

Endowment Policy

I. Introduction

A. Origin and Scope

The Deering Estate Foundation's ("DEF") Endowment Fund ("the Endowment") was authorized by the Board of Directors ("Board") of DEF, a charitable community-based 501 (c) 3 Florida Corporation, in Fiscal Year 2009/2010 to encourage financial contributions from supporters to the Endowment in support of its mission and purpose:

Mission: To raise public awareness, outreach, understanding and the enjoyment of the Deering Estate at Cutler and to raise funds to support education, research, exhibits and collections, environmental conservation, and historical preservation and restoration.

Purpose: To provide resources and assistance for the enhancement and expansion of the educational, environmental, historical, cultural, archeological, scientific, park and recreational facilities, programs and other related services offered at, through or in connection with the publicly owned and operated park property in Miami-Dade County, commonly known as the Deering Estate at Cutler.

The intention of the Board of Directors in establishing the Endowment is to grow the principal and re-invest dividends and/or interest until such time as the Board determines that the principal is sufficient to begin using dividends and/or interest to fund all or part of the business operations of DEF. The ultimate goal is to fund all of DEF's business operations through dividends and/or interest from the Endowment while maintaining the principal. This would allow all other donations to be used for the donor's intended purpose without an administrative charge.

The Board has the responsibility to safeguard the assets, ensure that the Endowment furthers the goals of DEF, ensure that any donor restrictions are honored, and ensure that the principal is maintained and invested prudently.

The Endowment shall include the gifts from donors permanently restricted to the Endowment, unrestricted gifts designated by the Board to the Endowment, and temporarily restricted gifts (as to time or purpose) as well as all undistributed income from such contributions which is also described as unrestricted. It is the policy of DEF to raise funds (corpus and appreciation) unrestricted by donor intent, if at all possible, in order to provide the greatest flexibility. Once funds are accepted, donor restrictions and intent will be honored. DEF shall have the ultimate authority and control over all Endowment assets, and the accumulated income, subject to donor's purpose restrictions. "Principal" refers to all gifts of cash and securities, as valued at the time of the gift (also referred to as the "corpus"). "Endowment Income" refers to non-Principal Endowment assets: income generated from corpus balances, including interest, dividends and realized and unrealized gains on investment.

B. Separate Nature of the Endowment.

The assets of the Endowment are owned by DEF and are administered according to this Policy and the attached Investment Policy Statement, and are accounted for separately from DEF's general operating or any other funds. Solicitations for Endowment donations are made separately from solicitations made for other DEF purposes, and donations are tracked separately. Additionally, planned gifts may be placed in the Endowment according to DEF's Gift Acceptance Policy as amended from time to time (making them unrestricted).

C. Spending Policy

The Spending Policy for the Endowment is set by the Board. The amount of the annual draw, if any, will be recommended by the Finance Committee for approval of the Board as part of the annual budgeting process for the forthcoming year.

Annual Endowment spending may not exceed 100% of the Endowment Income accumulated since the last distribution plus any income not distributed in the preceding years and may not exceed 5% of the net value of the Endowment, calculated as of July 1 of the current fiscal year and based on the trailing 12 quarter average assets under management.

Any Endowment draw in excess of the above or to change the Spending Policy will require a Finance Committee recommendation and an affirmative vote of 75% of the entire Board of Trustees then serving.

D. Extraordinary Circumstances

Should there be extraordinary financial needs which require invading the Principal, such withdrawal could be made only upon a recommendation of the Finance Committee and the affirmative vote of 75% of the entire Board then serving, as follows: first withdrawal of unrestricted funds, and then withdrawal of any portion of the permanently restricted funds contributed by donors to the Endowment. Withdrawal of permanently restricted funds also will require a release of restriction from any living donors or a court order from a deceased donor's estate.

In the event that the Board authorizes invasion of the Principal, there will be no distribution of Endowment Income to DEF's general or operating accounts before the Principal has been repaid to the Endowment Fund unless such distribution has been approved by 75% of the Board then serving.

Borrowing from the Endowment will require a Finance Committee recommendation and the affirmative vote of 75% of the entire Board then serving, advice from the Investment Committee as to loan terms, and notification of the surviving donors or the estate of deceased donors who have restricted their donations to the Endowment. Any borrowing will be repaid with interest, at an interest rate and on a repayment schedule determined by the Board at the time of approval of the borrowing consistent with a prudent investor.

