

OPERATING GUIDELINES

ENDOWED FUNDS

ID: 201

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PURPOSE

To define criteria for the establishment of endowed funds, minimum balances, crediting of investment earnings, treatment of related activity fund and changing criteria of these funds, if and when necessary.

DEFINITION

Endowed funds are permanent accounts that are invested to create earnings to provide student, faculty or college assistance in perpetuity. The endowed principal is never spent, only the earnings may be utilized.

GUIDELINE

Creating an endowed fund:

The minimum amount for an HCC Foundation Endowment is \$10,000 and may be attained in one or a series of planned gifts/donations. At the time of initiation, the donor will sign a gift agreement stating their intention to fund the endowment, timeline for completion, and purpose of the endowment (scholarship, support, etc.). The Foundation Board of Directors shall have the right to pool any funds for investment. If State matching funds are available, they may be added to the donor's gift. Matching

funds may not, however, be used for purposes of meeting the minimum balance requirement. Funds building to endowment must reach the minimum within five (5) years after the initial donation. If a fund to be endowed is inactive for twenty-four (24) months, the Foundation Board of Directors shall terminate the gift agreement and the monies can be transferred to the appropriate General Scholarship or General Support Fund at the discretion of the Foundation Board of Directors.

Crediting of earnings:

Once an endowed fund reaches a minimum balance of \$10,000 (excluding any state matching money), it may become eligible to receive earnings credits. These earnings, if available, will begin in the fiscal year following the year in which the fund becomes eligible. Earnings are credited to a related activity fund annually.

Activity Fund:

An activity fund is established for each endowed fund that has reached the minimum balance requirement. Scholarships or other awards from endowed funds are only paid out of the activity fund which consists of credited earnings and any gifts made directly to the activity fund for purposes of supplementing earnings.

Changing Criteria:

The use of donated funds for a purpose other than that stipulated by the donor is prohibited. If another use is deemed necessary, consent for using the funds in different manner may be sought from the donor, the Foundation Board of Directors or may be altered in accordance with the terms of the gift agreement. If the use becomes

impossible or unlawful, HCC BOT approval may be sought to alter the use. Similarly, for a donor to change the originally stated use of donated funds, the change must first be agreed to by appropriate Foundation and College officials.