

GUIDELINES FOR ESTABLISHING A NEW ENDOWMENT

The purpose of an endowment is to provide a regular scholarship or other benefit, at least annually, in perpetuity. This requires preservation of principal, earning sufficient income and payment of costs associated with the administration of the fund.

In order to meet these requirements, the Yuba Community College District Foundation ("Foundation"), has determined that the current minimum principal amount of \$12,000 is necessary for a fund to become "endowed."

The following guidelines, subject to modification deemed necessary by the Foundation Board of Directors, will be adhered to:

1. A rate of income on the principal amount will be based on the actual return on the invested portfolio. The Foundation will calculate and charge against the Fund assets an administrative service fee of two percent (2%) based on the two-year average of the Fund value on the last day of June of each year.
2. Annually, subject to Board action, endowments shall be paid in the amount up to 5% of the original endowed principal. Additional growth in the Fund above the amount paid out will be reinvested in the Fund.
3. Potential endowments that are not in the amount of \$12,000 will be required to reach this minimum level within three years. If, after the three-year time period the minimum level is not reached, the principal and accumulated earnings will be used, according to the original intent of the donor until they are fully dispersed.
4. It is the intent of the Board to annually make a distribution from each endowed fund to support the intended purpose of the fund. In situations where earnings and/or inflows from the specific endowment fund are insufficient to pay the full amount desired, the distribution may be reduced or not awarded.
5. Monies received as endowed funds will be held in single segregated accounts and pooled for investment purposes.
6. Monies received from donors will be accounted for under the title (Name of donor) Endowment Fund or as specified by the donor, with the approval of the Foundation Board of Directors.