



## Friends of the Manchester Library Endowment Fund Policy

Original approved by FOML Board of Directors: December 8, 2010  
General Policy Last Revised by FOML Board of Directors: 5/22/2019

### General Policy

This Endowment Fund (Fund) Policy is designed to allow those wishing to support the long-term goals and mission of the Friends of the Manchester Library (FOML) a means to do so.

Our mission is to encourage lifelong learning in the Manchester area. We do this by providing and operating a library building, supporting library programs, and offering a community gathering place.

The Fund will be a true endowment, meaning the assets will grow to compensate for inflation, and will comply with the Washington State Uniform Prudent Management of Institutional Funds Act.

Should the Fund cease to exist, the assets will revert back to the FOML general operating fund.

The FOML Board of Directors will be the elected Directors of the Endowment Fund. The FOML President will be the Endowment Administrator and conduct all meetings of the Board. All subsequent references to the "Board" in the document will mean the Endowment Board. There will be an annual meeting of the Board in January, prior to the regular scheduled meeting of the FOML. Other meetings of the Board will be called by the Administrator as needed. Any proposed transfer of funds from the regular FOML checking account or CDs may be recommended by the Endowment Board but must be approved at a regular FOML meeting.

Acceptable gifts include cash, cash equivalents and marketable securities. Other gifts will require approval of the Board and include: closely held stock, real estate, life insurance policies and other property. Gifts requiring approval of the Board will be handled promptly and treated with the utmost confidentiality. Acceptance of some gifts may require the involvement of legal counsel for the donor and FOML. If a gift is not accepted, the Administrator will notify the donor immediately, explaining the rationale for non-acceptance.

All gifts will be converted to cash and invested according to the Funds Investment Policy. If gifts are illiquid or cannot easily be sold, acceptance of the gift may depend on whether a buyer is likely to be found within a reasonable time frame. If a donor requests the FOML retain specific assets, the Board must decide whether acceptance and retention of the assets serves the purpose of the FOML.

Donor designated gifts will be accepted upon the approval of the Board and placed in separate accounts. Donor designated gifts are those that specify a certain percentage of distribution that is different from the Endowment Fund Policy or specify support for a specific purpose.

A gift acknowledgment letter should be sent to the donor shortly after acceptance of the gift. Accepted contributions will be recorded and deposited by the FOML Treasurer in a timely manner.

Distributions of up to 5% of the investments' value at the end of the prior year will be allowed, as approved by the Endowment Board.

### Investment Policy

Last Revision: 12/8/2010

See addendum A.

### Recognition policy

Last revision: 12/8/2010

See addendum B.

Endowment Policy Approved by the Board of Directors:

President:

Date signed:

Vice President:

Date signed:

Treasurer:

Date signed:

Secretary:

Date signed:

Director:

Date signed:

Director:

Date signed:

Director:

Date signed:

**Addendum A**  
**Friends of the Manchester Library Endowment Fund**  
**Investment Policy**

Approved by the FOML Board of Directors on: December 8, 2010

**Purpose**

This investment policy describes the long-term investment objectives of the FOML Endowment Fund (The Fund), establishes investment principles for the fund's assets and creates guidelines for evaluating investment decisions.

**Statement of Investment Objectives**

The two primary objectives are:

1. To cause the total value of the assets to appreciate, over time, exclusive of growth derived from donations and
2. To provide a continuing and dependable cash payout that is stable and preferably growing in real terms, after giving effect to inflation.

To accomplish these goals, The Fund should maximize the return of its investments, consistent with the appropriate level of risk and subject to a generation of adequate current income when appropriate.

Additionally, the assets should be diversified at all times to provide reasonable assurance that investment in a single security or class of securities will not have a significant impact on the assets. Specifically, The Fund should have diversified investment options that have materially different risk and return characteristics.

## The Prudent Person Rule

In making investment decisions and in supervising and managing assets, all persons with investment responsibility for The Fund should act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims.

## Investments

In selecting investments, consideration will be given to the requirements for spending, liquidity, diversification, safety of principal, yield, maturity, and the quality and capability of investment managers.

The Fund will be permitted to invest in the following categories of investments:

\* *Growth Investments* – These investments seek to maximize value over time, but are the most volatile day to day. They invest primarily in stocks of companies that have a strong potential for growth.

