



Natural Land Institute
Endowment Policy
Adopted August 9, 2007
Amended April 14, 2011

To assure the ongoing viability of the Natural Land Institute its Board of Trustees has established the Natural Land Institute Endowment Fund. The purpose of the Fund is to provide an endowment for the benefit of the Natural Land Institute as it carries out its mission to preserve and restore natural lands in the Northern Illinois region. The Fund serves as a repository into which donors or the NLI Board of Trustees can deposit funds to be used in support of NLI and its programs as a long-term environmental legacy or as otherwise directed by such donor or Board.

The Fund is subject to prudent practices as set forth in law and regulation and shall be managed accordingly. Subject to these prudent practices, this document is the policy under which the Endowment Fund shall be maintained.

1. Acceptance of Gifts

Gifts and donations to the NLI Endowment Fund are welcome. Unrestricted and undesignated donations are encouraged as they leverage general operations that in the past have multiplied each donor \$1 with up to \$10 in NLI preservation and restoration projects, fulfilling NLI's mission more effectively.

In-kind gifts and donations are subject to the NLI Gift Policy determining the disposition of in-kind gifts. Acceptance by the Board is required for all in-kind or restricted donations to the fund. Generally, donated shares and certificates will be sold as soon as practical and deposited as cash to the Fund.

Unless otherwise directed by the donor, in writing, cash deposits shall become part of the Endowment Fund's General Fund. Such donations may be designated Named Units of the General Fund if in excess of \$10,000. Restricted Accounts may be established within the NLI Endowment Fund if in amounts in excess of \$25,000 and if restrictions are provided by the donor in writing.

Donations or additions to the Endowment Fund are generally made as of the calendar quarter-end at such time as the Fund's market value has been determined and its units or proportions calculated (see "Accounting").

2. Board Designated Funds

As a donor, the NLI Board of Trustees may designate certain funds owned by NLI for deposit to the NLI Endowment Funds as a Restricted Account. At such time as such funds are deposited, the Board shall provide written direction in the form of a Board Resolution as to the disposition of income and principal from such account.

Such board resolution may stipulate that principal and income generated by the account may be distributed on certain conditions, overriding the restrictions imposed by this policy or those found in the Endowment Agreement. Such funds may be designated, for purposes of principal or income distribution, as being at the discretion of the executive director, the treasurer, or the board by a 50% majority vote, or some combination thereof as is stipulated in the contributing document, or as otherwise directed by Resolution.

3. Investment Management

Investment assets held in the Endowment Fund shall be made in the name of the Natural Land Institute and shall be managed on a commingled “pool” basis or, segregated in the Green Endowment account at donor request, under the Natural Land Institute Investment Policy.

Subject to written restrictions, cash distribution requirements of income and principal will be evaluated at least annually and considered by the Finance Committee when it determines the Asset Allocation of the Endowment Fund investment portfolio.

4. Distributions

Unless otherwise directed in writing at the time of its donation by the donor or the Board, distributions of principal and income are restricted to that needed to fulfill the Distributable Income requirement and shall be to NLI’s general cash accounts and used to support NLI’s mission.

Distributions of Distributable Income may be made at each calendar quarter. When Distributable Income is taken, it shall be following the valuation of the Fund. Distributable Income means the value of the Endowment Fund, including the sub-valuation of its component funds or accounts, multiplied by the NLI approved payout rate. Such payout rate can vary from time to time as determined by Board resolution, not to exceed 5%. For quarterly payouts the amount distributed shall be 1/4th of that calculated by the formulation given.

Until otherwise changed by vote of the Board of Trustees of the Natural Land Institute, the approved payout rate is set at 4.5%.

Certain Restricted Accounts may contain written donor direction as to distribution of principal or income for certain program purposes of NLI or for stipulated time periods. Such direction supersedes that of this policy.

Unless otherwise directed in writing by the donor or the Board at the time of the donation, no principal above that required for the payout of Distributable Income shall be distributed unless such distribution has the approval of at least two-thirds (2/3) of all the members of the Board.

5. Recognition and Confidentiality

Donors will be recognized as is appropriate, except that they shall be anonymous for purposes of public recognition on request.

6. Administration

The NLI Endowment Fund shall be administered by the Natural Land Institute under the terms of the NLI Endowment Agreement and the guidance and direction of the NLI Finance Committee. Such administration is subject to the appropriate approvals of the NLI Board of Trustees.

