

## **ADDENDUM TO INVESTMENT POLICY STATEMENT** **ENDOWMENT FUND**

Girl Scouts of Western Ohio's endowment fund (the "Endowment") currently consists of two donor-restricted funds:

1. Lyons Endowment
2. Stranahan Fund

The endowment may include both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). Donor-restricted endowment funds are further designated as permanently restricted net assets or temporarily restricted net assets.

### **Permanently Restricted Net Assets**

In 2009, the Ohio General Assembly adopted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Girl Scouts of Western Ohio's governing body has interpreted Ohio's UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the council classified as permanently restricted net assets:

- a) The original value of gifts donated to the permanent endowment,
- b) The original value of subsequent gifts to the permanent endowment, and
- c) Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

### **Temporarily Restricted Net Assets**

The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the council in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund.
2. Purposes of the council and the fund.
3. General economic conditions.
4. Possible effect of inflation and deflation.
5. Expected total return from investment income and appreciation or depreciation of investments.
6. Other resources of the council.
7. Investment policies of the council.

## **Endowment Investment**

Girl Scouts of Western Ohio has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the council's policies, endowment assets are invested in a manner consistent with the council's general investment policy.

## **Endowment Spending**

For one endowment fund held and managed by the council, 50% of the realized gains and losses and 100% of the unrealized gains and losses are retained as permanently restricted net assets. For the other endowment fund, all unrestricted gains and losses are retained as permanently restricted net assets. This is consistent with the council's objective to maintain the purchasing power of endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Unless otherwise authorized by the board of directors, the total annual withdrawals from either fund shall not exceed 5% of the rolling three-year average market value at December 31.