

## **NATPA Foundation Fund Policy**

Approved by NATPA Board, March 21, 2011

### **Purpose**

The purpose of the NATPA Foundation Fund is to enhance the mission and purposes of the NATPA; namely, to promote scientific and professional knowledge and its utilization, to sponsor scholarly research and education on subjects related to Taiwan, and to facilitate international understanding and cultural and educational exchange. One major endeavor by NATPA is to serve as a think tank for issues related to Taiwan.

The purpose of this policy is to establish a regular procedure for the receipt, management, and disposition of funds that are received by the NATPA. To maximize the value and impact of every gift, this policy is also set to ensure each gift complies with donor intent, applicable laws, regulations and standards of gift acceptance, management, and stewardship.

### **Definition**

The NATPA Foundation Fund (hereinafter “the Fund”) contains endowed funds and current funds. Each fund, either endowed or current, is established as a sub-account under the Fund by a specific donor and for a particular purpose. Endowed funds are established by donors who wish to make a permanent commitment to support the mission of the NATPA. Endowed funds are unique in that the underlying gift is never actually spent. Therefore, endowed funds are the income producing capital of the NATPA derived from donations.

Current funds (non-endowed) provide support on an “as requested” basis for current projects. Donors can specify specific projects and causes that they intend to support. Both the earnings and principal of the funds can be spent as intended.

Both of these funds are not intended to generate funds for annual operating expenses of the NATPA. In this way, they are distinct from annual gifts, which would go into the existing general account of the NATPA and may be used to fund operational needs on a current basis.

### **Administration**

The Fund is governed by the Board of Directors. The general charge to the Board is to manage and direct the resources of the Fund in such a way that is most consistent with the interests of donors. The Board can delegate and authorize the Finance Committee to manage the Fund. In this case, the Finance Committee shall report to the Board of Directors on at least a semi-annual basis.

The Finance Committee shall maintain complete and accurate record of the endowed funds and current funds (all sub-accounts under the Fund), including receipts, earnings, disbursements, and other pertinent information. The Fund accounting shall be performed by the NATPA Treasurer. The books of the Fund shall be subject to audit as requested by the Board of Directors and shall be available at any time to the members of the NATPA. A full and complete report of the Fund for the preceding year shall be included in the annual report given to the members at the annual meeting.

The Finance Committee, with approval of the Board, may refuse any special gift if deemed outside the mission or not in the best interests of the NATPA. The Finance Committee may also work with family or grantor to change the designation of a gift. In addition, the Finance Committee shall provide information about the programs supported by the Fund and encourage members and friends of the NATPA to make gifts to the Fund.

Donors are encouraged to name their endowed funds. If desired, the fund name accompanies distributions from the fund and may be disclosed in annual reports or other publications.

### **Investment**

The Fund should have a bank account separated from the existing general account of the NATPA. Separate accounting records shall be maintained for each sub-account (that is, each of the endowed funds and current funds).

Endowed funds are invested with two goals in mind: to provide spendable income for the purpose agreed upon with the donors, and to protect future purchasing power by growing the principal of endowed funds at a rate that exceeds inflation.

Gifts to the Fund will be invested by the Finance Committee with approval of the Board of Directors. Gifts other than cash will be converted to cash at the discretion of the Finance Committee with approval of the Board. A high priority will be given to socially responsible and fixed income investments.

### **Distributions**

Distributions are made quarterly from the endowed accounts to fund the projects, programs, and other various purposes for which they are intended. The amount of distribution shall be four to five percent of the average market value of the fund, which will be calculated on a rolling quarter average of the previous twelve (12) quarters.

When the principal market value of an endowment fund falls below its historic gift value, earnings distributions from the fund must be suspended until the endowment's principal market value recovers, unless permission is given by the donor to continue spending. In this situation, the endowment fund is considered "underwater."

When a fund is "underwater," the donor will be given the opportunity to authorize spending of principal under special circumstances if necessary to meet the annual needs of the designated program. Spending of principal will only take place upon written authorization of the donor.

As for current funds, both the earnings and principal of the funds can be spent as intended. The spending of the current funds will be at the discretion of the Board of Directors in such a way that is most consistent with the interests of donors.

In general, the Finance Committee determines the amount of distribution from the Fund according to the agreement with the donors and the principles specified in the Distribution section of this Policy. The decision regarding how and where to spend these distributions rests

on the Board or the relevant committees. Specifically for donations designated to support the Think Tank operations, the Think Tank Committee has the full authority to allocate the distribution amount from the Fund.

### **Dissolution**

In the event that the NATPA ceases to exist, for any reason, dissolution or transfer of the funds shall be at the discretion of the donors. If donors' preference can't be obtained after several reasonable attempts, including written requests, the fund balance can be transferred, at the discretion of the Finance Committee with approval of the Board, to other non-profit pro-Taiwan organizations which share a similar mission with the NATPA.

### **Amendment**

Changing times, unusual circumstances, and new ideas may indicate desirable changes in the Foundation Fund Policy at some time in the future. Any change to this policy shall require approval of a two-thirds vote at the regularly scheduled Board of Directors meeting with the preannounced agenda of the specific proposal. The amendment will then be confirmed by members at the NATPA annual meeting, provided that the notice of the amendment is given in writing at the same time and manner in which the annual meeting notice is given.

### **Adoption**

This policy shall be effective upon the approval of a two-thirds vote of the Board of Directors at a special or annual meeting. The adoption will then be confirmed by members at the NATPA annual meeting.