

Policy & Procedure

Title:	Endowment Policy	Date of Origin:	09/2019	Policy #:			
		Last Reviewed:					
		Last Revised:	05/2021				
		Effective:	12/2019	Page:	1	of	2

Affiliate(s):	<input checked="" type="checkbox"/> Foundation: <input checked="" type="checkbox"/> Rochester Regional Health Foundation
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Purpose:	The purpose of this policy is to establish consistent guidelines governing the use of Endowment Funds in the Rochester Regional Health Foundation (RRHF), with a goal of protecting the interests of donors, Rochester Regional Health, and the Rochester Regional Health Foundation.
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Policy Statement:	This policy outlines the procedures for the management and spending of Endowment Funds, as well as the process for establishing new Endowment Funds.
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Background:	The primary goal of Endowment Funds is to provide support in perpetuity for the mission of Rochester Regional Health through preservation of principal, with a secondary goal of continued growth.
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Procedure:	<p>Establishing an Endowment Fund</p> <p>A gift agreement between the donor and the Rochester Regional Health Foundation is required to establish a new endowed fund. The minimum amount required to establish a new restricted Endowment Fund is \$100,000, and the minimum amount required to establish a new Endowed Scholarship is \$50,000.</p> <ul style="list-style-type: none"> • The gift agreement will contain the donor’s intentions as agreed upon between Rochester Regional Health Foundation and the donor. • Endowment Funds established prior to this policy with a corpus of less than \$100,000 will continue to make annual 5% distributions regardless of the principal balance, as long as the Foundation deems it prudent to do so. <p>Management of Endowment Funds</p> <p>Investment of an Endowment Fund will be conducted in accordance with the Investment Policy as recommended and as approved by the Investment Committee of the Rochester Regional Health Board. Endowment Funds will be pooled with other Rochester Regional Health funds within the Master Investment Plan.</p> <ul style="list-style-type: none"> • The primary objective is preservation of principal, with a secondary objective of growth, in order to increase funds to support the donor’s selected program. • A management fee of 0.5% of the endowment fund’s market value will be charged annually to support the administration of the Endowment Fund. This fee may be prorated in the year the Fund is established. <p>Endowment Spending</p> <p>Endowment Funds must have a principal balance of \$100,000 (or \$50,000 for Scholarship Funds) before any disbursements can be made. This applies to both the Foundation’s unrestricted Endowment Fund and donor-created restricted Endowment Funds.</p>
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The annual distribution from any Endowment Fund, once the principal balance has reached the minimum level, will be an amount equal to 5% of the past three (3) year average market value of the fund (or the number of years in existence if less than three years). Market value of each Fund will be determined as of the close of the market on the last trading day of the calendar year.

Any income in excess of the allowed distributable amount will be added to the principal of the Endowment Fund. Any funds within the 5% expenditure that are not utilized will be carried over to the next year for spending.

If the market value of the Fund falls below the historic dollar value of the Fund (the total value of all donor contributions made to the Fund), the Foundation will strive to honor the donor's intent by either:

- Reducing the amount of the annual distribution; or
- Suspending distributions and reinvesting returns into the Fund until the market value has increased to the historic dollar value.

If circumstances no longer allow for the Fund to be used for the specific purpose outlined by the donor, the Foundation will work with the donor or the donor's family to determine a new purpose for the Fund. If we are unable to reach the donor or their family, the Foundation Board will approve an alternate use that adheres as closely as possible to the original intent of the donor.