

Introduction

Northwood Technical College Foundation (hereinafter referred to as the Foundation), a not-for-profit organization organized under the laws of the State of Wisconsin, seeks to operate in a fiscally responsible manner and adhere to the highest ethical standards. The following policies and guidelines govern the management, investment, and disbursement of endowed funds, as well as expenses, audits and gift acceptance.

Investment Objectives

Investments will aim at achieving maximum long-term growth, while preserving capital and generating investment income sufficient to cover the organization's projected financial needs.

The overall objectives of investments will be to preserve the purchasing power of the assets, to provide stable income and cash flow to meet Foundation obligations, and to allow maximum growth of principal to keep pace with inflation. Investments in derivatives and leveraged investments are prohibited.

Investment Standards and Limitations

Investment managers may choose from the more common assets available, including but not limited to:

- Common stocks
- Preferred stocks
- Bonds
- Money market funds
- Mutual funds and exchange traded funds (ETFs)

Investment managers will have control of investment decisions but will be accountable for operating within the guidelines and limitations established by the Foundation. To maintain balance and avoid undue risk in any single asset class or investment category, the investment managers will be directed to maintain an asset mix of:

- 0% to 15% Cash Reserves
- 30 to 50% Fixed Income
- 50% to 70% International or US Equity Securities
 - No more than 40% of total equities may be allocated to international equities.
 - No single corporate security shall account for more than 10% of the Foundation's investments.

The following indexes may be used as a guideline in making up the hybrid benchmark:

- Bloomberg Barclays Aggregate Bond Index
- MSCI ACWI (All-Cap World Index)
- S&P 500 Index
- US Treasury Bill 30 Days

Foundation cash accounts will be deposited with institutions that financially support the Foundation and that provide the highest interest possible with the lowest cost for checking account services. No more than five percent (5%) of Foundation assets will be held in checking accounts. The Foundation Executive Director is authorized to invest a portion of cash accounts in money market accounts or short-term interest-bearing certificates of deposit to achieve maximum return.

Delegation

The Foundation Board of Directors has delegated supervisory authority over investment and management performance to the Finance Committee (the Committee). Items for consideration will be moved forward to the full Board of Directors for approval.

Investment Manager Reporting and Evaluation

The Foundation, in its role as a fiduciary, may employ one or more managers to obtain investment objectives.

The Committee has responsibility to:

- Clearly define investment objectives, limitations, and procedures
- Select investment managers
- Monitor and evaluate investment performance based on periods of time deemed appropriate
- Consult with investment professionals as needed
- Provide reports to the full Board at each meeting

The Committee will measure investment performance based on total return to include dividends, interest income and market value over a market cycle (defined as three to five years). Assets should produce an average, minimum compounded return of 3-4% above inflation (as measured by the Consumer Price Index). The Foundation expects that equities will exceed those of the MSCI ACWI.

Proposals from investment managers will be accepted a minimum of every five years. The Committee will evaluate proposals and presentations and recommend one or more investment managers to the Board. The Foundation retains the right to discontinue any relationship that does not meet expectations.

Administrative fees associated with investment services will be deducted from investment income.

Spending and Endowment Management

An endowment is a permanently restricted fund in which the principal or corpus is invested, and the income derived from the fund principal is awarded according to the donor's wishes and the endowed fund guidelines.

The minimum gift required to establish an endowment is \$10,000. Five years is the maximum time allowed to reach the required minimum endowment principal. The Committee is authorized to determine the status and future disbursement of a fund that fails to reach the endowment minimum in the time allowed. Such a fund may be disbursed according to the donor's wishes until totally expended or may be allocated to another fund designated by the Committee.

Gifts and investment returns designated for the endowment will be applied to the principal until such time as the endowment reaches the minimum or desired goal. Once the endowment goal/minimum is reached, additional funds will be allocated or disbursed in accordance with the donor agreement on file.

The principal of the endowment must be invested for a period of at least one fiscal year prior to any disbursements. Permitted annual disbursements from permanent/endowed funds will be up to but not more than five percent (5%) of a three-year rolling average of market values. The Board of Directors may choose to adjust or suspend disbursement as needed if the value of any permanent fund is at or below its historic dollar value in the first calendar quarter of each year.

Allocation of Investment Returns

Investment returns will be calculated as annual interest and dividends, plus realized and unrealized gains and losses, minus investment and (when appropriate) endowment management fees.

Investment returns will be allocated proportionally to all endowments annually, based on the ratio of beginning year permanently restricted fund balance to the total beginning Foundation fund balance. Investment returns provide funding for scholarships or other purposes designated in the endowment guidelines.

Investment returns not allocated to endowments will be distributed to the unrestricted fund to support general foundation programs and expenditures.

Audits

The books and accounts of the Foundation will be audited annually by an Independent Certified Accounting firm in conformance with generally accepted auditing standards and legal requirements. The annual audit will be conducted within 90 days of the end of the fiscal year of June 30. An audit report will be presented to the Board for examination and appropriate action.

The Foundation is not required to use the same auditor as the college, but it may use the college auditor since some of the information is shared. The Board will formally review the performance of the auditing firm, including cost, at a minimum interval of every five years.

Gift Acceptance

The Foundation encourages the solicitation and acceptance of gifts for purposes that will help the Foundation to further and fulfill its mission.

The Foundation reserves the right to reject any contribution and to review all non-cash gifts. Gifts of securities will be liquidated to reinvest according to the parameters outlined in this agreement. Donor restrictions or conditions may not conflict with legal or ethical standards of the Foundation or the College. Gifts of property that require a title (such as motorized vehicles) will be routed through the College to ensure appropriate property insurance and IRS-required documentation.

Endowments are subject to an annual endowment management fee of 1% (one percent), to be calculated using the actual year-ending balance, but only withdrawn in years when positive investment returns exist.

Financial Management

The Executive Director is responsible for the overall operations of the Foundation, assuring the processing and recording of all day-to-day financial transactions and preparation of financial reports for the Board of Directors, investment managers, auditors, and others.

The Executive Director and supporting staff will work in conjunction with the college's Chief Financial Officer and supporting staff to reconcile monthly statements.

Transfer of Funds

An appropriate balance will be maintained in the Foundation Main Checking Account which maximizes the efficiency of the Foundation operations.

The Executive Director is authorized to transfer funds between checking and investment accounts to meet cash flow needs, to comply with checking account guidelines, or to enhance maximum investment return. In the circumstance of emergency or long-term absence of the Executive Director, the Senior Advancement Officer is authorized to initiate a request for the transfer of funds under the direction of the Finance Committee.

Policy approved: May 06, 2024