

California Native Plant Society

**Resolution No. 2008-
Motion to Approve Policy on Endowments and Direction to
Staff**

WHEREAS, the development committee has recommended a Policy on Endowments and Gifts, attached below, and a Policy on Other Gifts, also attached below, for incorporation into the CNPS Planned Giving Manual and to serve as policy for CNPS; and

WHEREAS, the development committee has recommended a set of instructions to staff regarding endowments, attached below;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA NATIVE PLANT SOCIETY THAT THE POLICY ON ENDOWMENTS, DIRECTION TO STAFF ON ENDOWMENTS, AND POLICY ON OTHER GIFTS ARE HEREBY ADOPTED.

MOVED by Director Witham, SECONDED by Director Hartman,

and adopted this 7th day of March 2008, by the following vote:

AYES: 8 Directors Hall, Hartman, Houser, Kumar, LeNeve Scheidt, Shilling, and Witham.

NOES: 0 Directors

ABSTAIN: Directors

ABSENT: Directors

President

ATTEST: _____
Secretary

ATTACHMENTS: POLICY ON ENDOWMENTS, POLICY ON OTHER GIFTS, DIRECTION TO STAFF ON ENDOWMENTS

I. CNPS POLICY ON ENDOWMENTS

1. INTRODUCTION

The Board of Directors of the California Native Plant Society (CNPS) believes that established endowment funds can, by generating annual income through appreciation, interest, and dividends, provide CNPS with an important and reliable source of income. This income can provide sustainable financial support for CNPS's conservation, scientific, and horticultural activities. Donors who wish to make gifts that represent a lasting legacy may wish to direct donations to endowment funds.

The CNPS Board adopted this policy with the intention that it be shared with donors and potential donors in order to inform them of CNPS policies regarding endowments and investment. The CNPS Board hopes that donor will determine that their gifts will be well managed, well invested, and used effectively.

Donors are strongly encouraged to discuss their gift with CNPS staff. This is important to ensure that the donor's gift is used as the donor intends.

2. ENDOWMENT FUNDS

CNPS gratefully accepts contributions to established endowments funds. Donors to the established endowments help to ensure the financial stability of CNPS and enable CNPS to work for the conservation of our natural heritage. Donors are asked to review the specific terms of these funds and to use the stated terms of these funds in any will, trust document, or other legal instrument.

A goal of the CNPS Board of Directors is to obtain the right from donors to redirect the uses to which a fund is put to comparable uses or, in the event of financial emergency, to such uses as are most beneficial to CNPS. Staff is directed to ask donors for terms permitting the right to redirect funds where it may be appropriate. Nonetheless, the CNPS Board of Directors gratefully accepts gifts that may not be redirected.

a. Example. Here is an example of a bequest to a particular endowment fund in CNPS:

"I bequeath to the California Native Plant Society, a non-profit corporation, (insert here the amount in dollars, percentage of estate, complete description of the securities, real estate or property), to be added to the Conservation Fund (or other established fund) to be managed and spent according to the terms of the Conservation Fund, as set forth below (attach a copy of the Conservation Fund or copy the text into the document)"

b. Established Funds. CNPS has established several funds. The terms of these funds are stated separately starting on page five of this policy. These funds are:

The Conservation Fund (conservation, land stewardship, conservation science, and plant science)

The Natural Heritage Fund (all CNPS operations, programmatic and administrative).

The Horticulture Fund (horticulture using native plants, including education and promotion).

The Hardman Education and Research Fund (Hardman Native Plant Research Awards).

The Doc Burr Fund (research by graduate students).

Helen Sharsmith Fund (educational research grants).

G. Ledyard Stebbins fund (grants to research genetics and evolutionary botany).

Natalie Hopkins Scholarship Fund (scholarships to women graduate students and researchers).

Donations to endowment funds will be managed and spent according to this policy and the stated terms of the particular endowment funds.

c. New or Additional Endowment Funds. It is the policy of CNPS to encourage donors to make gifts to existing endowment funds. The Board of Directors of CNPS prefers to establish a new endowment fund only if the donation exceed \$100,000. Proposals to establish separate endowments with donations under \$100,000 will be considered on a case-by-case basis.

