

LAKE WINNIPESAUKEE SAILING ASSOCIATION  
PURE ENDOWMENT FUND POLICY

*rev. 13Apr2022*

The Board of Directors of Lake Winnepesaukee Sailing Association (LWSA) hereby adopts the following Pure Endowment Fund Policy for management, investment, and expenditure of funds received by LWSA from donor- restricted gifts and bequests only. This policy applies to such funds which are governed by New Hampshire RSA 292-B and supervised by the Charitable Trust Unit of the New Hampshire Attorney General, and generally are protected from claims of creditors, as donor restricted endowment, and are to be managed as such.

I. The Lake Winnepesaukee Sailing Association Pure Endowment Fund (the “Endowment Fund”) shall be comprised of several sub-funds, namely:

**Capital Fund** - comprising funds or assets (and the interest and/or gains thereupon) which LWSA has received solely from donor restricted gifts and bequests and which are to be designated exclusively for expenditure on the acquisition or improvement of capital property, facilities or equipment of LWSA, including, but not limited to buildings, land, fixed equipment, furnishings, boats, motors, trailers, and delivery, installation, or capital improvement of all of the aforementioned.

**Financial Aid Fund** - comprising funds or assets (and the interest and/or gains thereupon) which LWSA has received solely from donor restricted gifts and bequests only and which are to be designated exclusively for expenditure on the provision of financial aid and scholarships to subsidize sailing school fees, racing participation costs, and program fees for individuals, families, or groups who are financially disadvantaged or underrepresented in sailing (including, but not limited to veterans, the disabled, and those with special needs).

**Other Donor Restricted Funds** - there may exist other sub-funds comprising assets which LWSA has received solely from donor restricted gifts and bequests and which have been designated by the donor to be used for specific purposes or with specific restrictions such that they do not fit within the definitions of the Capital Fund or Financial Aid Fund. For example, such Other Donor Restricted Funds might include scholarship funds for children from specific towns or donations restricted to non-motorized boats only or funds designated only for use in building a new classroom building. Such sub-funds may also be named after donors or honorees or after specific goals or capital items.

II. The sub-funds within the Pure Endowment Fund shall be kept segregated from one another in separate designated accounts and their assets shall not be commingled.

- III. All assets (or proceeds from sale thereof) which LWSA has received from donor restricted gifts and bequests shall be held in the appropriate account for the relevant sub-fund within the Pure Endowment Fund. The Endowment Committee shall have the power to decide whether to sell or hold the aforementioned assets subject to any conditions of a particular gift or bequest that may restrict the sale thereof.
- IV. No money from the operating budget or reserves of LWSA shall be transferred to the funds of the Endowment Fund. However, from time to time, as it deems necessary, the Board of Directors of LWSA may direct that Endowment Fund monies (principal, interest, and/or gains) be spent to purchase assets, goods, or services on behalf of LWSA or be transferred to LWSA, always subject to following the specific restrictions associated with each restricted donation or bequest.
- V. Monies or assets which LWSA sets aside as reserves from its operating budget or from past unrestricted donations do not form part of the Endowment Fund.
- VI. Unrestricted gifts to LWSA do not form part of the Pure Endowment Fund and as such these gifts will be directed to the the normal operating financial accounts of LWSA, or otherwise be used as directed by the Board of Directors. (Often, there is a policy to have such gifts split between operations and quasi-endowment, which is board restricted endowment, so you might want to retain that flexibility.)
- VII. Funds given to the Endowment Fund of LWSA and donor restricted to a particular purpose or program shall be held and invested in accordance with the normal investment policies of LWSA. Principal, income (defined as interest and dividends, realized capital gains), and any increase in the value of principal may be expended (unless the gift further applies a restriction that only income, but not principal or increases in principal be expended) and shall be expended only for the purpose specified in the gift, subject to provisions of law as to total endowment spending policies for prudent expenditures.
- VIII. The Endowment Fund shall be managed and disbursed in accordance with the provisions of New Hampshire law.
- IX. In certain circumstances, LWSA may decide to decline, return, or place conditions upon acceptance of a donation or bequest. Such decisions shall be rendered by the Endowment Committee. The Endowment Committee shall take into consideration various factors including:
- A. Ethical implications of the donor or restriction (for example, controversial source of funds, or discriminatory scholarship restrictions)
  - B. Cost-benefit implications of the donation or bequest (for example, an asset that will cause a burden to LWSA by nature of encumbrance, illiquidity, maintenance, or risk, such as a plot of land with old underground gas tanks, etc.)

or a house with life estate, or requirement for matching funds, or a purpose not within current policy or plans, etc.)

C. Legal or Tax implications (for example, illegally-obtained funds or an asset that causes negative tax impact).

D. Other implications as the Endowment Committee sees fit to consider.

X. The Endowment Committee shall be comprised of the three persons, including the Treasurer of LWSA, who shall serve as Chairperson of the Endowment Committee, and two additional members of the Board of Directors of LWSA, who shall be nominated by and elected by the Board of Directors of LWSA within 30 days of the approval of this Endowment Fund Policy to serve for a three-year term and subsequently every three years thereafter.

XI. Management Authority

A. Subject to the conditions of the Investment Policy and other provisions within this Endowment Fund Policy, full discretion is granted to the Endowment Committee to make decisions regarding:

i. Purchase and sale of assets, and duration and timing of such investments,

ii. Selection of investment advisors, investment managers, and financial institutions.

B. The Endowment Committee may hire one financial adviser or investment manager or multiple advisers/managers in one or more firms. The following criteria are to be used when selecting or reviewing a manager:

i. Philosophy of investing

ii. Historical returns (above average)

iii. Ability to adhere to this Investment Policy

iv. Size of firm (only large, national investment management firms and major banks)

XII. The Endowment Committee is responsible for:

A. Immediately informing the Board of Directors of LWSA with regard to all significant matters related to the Endowment Fund,

B. Quarterly written reporting about the current state, forward outlook, portfolio structure, asset allocation, transactions, performance, holdings, and account balances for the Endowment Fund and all accounts and sub-funds thereof; and

C. Annual calendar year performance report that shall be provided to the Board of Directors of LWSA before March 1st of each year (the performance benchmarks for this reporting shall be set forth in the Investment Policy).

D. Managing and directing the investment manager or financial institution relationship for the Endowment Fund.

XIII. The Board of Directors of LWSA may from time to time amend this Endowment Fund Policy. However, no such amendment shall result in violating any tax regulation or non-profit law, or the terms of any donor restricted gift previously received.