E. Duration of Endowment

The Endowment is intended to have an indefinite life, in perpetuity, with no automatic cancellation date. An affirmative vote of 75% of the Board is required to discontinue the Endowment, and absent such a vote any balance in the Endowment at Fiscal Year end will become the opening balance for the Endowment in the subsequent Fiscal Year. In the event the Board votes to discontinue the Endowment, the Board will allow adequate time to wind down the Endowment, and to communicate such decision to donors and to obtain approval from donors whose gifts were permanently restricted (“Disposition Period”). Assets remaining in the Endowment at the Fiscal Year end following the Disposition Period will sweep to the DEF current year operating balance as an unrestricted donation made to DEF by the Endowment.

II. Oversight and Investment

A. Board/Executive Committee

The Executive Committee and Finance Committee of the Board are empowered to make recommendations involving the Endowment, but not to act finally with respect to any material matter involving the Endowment. Final authority with respect to all such matters is entrusted to the Board as a whole, which shall review and approve this Endowment Policy and the attached Investment Policy, oversee compliance and monitor activities.

B. The Finance Committee

The Finance Committee shall be a supporting committee to the Board, and shall be subject to the Board’s authority pursuant to the DEF Governance Policies.

The Finance Committee’s responsibilities include:

- Adopting policies and procedures to govern its activities in accordance with best practices.
- Making recommendations regarding Investment Policy and guidelines, including suitable diversification strategies, risk tolerance, and asset allocation to be presented to the Board for approval.
- Investing the Endowment assets in accordance with the DEF Investment Policy.
- Providing investment management and monitoring of the Endowment’s investment portfolio, reviewing and evaluating investment portfolio composition and performance of the Endowment on a quarterly, year-to-date, and inception-to-date basis.
- Reporting to the Board at least once a year the investment performance of the Fund and any time the investment strategy changes for review and approval by the Board.
- At such time as the Endowment reaches a size large enough to justify the costs, interview and recommend potential independent investment managers to the Board, and when an investment manager is used, review its performance annually, including the manager’s adherence to the Investment Policy and the

manager's investment performance compared to the manager's benchmark and/or peer group.

C. Conflict of Interest

All decisions made by the Members of the Board, the Finance Committee and the DEF staff are to be made solely on the basis of a desire to advance the best interests of the Endowment for the good of DEF. Board, Finance Committee and staff members must at all times avoid a conflict of interest with respect to their fiduciary responsibility and has the responsibility to disclose any material interests in financial institutions that could be related to the performance of the Endowment or that conduct business with the Endowment, or any personal, familial, or business relationships that could be considered a conflict of interest.

When the Finance Committee is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall not participate in the vote or the deliberation, unless the Board or Committee requests information or interpretation for special reasons.

III. Administration and Monitoring

A. Gift Acknowledgement/Restrictions

Gifts of cash and securities to the Endowment shall be received and processed by the staff of DEF in accordance with the DEF Gift Acceptance Policy, as may be amended from time to time. Gifts to the Endowment shall be tracked separately from all operating funds. A copy of all donor documents and DEF notes pertaining to individual donations, whenever received, should be maintained in DEF files. The language of gift instruments (including donor agreements, trust documents, solicitations and marketing materials that describe DEF' Endowment goals and practices) determines whether a gift is restricted or unrestricted. Gifts to the Endowment are reported by staff to the Investment Committee and Board periodically.

B. Accounts and Audit

All gifts to DEF Endowment will be managed in accordance with the Uniform Management of Institutional Funds Act (UMIFA) as from time to time amended, and will be recorded on the books and records of the organization in accordance with FASB, GAAP and all other relevant applicable accounting standards. The books and accounts of the Endowment shall be reviewed or audited by a Certified Public Accountant at the end of each fiscal year.

IV. Communications

All financial and other information regarding the Endowment must be reviewed and approved by the Executive Committee prior to publication or external dissemination.

The Managing Director, Director of Development and Board Chair shall communicate financial and other information regarding the Endowment to the donors periodically.

Endowment solicitation letters and brochures must be reviewed and approved by the Chair of the Board or his/her designee. All DEF publications must be reviewed by the Managing Director for factual accuracy when relying on Endowment financial data. DEF printed publications will not generally offer any statement regarding the tax consequences or status of a gift given by any donor to DEF.

Donors should be instructed to contact their professional tax advisor regarding any tax inquiries.

V. AMENDMENTS

This policy should be reviewed by the Board annually, and amendments to this document and to the attached Investment Policy must be approved by the Board.

VI. ATTACHMENTS

The Investment Policy, dated _____ is hereby attached to this Endowment Policy.

VII. APPROVAL

It is understood that this Endowment policy is to be reviewed annually by the Board to determine if any revisions are warranted by changing circumstances. Should the Board approve a deviation from this policy or implement a change in policy, the appropriate amendments must be made and duly recorded.

President
The Deering Estate Foundation, Inc.

Date

ATTACHMENT TO ENDOWMENT FUND POLICY

DEF Investment Policy Statement