3. ENDOWMENT MANAGEMENT AND REPORTING POLICY

a. CNPS will establish and maintain a limited number of endowment funds related to general organizational operations and major program activities consistent with its adopted Strategic Plan.

b. Investment. Money held in endowment funds will be invested in accordance with the CNPS Investment Policy. A major goal of the CNPS Investment policy is to protect principal and generate annual income and modest growth.

c. Separate Accounting. A separate accounting of each endowment will be maintained, but monies will not necessarily be held in separate financial accounts.

d. Consistency. This policy is to be implemented in a manner that is consistent with other financial management policies adopted by the Board.

e. Variance. CNPS must respect the expressed intentions of the donor in managing and spending the assets in the endowment funds. Assets in an endowment fund may be used according to the stated terms of the established fund, if the donor designated the assets to be added to such a fund. If the donor expressed other intentions in giving CNPS the assets, and CNPS accepted the assets, CNPS must use the assets according to those expressed intentions. If assets in an established endowment fund can no longer be used for the stated purpose, CNPS may follow the provisions for variance stated in the description of that endowment fund. If a donor did not designate an established fund, and the assets can no longer be used for the stated purpose, CNPS has the following options: return the money to the donor or his or her heirs, ask the donor or his or her heirs for a written modification of the terms of the gift, or seek a judicially-approved modification of the terms of the gift.

4. TERMS OF FUNDS

The Board of Directors of CNPS hereby establishes endowment funds. The terms of these funds are set forth below. Gifts made to these funds are to managed and spent according to these terms.

THE CALIFORNIA NATIVE PLANT SOCIETY
CONSERVATION ENDOWMENT FUND

1. Name. The name of this fund is the Conservation Endowment Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following needs at the California Native Plant Society (the “Society”), as determined by the Board of Directors: CNPS activities in the areas of conservation, land stewardship, conservation science, and plant science.
3. Annual Spending from the Fund. The intent of the Fund is to provide a permanent source of income to support the purposes set forth in Paragraph 2 above by, on a long-term basis, spending only a portion of the earnings of the Fund every year and adding the excess to principal for growth over time. Accordingly, each year, the Society may spend an amount (the “Annual Amount”) from the Fund equal to five percent (5%) of the average net fair market value of the Fund’s assets for three years. If the Fund has not been in existence for 36 months, or if a single gift has increased the value of the fund by more than 25%, the Annual Amount shall be equal to five percent (5%) of the average net fair market value of the Fund’s assets for as many complete calendar months as the Fund has been in existence.
4. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
5. Costs. The costs to hold and invest the Fund may be charged to the Fund.

THE CALIFORNIA NATIVE PLANT SOCIETY
NATURAL HERITAGE ENDOWMENT FUND

1. Name. The name of this fund is The Natural Heritage Endowment Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following needs at the California Native Plant Society (the “Society”), as determined by the Board of Directors: all CNPS operations, programmatic and administrative.
3. Annual Spending from the Fund. The intent of the Fund is to provide a permanent source of income to support the purposes set forth in Paragraph 2 above by, on a long-term basis, spending only a portion of the earnings of the Fund every year and adding the excess to principal for growth over time. Accordingly, each year, the Society may spend an amount (the “Annual Amount”) from the Fund equal to five percent (5%) of the average net fair market value of the Fund’s assets for the twelve calendar quarters ending December 31 of the previous year. If the Fund has not been in existence for twelve full calendar quarters, the Annual Amount shall be equal to five percent (5%) of the average net fair market value of the Fund’s assets for as many complete calendar quarters as the Fund has been in existence.
4. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
5. Costs. The costs to hold and invest the Fund may be charged to the Fund.

