



# Richard Bland College FOUNDATION

## ENDOWMENT FUNDS POLICY

### **Purpose of RBCF Endowment Funds**

The purpose of Endowment Funds that the Foundation holds is specifically and solely for the benefit of the students enrolled at Richard Bland College. All proceeds from the endowed funds will be spent in accordance with the stipulations and requirements set forth by the donors or their families, as it pertains to the benefit of students here on campus.

### **Definition of Terms**

- A. Endowment – An endowment is an established fund of cash or securities set aside for perpetuity (restricted) to provide long-term funding for Richard Bland College.
  - a. Endowment Funds – Donor provided funds in excess of \$20,000 are considered endowed funds. Donations to established restricted endowed funds are accepted in any amounts.
  - b. Restricted Un-endowed Funds – Restricted gifts that have not yet met the \$20,000 threshold will be held until such time as the restriction is released or the fund balance reaches \$20,000. Once the \$20,000 is met, the fund will be transferred to the Restricted Endowment funds.

### **Gift Acceptance**

**The Foundation will use three basic principles in this Gift Acceptance Policy:**

1. Gifts should advance the mission of the Foundation and comply with IRS regulations and state law.
2. Gifts should not impose upon the Foundation burdensome administrative costs or financial risk.
3. Foundation employees will encourage all donors to consult with their own legal and/or financial advisors when contemplating a gift. A development officer should never encourage or accept a gift if he or she believes doing so is not in the donor's best interest.

**The following is a list of gifts accepted by the Foundation for Endowment purposes:**

- A. The Endowment Committee of the Foundation has the authority to accept gifts of cash, publicly traded stocks, bonds, or other securities.
- B. Gifts in kind of tangible personal property. This may include but is not limited to works of art, motor vehicles, antiques, stamp and coin collections, rare books and manuscripts, and other items with determinable value. Gifts in kind will be subject to prior review and approval by the Endowment Committee.



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- C. Gifts of real property are subject to review and acceptance by the Endowment Committee. Real estate that is gifted to the Foundation will be required to provide a clean deed of transfer and be free of encumbrances and restrictions. The donor is responsible for acquiring a certified appraisal of the real property. Gifts of real estate will be immediately listed with a licensed real estate broker for sale. Timeshares will not be accepted as gifts to the Foundation.
- D. Life insurance policies will be accepted as gifts to the Foundation with the following three criteria:
  - a. The policy is paid up or, if not paid up as of the date of the gift has a minimum face value of \$10,000; that the payment schedule not to exceed twelve years; and requires a written pledge to the Foundation from the donor
  - b. The insurance policy will identify Richard Bland College Foundation as the beneficiary
  - c. If intended for an endowment scholarship, it meets the minimum requirements to establish said scholarship (\$10,000)
- E. The Endowment Committee of the Foundation has the final approval on the naming of Endowment Funds.
- F. The Foundation will not accept gifts that place an undue burden of performance or financial burden on the Foundation or the College.
- G. Upon receipt and acceptance of the gift, the Foundation will record the gift and provide acknowledgement to the donor. The Foundation cannot value gifts in kind donations. It is the sole responsibility of the donor to have all gift in kind donations appraised by a reputable appraiser. The Foundation will not value gifts of stock or bonds. An acknowledgement of the date and number of shares will be provided.

The Foundation shall recognize all contributions to the endowment corpus on a deferral basis. Under the deferral method, endowment contributions are reported as direct increases to the net assets. Donations to endowment funds are not revenue and should not be accounted for as such. The Foundation treatment of corpus donations as deferred revenue reinforces the rule that endowment funds are not spent.

Donations given that do not meet the \$10,000 threshold for endowment fund status, but the intention is to collect donations to complete the endowment funding, will be held in the Foundations regular interest-bearing savings account until such time as the \$10,000 threshold is met. Once the threshold is met, the funds will become a named endowment, and the monies will be moved into the Endowment Investment Portfolio.



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## **Management of the Endowments**

The purpose of endowment funds is to provide a long-term income stream for the Foundation. The investment management of the endowment is directed to maximize the return on the principal while maintaining a prudent portfolio. The endowment funds shall be invested in equity and fixed income funds in accordance with Richard Bland College investment policies. The entire Foundation and College endowment funds shall be accounted for separately, but will be comingled for ease of investment.

The Endowment funds shall be managed by a professional management company.

## **Investment Strategy of the Endowment Funds**

The investment strategy for the endowment fund will be set by the Endowment Committee with assistance from the financial advisors where the funds are held. The Endowment Fund shall be spread so that risk is mitigated but not to the extent that income is reduced. The current asset ratio is incorporated as referenced by Appendix A – Richard Bland College Foundation Investment and Spending Policy (Wells Fargo) and Appendix B – Richard Bland College Investment and Spending Policy for College Fund.

## **Disbursement Policy of the Endowment Funds**

Each spring during budgeting, the Endowment Committee will determine the amount of endowed scholarships that should be paid out. The amount to be paid out for scholarships should not exceed 8% of the corpus balance. Should earnings for the year be insufficient to provide the minimum payout, then the Committee shall determine the appropriate amount to be disbursed.

Once the annual budget has been passed per Foundation policy, the endowed scholarship amount should be moved (wired) from the brokerage house (Wells Fargo Advisors) into the Foundation's interest-bearing savings account, and these funds are now marked as Temporarily Restricted.

Once the Scholarship Committee has presented the awards for the students, the Foundation shall move the endowment funds from the temporarily restricted savings account into the checking account and marked as unrestricted. The Foundation shall then remit the funds to the College. Said funds shall be credited to the student accounts in a timely manner.