\* *Growth and Income Investments* – These investments seek to provide both growth and income. They generally are not as volatile as growth investments due to a focus on dividend-paying stocks and some bond holdings as well.

\* *Equity – Income Investments* – These investments seek current income and long term growth of capital, primarily through dividends paid by stocks and or interest paid by bonds.

\* *Balanced Investments* – These investments seek conservation of capital and current income, as well as long-term growth of both capital and income by investing in stocks, bonds and other fixed income investments.

\* *Bond Investments* – These investments seek to provide current income. Their primary investment vehicle is bonds.

\* *Cash & equivalent Investments* – The investments are the most stable as they try to preserve the original investment but are limited in their ability to keep up with inflation.

The Fund will not be permitted to invest in the following:

options, commodities, futures, penny stocks, aggressive equity or aggressive income

## Asset Allocation and Rebalancing

The Fund's asset allocation guidelines will be consistent with its investment objectives and risk tolerance. These guidelines are designed to provide the highest probability of meeting or exceeding The Funds return objectives with the lowest possible risk. To meet The Funds initial objective of growing its assets to over \$100,000, the initial asset allocation will be:

25%	Growth
50%	Growth & Income
25%	Balanced

The Fund will rebalance its portfolio of investments annually.

## Review and Monitor Investments

Periodic reviews of the investments will be conducted at least annually. Among other things, such reviews will evaluate:

\* The general conditions and trends prevailing in the economy, securities markets and mutual fund industry.

\* Whether each investment remains consistent with The Funds overall investment objectives.

\* Whether the investments are adequately diversified.

\* A comparison of the investment results with established indexes or benchmarks over a series of different time horizons.

\* The fee structure and expense ratio or selected investments as compared with other alternatives available in the marketplace.

\* The experience and qualifications of the personnel providing the investment management services.

## Conflicts of Interest

No director or member of a committee with board-delegated powers may have a direct or indirect financial interest in any investments made by The Fund.

**Addendum B**  
**Friends of the Manchester Library Endowment Fund**  
**Recognition Policy**

Approved by the FOML Board of Directors on: December 8, 2010

**Purpose**

Recognition of donors is critical to developing a reliable stream of donations. All donations will be recognized in a consistent, appropriate, personalized and timely manner.

**Recognition of endowment donations**

- 1) Acknowledgments will convey that the gift made a difference, who the gift benefits, and the impact of the gift. Also, convey the importance of the donor and provide information about current FOML programs.
- 2) Any gift of \$250 or more will be entitled to a receipt which shall state the amount of the gift which is deductible for Federal Tax purposes and the phrase "No goods or services were provided in consideration for this contribution." As IRS regulations change, the above amount will be adjusted accordingly. The donor acknowledgement cycle will correspond with the calendar year.
- 3) A donor's request to be anonymous will be honored and so noted in the contributor's file. If the name and address of the donor is known, an acknowledgement letter will be sent which will note the donor's request for anonymity.
- 4) Contributors to the Endowment Fund and other significant donors will become members of the "FOML Heritage Society, which will provide regular updates on Library activities and invitations to special events.
- 5) Thank you notes will be sent in a timely manner and be written by:
  - a) Under \$100 – Secretary or event chair
  - b) \$100- \$499 – An FOML officer/director
  - c) \$500-\$1000 – FOML President
  - d) Over \$1000 – FOML President and Board along with a personal call from the President. Other large gift special recognition will be determined by the board.

**Recognition via our donor board & web-site**

- 1) We recognize donors once a year, based solely on what they did last calendar year.
- 2) Donor levels:
  - Benefactor: \$1000 or more
  - Sustainer: \$500-\$999
  - Patron: \$100-\$499
- 3) Names go on the board when the treasurer compiles the previous calendar year's donor list, and stay there until the following year's review
- 4) Bequests and memorials in any amount: the name goes on the board for one year

Substantial benefactors and memorials/bequests:

\$5000 or more goes up permanently

(Port of Manchester, Jean Gross, Fred Winslow, Manchester Improvement Club)

Special circumstances: the board may recognize a donor under any appropriate circumstances.