endowment funds will be made at an annual rate of 2.5% to 5% of the Endowment Fund's balance as determined annually by the finance committee. This amount is deemed prudent based on the anticipated growth of investments over time. The Foundation Finance Committee may elect to annually allocate a lesser amount if investments fail to achieve the anticipated growth. Additionally, 1% of the Endowment Fund's balance shall be assessed annually for administration of the fund's purpose by the Foundation.

1.6. Unnecessary Endowments: Endowments established for purposes that are no longer needed may be changed only upon one of the following:

- 2.6.1. If the donor grants permission in writing.
- 2.6.2. If the donor is deceased, the Board of Directors may authorize a change that reflects, to the greatest extent possible, the donor's original intent.
- 2.6.3. Board created endowments for which the purpose is no longer needed, may be changed taking into account the wishes of anyone who contributed to the fund, so as to keep the purpose as close to the original as possible while making sure the funds are used to meet a critical need.
- 2.6.4. Should a Board created endowment fund become so large as to provide an excess of funds needed for the stated purpose, the Board may elect to transfer the unneeded portion to another fund with a purpose as similar as possible to the original.