THE CALIFORNIA NATIVE PLANT SOCIETY
HORTICULTURE ENDOWMENT FUND

1. Name. The name of this fund is the Horticulture Endowment Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following need at the California Native Plant Society (the “Society”), as determined by the Board of Directors: fund activities that support horticulture using native plants, including research and promotion.
3. Variance Power. If at any time it is impossible or impracticable to carry out exactly the above purposes, a purpose(s) as near as is practicable to the above purposes shall be determined by the Board of Directors. Any action taken under this Paragraph 3 shall require the affirmative vote of at least 75% of the directors then in office.
4. Annual Spending from the Fund. The intent of the Fund is to provide a permanent source of income to support the purposes set forth in Paragraph 2 above by, on a long-term basis, spending only a portion of the earnings of the Fund every year and adding the excess to principal for growth over time. Accordingly, each year, the Society may spend an amount (the “Annual Amount”) from the Fund equal to five percent (5%) of the average net fair market value of the Fund’s assets for the twelve calendar quarters ending December 31 of the previous year. If the Fund has not been in existence for twelve full calendar quarters, the Annual Amount shall be equal to five percent (5%) of the average net fair market value of the Fund’s assets for as many complete calendar quarters as the Fund has been in existence.
5. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
6. Costs. The costs to hold and invest the Fund may be charged to the Fund.

THE CALIFORNIA NATIVE PLANT SOCIETY
HARDMAN EDUCATION AND RESEARCH FUND

1. Name. The name of this fund is The Hardman Education and Research Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following need at the California Native Plant Society (the “Society”), as determined by the Board of Directors to support student research of California native plant species, their environments and their fertilization and or disease vectors under the supervision of suitable academic or field trained mentors (e.g., university botany departments, botany gardens, forestry departments, State and National Parks, etc.). These awards shall be known as the Hardman Native Plant Awards in commemoration of Gertrude R. Hardman.
3. Annual Spending from the Fund. The intent of the Fund is to provide a permanent source of income to support the purposes set forth in Paragraph 2 above by, on a long-term basis, spending only a portion of the earnings of the Fund every year and adding the excess to principal for growth over time. Accordingly, each year, the Society may spend an amount (the “Annual Amount”) from the Fund equal to five percent (5%) of the average net fair market value of the Fund’s assets for the twelve calendar quarters ending December 31 of the previous year. If the Fund has not been in existence for twelve full calendar quarters, the Annual Amount shall be equal to five percent (5%) of the average net fair market value of the Fund’s assets for as many complete calendar quarters as the Fund has been in existence.
4. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
5. Costs. The costs to hold and invest the Fund may be charged to the Fund.
6. Succession. If at any time the CNPS Board finds the burden of grant judging and award making too great to continue, there assets shall be transferred in equal portions to the botany departments at UC Berkeley and California State University, San Francisco, for support of botanical research under the same fund title and guidelines and with the same name, the Hardman Native Plant Research Award.

THE CALIFORNIA NATIVE PLANT SOCIETY

HORACE K. “DOC” BURR FUND

1. Name. The name of this fund is the Horace K. “Doc” Burr Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following need at the California Native Plant Society (the “Society”), as determined by the Board of Directors: fund research by graduate students.
3. Variance Power. If at any time it is impossible or impracticable to carry out exactly the above purposes, a purpose(s) as near as is practicable to the above purposes shall be determined by the Board of Directors. Any action taken under this Paragraph 3 shall require the affirmative vote of at least 75% of the directors then in office.
4. Annual Spending from the Fund. The intent of the Fund is to provide a permanent source of income to support the purposes set forth in Paragraph 2 above by, on a long-term basis, spending only a portion of the earnings of the Fund every year and adding the excess to principal for growth over time. Accordingly, each year, the Society may spend an amount (the “Annual Amount”) from the Fund equal to five percent (5%) of the average net fair market value of the Fund’s assets for the twelve calendar quarters ending December 31 of the previous year. If the Fund has not been in existence for twelve full calendar quarters, the Annual Amount shall be equal to five percent (5%) of the average net fair market value of the Fund’s assets for as many complete calendar quarters as the Fund has been in existence.
5. Additional Spending. If the Board of Directors determines, by a vote of at least 75% of the directors then in office, that additional funds are needed in the case of a financial emergency, the Society may spend amounts in addition to the Annual Amount.
6. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
7. Costs. The costs to hold and invest the Fund may be charged to the Fund.

