



Community Foundation of West Alabama Endowment Fund Guidelines

1. Endowment funds may be established by anyone meeting the requirements of "Advised Fund Guidelines".
2. A Donor Advised Fund will become an Endowment Fund if there are no remaining advisors and/or the donor leaves no directions for its use. Additionally the donor advised funds left to the Foundation will automatically become Endowment Funds.
3. The income of the fund may be spent on the purpose for which it is established and may include operating expenses of the Foundation. Income does not include Capital Gains or market value changes except as explained below.
4. A target amount will be set for the maintained principal balance of each fund.
5. The value of the fund will vary day to day due to changes in the investment markets.
 - a. Funds will be valued as of December 31 each year. If the value of the fund at year-end is more than the target amount for the fund, then 50% of the excess may be considered income and may be spent along with the income.
 - b. The 50% not spent should be added to the target value so that the fund will increase in value and should produce more income annually. Inflation will require more income in the future to give same benefit as is given in today's dollars. Thus the target amount or base amount can change each year.
 - c. If the value of the fund at year-end is less that the target amount, then the income only may be disbursed for the funds established purpose. Future year-end increases in principal should be accumulated until the principal of the fund is above the established target amount.
6. As a general rule, the management fees associated with the endowment funds shall be deducted, 50% from principal and 50% from income; however, if at any time, this allocation is not practical, the fees may be deducted solely from principal or income at the discretion of the Board.
7. Once these procedures are adopted by the Board, they may be changed by a 2/3rd vote at a meeting with the full Board present or at a meeting of the Board where 50% or more of the Board is present by a 75% vote of those members present.