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## Policy

These guidelines and policies are intended to provide meaningful guidance in the management, investment, expenditure, and accumulation of the assets in the Great Plains Food Bank (GPFB) Endowment Fund, which assets shall be held as a qualified endowment under Section 57-38-01.21 of the North Dakota Century Code.

The GPFB Endowment Fund (the "Endowment Fund") consists of assets received by the GPFB from external, non-operating fund sources and held by the GPFB as a qualified endowment. The Endowment Fund is restricted to providing financial support in furtherance of the expressed charitable purposes and mission of the GPFB and of the donor's specifically directed purposes in support of the GPFB. The donors and the GPFB understands and declares that all gifts to the Endowment Fund are irrevocable. The Endowment Fund may expend or reinvest only the income generated by, or the increase in value of, the assets contributed to it. The GPFB Board of Directors may invest the Endowment Fund as a single pool, absent donor instructions to the contrary, in order to optimize net return and the diversification of risk, and shall be managed and invested in accordance with the provisions of Chapter 59-21 of the North Dakota Century Code, captioned Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

## Guidelines for Managing and Investing the Endowment Fund

In accordance with the intent of the donor as expressed in the Endowment Fund Gift Agreement, the GPFB shall also consider, if relevant, the following factors in managing and investing the Endowment Fund:

1. General economic conditions;
2. The possible effect of inflation or deflation;
3. The expected tax consequences, if any, of investment decisions or strategies;
4. The role that each investment or course of action plays within the overall investment portfolio of the Endowment Fund;
5. The expected total return from income and appreciation of investments;
6. Other resources of the GPFB;
7. The needs of the GPFB and the Endowment Fund to make distributions and preserve capital; and
8. An asset's special relationship or special value, if any, to the charitable purposes of the institution.

Management and investment decisions about individual assets shall be made in the context of the Endowment Fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Endowment Fund and to the GPFB. Absent special circumstances, the GPFB shall diversify the investments of the Endowment Fund.

## **Guidelines for the Appropriation for Expenditure or Accumulation of the Endowment Fund**

In accordance with the donor's intent as expressed in the Endowment Fund Gift Agreement and applicable law in effect, the GPFB may appropriate for expenditure or accumulate so much of the Endowment Fund as the GPFB determines is prudent for the uses, benefits, purposes and duration for which the Endowment Fund has been established. In making a determination to appropriate or accumulate, the GPFB shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall also consider, if relevant, the following factors:

1. The duration and preservation of the Endowment Fund;
2. The purposes of the GPFB and the Endowment Fund;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and appreciation of investment;
6. Other resources;
7. The GPFB's investment policy (FIN-17 Investment Policy); and
8. The asset allocation guidelines set forth herein.

The Endowment Fund expenditures or transfers guideline shall allow for distributions from the Endowment Fund at an initially established annual range of 3% to 5%. The GPFB shall not appropriate for expenditure in any year an amount greater than 7% of the fair market value of the Endowment Fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made, unless the prudent consideration of the eight factors set forth immediately above warrants such an expenditure.

Expenditures or transfers from the Endowment Fund shall be based on the average of the prior three years' net fair market value of the Endowment Fund as of the last day of the preceding fiscal year. Assets that are not producing current income, such as donated real estate, will not be included in the average fair market value calculation. Nor will such non-income producing assets be included in considering the asset allocation percentages as set forth in FIN-17 Investment Policy. Distributions shall be used solely for the purposes set forth herein and allowed by the Internal Revenue Code Section 501(c)(3), as amended.

## **Management and Investment Functions**

The GPFB may delegate to an external agent the management and investment of the Endowment Fund to the extent deemed prudent under the circumstances. The GPFB shall act in good faith in:

1. Selecting an investment agent;
2. Establishing the scope and terms of the management and investment delegation; and
3. Periodically reviewing the agent's actions to monitor the agent's performance and compliance with the scope and terms of the delegation.

The GPFB may delegate management and investment functions to its committees, officers, and employees as authorized by law.

## **Asset Allocation**

To achieve the goals and objectives of the Endowment Fund and recognizing that asset mix is the primary determinant of the Endowment Fund's portfolio performance, as well as a major determinant of the level of risk, the target asset allocation of the Endowment Fund shall be structured in the same manner as the GPFB's Long Term Reserve Fund as outlined in detail in FIN-17 Investment Policy.

The Finance Committee shall monitor investments and asset allocation in accordance with the guidelines set forth herein, on an ongoing basis and recommend changes to the Board of Directors. Any changes to the target asset allocation formula shall require approval by a majority vote at a special or regularly scheduled Board of Directors meeting.

## **Conditions and Restrictions**

All assets held in the Endowment Fund shall be subject to the Articles of Incorporation and Bylaws of the GPFB.

The Board of Directors may release or modify a restriction contained in the Endowment Fund Gift Agreement, in whole or in part, if the GPFB first obtains the donor's consent to the release or modification. If the donor is unable to consent to the release or modification and, further, if the restriction has become impracticable, wasteful or unlawful, if it impairs the management or investment of the Endowment Fund, or if, because of circumstances not anticipated by the donor, a modification of the restriction will further the purposes of the Endowment Fund, then in such event the Board of Directors may release or modify the restrictions, either in a manner consistent with the expressed charitable purposes and mission of the GPFB, or in a manner consistent with the donor's probable intention as determined by the Endowment Fund Gift Agreement with the donor.

## **Amendment**

Except as otherwise provided herein, any change to this policy shall be in accordance with the Bylaws of the Corporation. In no event shall any such change alter the permanent and irrevocable nature of the funds received by the Endowment Fund, nor disqualify the Endowment Fund as a qualified endowment under Section 57-38-01.21 of the North Dakota Century Code and any such change shall be deemed void and of no legal effect.

**Adopted by the Great Plains Food Bank Board of Directors on May 18, 2016**

**First revision: March 28, 2020**

**Second revision: May 1, 2023**