THE CALIFORNIA NATIVE PLANT SOCIETY

HELEN SHARSMITH FUND

1. Name. The name of this fund is The Helen Sharsmith Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following need at the California Native Plant Society (the “Society”), as determined by the Board of Directors: educational research grants.
3. Variance Power. If at any time it is impossible or impracticable to carry out exactly the above purposes, a purpose(s) as near as is practicable to the above purposes shall be determined by the Board of Directors. Any action taken under this Paragraph 3 shall require the affirmative vote of at least 75% of the directors then in office.
4. Annual Spending from the Fund. The intent of the Fund is to provide a permanent source of income to support the purposes set forth in Paragraph 2 above by, on a long-term basis, spending only a portion of the earnings of the Fund every year and adding the excess to principal for growth over time. Accordingly, each year, the Society may spend an amount (the “Annual Amount”) from the Fund equal to five percent (5%) of the average net fair market value of the Fund’s assets for the twelve calendar quarters ending December 31 of the previous year. If the Fund has not been in existence for twelve full calendar quarters, the Annual Amount shall be equal to five percent (5%) of the average net fair market value of the Fund’s assets for as many complete calendar quarters as the Fund has been in existence.
5. Additional Spending. If the Board of Directors determines, by a vote of at least 75% of the directors then in office, that additional funds are needed in the case of a financial emergency, the Society may spend amounts in addition to the Annual Amount.
6. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
7. Costs. The costs to hold and invest the Fund may be charged to the Fund.

THE CALIFORNIA NATIVE PLANT SOCIETY

G. LEDYARD STEBBINS FUND

1. Name. The name of this fund is The Natural Heritage Endowment Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following needs at the California Native Plant Society (the “Society”), as determined by the Board of Directors: grants to research genetics and evolutionary botany.
3. Variance Power. If at any time it is impossible or impracticable to carry out exactly the above purposes, a purpose(s) as near as is practicable to the above purposes shall be determined by the Board of Directors. Any action taken under this Paragraph 3 shall require the affirmative vote of at least 75% of the directors then in office.
4. Annual Spending from the Fund. The intent of the Fund is to provide a permanent source of income to support the purposes set forth in Paragraph 2 above by, on a long-term basis, spending only a portion of the earnings of the Fund every year and adding the excess to principal for growth over time. Accordingly, each year, the Society may spend an amount (the “Annual Amount”) from the Fund equal to five percent (5%) of the average net fair market value of the Fund’s assets for the twelve calendar quarters ending December 31 of the previous year. If the Fund has not been in existence for twelve full calendar quarters, the Annual Amount shall be equal to five percent (5%) of the average net fair market value of the Fund’s assets for as many complete calendar quarters as the Fund has been in existence.
5. Additional Spending. If the Board of Directors determines, by a vote of at least 75% of the directors then in office, that additional funds are needed in the case of a financial emergency, the Society may spend amounts in addition to the Annual Amount.
6. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
7. Costs. The costs to hold and invest the Fund may be charged to the Fund.

THE CALIFORNIA NATIVE PLANT SOCIETY
NATALIE HOPKINS SCHOLARSHIP FUND

1. Name. The name of this fund is The Natalie Hopkins Scholarship Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following need at the California Native Plant Society (the “Society”), as determined by the Board of Directors: women students and researchers pursuing native plant studies.
3. Annual Spending from the Fund. The intent of the Fund is to provide a permanent source of income to support the purposes set forth in Paragraph 2 above by, on a long-term basis, spending only a portion of the earnings of the Fund every year and adding the excess to principal for growth over time. Accordingly, each year, the Society may spend an amount (the “Annual Amount”) from the Fund equal to five percent (5%) of the average net fair market value of the Fund’s assets for the twelve calendar quarters ending December 31 of the previous year. If the Fund has not been in existence for twelve full calendar quarters, the Annual Amount shall be equal to five percent (5%) of the average net fair market value of the Fund’s assets for as many complete calendar quarters as the Fund has been in existence.
4. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
5. Costs. The costs to hold and invest the Fund may be charged to the Fund.
6. Termination. At any time after February 1, 2033, the Board of Directors may make distributions in excess of the annual spending in Paragraph 3 above or terminate the Fund. The Board of Directors must make any distributions in excess of annual spending or at termination to purposes listed in Paragraph 2.

II. POLICY ON OTHER GIFTS

1. GIFTS RESTRICTED BY PURPOSE ONLY

CNPS gratefully accepts gifts that restricted to particular purposes but that are not to be added to endowments or to establish endowments. When gifts are restricted to purpose only, CNPS will accept the gifts when they correspond to existing items in the CNPS budget or Strategic Direction. If the gift does not correspond to an element of the CNPS budget or Strategic Direction, the CNPS Board of Directors must consider and approve each proposed gift on a case-by-case basis.

