APPROVED: 04/16/2014

Northwest Foundation, Inc.

Distribution Policy

Chapter 402 for the Missouri Revised Statutes has been amended by House Bill 239 to include provisions of the Uniform Prudent Management of Institutional Funds act (UPMIFA) and contains language that describes the parameters within which charitable organizations such as Northwest Foundation, Inc. may manage endowment funds under their care. This includes the manner in which the proceeds from invested funds may be distributed to fund beneficiaries. Based on this governing authority, the Foundation board utilizes the following procedures to distribute funds to the account holders of the various endowment funds under its management.

It is the philosophy of the Board that stable and slowly growing cash distributions should be made available to account holders for the purposes originally described by the donors of the funds. Distributions of this nature should be made available perpetually. These distributions should be insulated from severe fluctuations in annual investment returns as much as possible. Distribution amounts are dependent on investment returns, and Standards of Prudence, defined below, for each individual account.

Subject to the intent of a donor expressed in a Memorandum of Understanding, the Foundation, in managing and investing an endowment fund, shall consider the charitable purposes of the university and the purposes of the endowment fund. In addition to complying with the duty of loyalty imposed by law, each board member responsible for managing and investing the Foundation's funds shall manage and invest the funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In managing and investing the Foundation's funds, the Foundation may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the Foundation, and the skills available to the Foundation; and shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

The Foundation may pool two or more institutional funds for purposes of management and investment. Except as otherwise provided by a Memorandum of Understanding, the following will apply:

1. In managing and investing the Foundation's fund, the following factors, if relevant, must be considered:
   - general economic conditions;
   - the possible effect of inflation or deflation;
   - the expected tax consequences, if any, of investment decisions or strategies;
   - the role that each investment or course of action plays within the overall investment portfolio of the fund;

- the expected total return from the investments;
- other resources of the Foundation;
- the needs of the Foundation and the fund to make distributions and to preserve capital; and
- an asset's special relationship or special value, if any, to the charitable purposes of the Foundation.

2. Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the Foundation's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the Foundation.
3. Except as otherwise provided by law, the Foundation may invest in any kind of property or type of investment consistent with its fiduciary responsibility.
4. The Foundation shall diversify the investments of an endowed fund unless the Foundation reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.
5. Within a reasonable time after receiving property, the Foundation shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the endowment fund into compliance with the purposes, terms, and distribution requirements of the Foundation as necessary to meet other circumstances of the Foundation and the requirements of state law.
6. A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing the Foundation's funds.

Annually, the Board reviews performance figures for its investment pools and determines an "Annually Established Base Distribution Rate". This rate is used in calculating the target annual distribution amount for endowed accounts. The Directors will base their selection of the Base Spending Rate on a number of criteria including, but not limited to:

1. the duration and preservation of the endowment fund;
2. the purposes of the Foundation and the endowment fund;
3. general economic conditions;
4. the possible effect of inflation or deflation;
5. the expected total return from the investments;
6. other resources of the Foundation; and
7. the investment policy of the Foundation.

Upon determining the "Annually Established Base Distribution Rate", the Board shall instruct staff to produce a distribution for each account for the coming period, when prudent. In no event shall the Foundation make a distribution unless it has determined that such distribution is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Further, in making a determination to make a distribution or accumulate assets, the Foundation shall act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

The target annual distribution base rate for each endowment fund will be between 3 and 5 percent of the three-year moving average of the June 30 market values of the endowed funds. If the endowment has been established for fewer than 3 years, the base rate shall be applied to the average for the number of years in existence.

The board adopts the following distribution adjustments in response to the "prudence" requirements of the state statute. Unless otherwise provided in the Memorandum of Understanding, the recommended distribution shall be calculated based according to the following table.

% of Total Fund Balance to Cumulative Gifts	Recommended Distribution Rate
> or = 100%	Base Rate (4%)
< 100% but at least 90%	2.00%
<90% but at least 75%	1.00%
Under 75%	Suspend Distributions

Management Fee

To support fund raising and alumni relations for the benefit of Northwest Missouri State University, a management fee shall be assessed on all endowed, quazi-endowed and gift annuities. The fee shall be calculated annually on the average of the last five quarters fund balance at a rate set annually by the Foundation Board – currently 1.95%.

Estate Surcharge

A surcharge of 5% on all estate gifts will be assessed and designated to the University Venture Fund.

Approved by Board of Directors on 04/16/2014:

X Mark J Doll – President

Mark Doll
President, Northwest Foundation, Inc. NW Foundation