The Fund shall be held by the Natural Land Institute in its name. Its investments shall be managed by NLI, as delegated to its Finance Committee, or a designated Investment Advisor.

7. Endowment Fund Report

A report of the General Fund, Named Units and Restricted Accounts—the Endowment Fund Report—will be prepared and presented to the Board at least annually. The Report shall list donors and amounts received during the past year, designating those that are Named Units and Restricted Accounts. The Report shall also include historical original donation amounts with dates received, subsequent deposits with dates received, year end market values, distributed principal and income for the year and since inception, for each of the General Fund, Named Units and Restricted Accounts. Restrictions and directions received in writing, if any, shall be noted for each. Such Endowment Fund Report shall become part of this Endowment Policy as an attachment.

8. Records and Accounting

The NLI Endowment Fund pool shall be accounted for on the books and records of the Natural Land Institute or on subsidiary records as needed.

Quarterly and at year end the market value of the pool of endowment assets shall be determined as the sum of the market values of each investment in the pooled funds as shown on the quarterly mutual fund, brokerage or bank account quarterly statements, to include any dividends, interest or coupon received. If not otherwise provided, the market value shall be determined by computing the number of shares, or par amount for bonds, at the quarter end times the market price found in a reputable financial publication such as the Wall Street Journal or other comparable publication, plus paid dividends, interest or coupons.

The value of the General Fund, Named Units or Restricted Accounts shall be determined at least quarterly as their proportionate share of the whole Endowment Fund value at inception. Such proportion shall carry forward until such time as additional donations are made to the Endowment Fund at which time re-proportioning shall be computed using the same methodology with market values for existing funds, units or accounts computed prior to the addition, plus the deposited donation.

The sum of pool income received each quarter, consisting of dividends, coupons or interest, shall be added to the General Fund, Named Units and Restricted Accounts in proportion to the value of such fund, units or accounts to the whole determined at quarter end.

A file shall be maintained by NLI containing any written instructions from Restricted Account Donors or Resolutions of the Board, as a permanent record until such time as the Account or Board Designated Fund ceases to contain assets.

It is intended that NLI's Green Endowment account shall be a permanent endowment. Therefore, Green Endowment assets shall be custodied in a separate account established for the sole purpose of holding the Green Endowment assets. Green Endowment assets shall not be comingled with, or transferred into any other accounts, other than for normal income distributions or for other distributions authorized by the Board under the Endowment Fund policy.

9. Fees

NLI may seek reimbursement from the Fund for its reasonable administrative expenses (including investment management fees incurred in the management of the fund by an advisor) but chooses not to do so at this time and no NLI direct fees shall be charged without the prior approval of the Board. Reasonable attempts will be made to minimize Brokerage Account and Mutual Fund fees where service and performance are not jeopardized and such fees are the direct responsibility of the Fund.

10. Definitions

- a. NLI- The Natural Land Institute
- b. Fund- The NLI Endowment Fund (or Endowment Fund) being the sum of all investments held in the separate General Fund, including its Named Units, and all Restricted Accounts.
- c. Board- The NLI Board of Trustees
- d. Committee- The NLI Finance Committee
- e. Endowment Agreement or Agreement- The NLI Endowment Agreement titled the "Governing Instrument Establishing The Natural Land Institute Endowment Fund" dated December 14, 2006
- f. General Fund- The portion of the Endowment Fund holding unrestricted donations.
- g. Named Units- Donations to the General Fund in excess of \$10,000 which the donor or board wishes to be designated as a named unit.
- h. Restricted Accounts- Contributions to the Endowment Fund in excess of \$25,000 on which the donor wishes to place restrictions as to disbursement or use of the principal contributed, or wishes to direct for use in a specified NLI program, made in writing at the time of such contribution.
- i. Pool- The holding of all assets of the Endowment Fund as a common fund, or "pool", dividing the income proportionately, assigning undivided interests, and making joint investments of such pooled assets.

- j. Principal- Donated amounts in the Endowment Fund at inception, or subsequently as valued at market.
- k. Income- Dividends, coupons or interest received from the Fund's investments.
- l. Donor Restricted- Restrictions on distributions placed by a donor.
- m. Donor Designated- Designations by donors of distributions for specific purposes or programs.
- n. Market Value- The valuation of investments computed by the number shares or par amount held times their unit price as determined by transactions on an exchange or as published in a reputable journal as of a certain date and time.
- o. Distributable Income- The amount as determined by the market value multiplied by current NLI approved payout rate.