2. POLICY ON UNRESTRICTED GIFTS

When CNPS receives a large unrestricted bequest or gift (\$50,000 or more), the Executive Director will ask the Chapter Council to provide a recommendation as to how funds will be directed or spent. The Chapter Council will be asked to consider both the particular programs and particular endowments towards which the money might be applied. The CNPS Board will consider the Chapter Council's recommendations in determining the uses to which the gift is to be directed.

3. HONORARY AND MEMORIAL GIFTS

CNPS has established the terms of a California Native Plant Society Honorary or Memorial Gift. The terms of an Honorary or Memorial Gift is set forth in a separate statement on Page 14.

4. LITIGATION FUND

CNPS has established the Litigation Fund. The terms of the Litigation Fund are set forth on page 15. Donations to the Litigation Fund will be managed and spent according to the stated terms of the fund.

THE CALIFORNIA NATIVE PLANT SOCIETY

HONORARY OR MEMORIAL GIFTS

1. Name. The Board of Directors of CNPS hereby establishes the terms of a California Native Plant Society Honorary or Memorial Gift.
2. Purpose. The purpose of a CNPS Honorary or Memorial Gift is to permit donors to recognize persons of importance to the donor with a gift to CNPS.
3. Recognition. CNPS Honorary or Memorial Gifts are to be recognized publicly by CNPS with notices of the Honorary or Memorial Gift in appropriate CNPS publications or at the CNPS web site. CNPS will also, if requested, also send a letter to a designated person informing them of the gift.
4. Restrictions. Unless explicitly stated by donors, there are no restrictions on the use of funds given as Honorary or Memorial Gifts. If the donor does make the gift subject to restrictions, those restrictions will be managed according to the relevant sections of the CNPS Policy on Endowments or Policy on Other Gifts.

THE CALIFORNIA NATIVE PLANT SOCIETY

LITIGATION FUND

1. Name. The name of this fund is The California Native Plant Society Litigation Fund (the “Fund”).
2. Purpose. The purpose of this Fund is to support the following need at the California Native Plant Society (the “Society”), as determined by the Board of Directors: to obtain legal advice and support lawsuits by both the State office of CNPS and CNPS chapters.
3. Spending from the Fund. There are no restrictions on what the CNPS Board may spend from the Fund other than those listed in paragraph 2. The Fund is not an endowment.
4. Attorney’s Fees. The Board shall deposit into the Fund awards of attorney’s fees and expenses that may be awarded to CNPS by courts and those monies will be spent according to the terms of the Fund.
5. Investment Guidelines. The Fund assets shall be invested according to the Investment Policy adopted by the Society’s Board of Directors, as amended from time to time.
6. Costs. The costs to hold and invest the Fund shall be charged to the Fund.

III. DIRECTION TO CNPS STAFF ON THE IMPLEMENTATION OF THE POLICY ON ENDOWMENTS AND GIFTS.

1. The CNPS Boards directs staff to:
 - a. discuss the specific terms of endowment gifts with potential donors prior to accepting a gift whenever possible;
 - b. encourage donors to review the CNPS Policy on Endowments;
 - c. obtain written documentation of the donor's intentions regarding gifts, including copies of formal legal documents, whenever possible;
 - d. encourage donors to incorporate the specific language of existing endowments into their legal instruments;
 - e. encourage donors to direct gifts towards existing programs and endowments; and
 - f. report to the Board if donors are not satisfied with the existing endowments and indicate the areas that donors have sought to support with restricted gifts.
2. CNPS gratefully accepts donors' gifts to endowments and staff is directed to work with donors and accommodate their wishes to the greatest extent possible. However, the CNPS Board directs CNPS staff to promote contributions to the annual funds and current programs in preference to gifts to endowments until such time as the Board finds that the annual program is secure and sufficient to meet CNPS's annual program needs.
3. The CNPS Board would like donors who have expressed interest in gifts to the endowments to consider gifts to be spent over a set period of several years to benefit programs that the donors wish to support. The CNPS Board directs staff to discuss this possibility with donors when staff feel that such discussions are appropriate.