

THE NATIONAL FLUTE ASSOCIATION, INC.
Endowment Policy

I. INTRODUCTORY PROVISIONS

1.1 Statement of Adoption

The National Flute Association, Inc. (the NFA), in recognition of the need for clear rules governing its Endowment Funds in accordance with legal requirements, hereby adopts this Endowment Policy, which can be amended only by the NFA Board of Directors.

1.2 Statement of Purpose

The purpose of this Endowment Policy is to set forth the principles and procedures by which all NFA Endowment Funds are established, funded, managed, and expended.

1.3 Objectives

The objectives of this Endowment Policy are to:

- 1.3.1 Ensure compliance with all applicable laws, including the Internal Revenue Code and the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”);
- 1.3.2 Provide guidance to the NFA Board of Directors, the NFA Endowment Committee, and agents and employees of the NFA as to the oversight, management, investment, and expenditure of endowed funds; and
- 1.3.3 Provide appropriate assurances to donors and potential donors regarding the oversight, management, investment, and expenditure of endowed funds.

II. DEFINITIONS

The following terms used in this Endowment Policy are defined as follows:

- 2.1 “The NFA” means The National Flute Association, Inc., a non-profit domestic corporation organized under the laws of the State of Indiana.
- 2.2 “Board” means the Board of Directors of the NFA.
- 2.3 “Executive Director” means the Executive Director of the NFA.

2.4 The term “donor” shall include the plural of said term and may further include a representative or an attorney for the donor, the executor or personal representative of the donor’s estate, and/or the trustee of a donor’s trust.

2.5 “Endowment” means a transfer of money or assets to the NFA which may include restrictions that the Board has accepted. When the NFA accepts an endowment, the money or assets thereof shall be invested and the principal shall remain intact in perpetuity, or for a defined time period as described in 6.1.2 and/or 7.1. All or part of the investment income shall be used only in accordance with this Policy.

2.6 “Endowment Funds” or “Endowment Fund” means money and property held and administered by the NFA pursuant to the terms and restrictions of an endowment.

2.7 “General Endowment Fund” means an endowment fund established by the NFA from money or property that has been donated to the NFA. The NFA shall invest said funds as required by §IV of this Policy, with the principal thereof remaining intact in perpetuity, and shall expend all or part of the income, but none of the principal therefrom, only for projects, activities, and commitments in fulfillment of the NFA’s mission.

2.8 “Donor-Specified Endowment Fund” means an endowment fund created pursuant to a written agreement between the donor and the Board of money or property that has been donated which includes donor-specified restrictions. The initial amount of such an endowment must be \$10,000 or more. Such a Donor-Specified Endowment may be a “Perpetual Endowment,” a “Term Endowment,” or another endowment agreed to by the donor and the Board.

2.8.1 “Donor-Specified Perpetual Endowment Fund” means an endowment fund created pursuant to a written agreement between the donor and the Board from money or property that has been donated with restrictions specified by the donor requiring the principal of said endowment be invested in perpetuity and that all or part of the earnings and/or income from said donation, but none of the principal, be used as specified by the donor.

2.8.2 “Donor-Specified Term Endowment Fund” means an endowment fund created pursuant to a written agreement between the donor and the Board from money or property that has been donated with restrictions specified by the donor including that the principal be invested for a specific period of time and that all or part of the earnings and/or income from said donation be used as specified by the donor until the expiration of the specified time period, at which time the principal of the Fund may be used for any purpose specified by the donor which is in accordance with this Policy, or may, by written agreement between the donor and the Board, become part of the NFA’s General Endowment Fund.

2.9 “Board-Designated Endowment Fund” means the NFA’s previously unrestricted

funds or assets which the Board has designated to be retained and invested in a separate endowment fund for a stated period of at least five (5) years, with the Board designating that all or part of such investment and/or its income be used only for specified purposes.

2.10 “Administrative Expenses” include, but are not limited to, such expenses as: accounting fees associated with any of the NFA’s Endowment Funds that are charged by and paid to the NFA’s outside accountant or accounting firm; management fees charged by and paid to the managers of any of the NFA’s Endowment Funds; miscellaneous fees associated with any of the Endowment Funds, for example, postage and photocopies specifically related to any of the NFA’s Endowment Funds; and any expenses directly related to the NFA’s Endowment Fund development activities.

2.11 All nouns herein include the plural thereof unless the meaning in the context where used demands otherwise.

III. GOVERNANCE

3.1 Board Oversight

Ultimate management and oversight of all endowments and Endowment Funds are the responsibility of the Board.

3.2 Endowment Committee

3.2.1 Establishment and Purposes

An Endowment Committee is established as a Standing Committee of the Board. The purposes of the Endowment Committee are:

3.2.1.1 To supervise and manage all Endowment Funds in accordance with the provisions of this Policy and applicable law;

3.2.1.2 To establish procedures ensuring that all records relating to endowments and Endowment Funds are properly and accurately maintained at the NFA offices in accordance with this Policy. The NFA will supply all members of the Endowment Committee its most recent audited financial statements, and the Endowment Committee shall review said statements;

3.2.1.3 To negotiate the terms of proposed Donor-Specified Perpetual Endowments and Donor-Specified Term Endowments, subject to approval of such terms by the Board;

3.2.1.4 To oversee the investment of Endowment Funds in accordance with the NFA’s Endowment Investment Policy and §IV herein and to provide information, reports, analyses, and recommendations to the Board

on all matters affecting endowments and Endowment Funds, including the terms of proposed Donor-Specified Endowments; and

3.2.1.5 To report to the Board any issues, problems, or concerns relating to endowments and Endowment Funds.

3.2.2 Composition

The Endowment Committee shall consist of the following NFA members:

3.2.2.1 One non-ex officio member elected by the Board by majority vote, who shall serve as the Chair of the Endowment Committee for a four-year renewable term;

3.2.2.2 The NFA Treasurer, who shall serve as Vice Chair of the Endowment Committee and whose duties will be to perform the duties of the Chair in his or her absence;

3.2.2.3 The immediate past President of the Board;

3.2.2.4 One member of the Board appointed by the President of the Board for up to three years who will serve as Assistant Secretary of the Endowment Committee and whose duties will be to perform the duties of the Secretary in his or her absence;

3.2.2.5 One member of the Development Committee appointed by the President of the Board for up to four years;

3.2.2.6 One member from the flute industry appointed by the President of the Board for up to four years; and

3.2.2.7 One member, who shall serve as Secretary of the Endowment Committee, appointed by the President of the Board for up to four years.

3.2.3 Ex Officio Members

The Executive Director and the Legal Advisor to the Board shall be ex officio members of the Endowment Committee and shall be entitled to vote.

3.2.4 Reports and Recommendations

All reports and recommendations of the Endowment Committee to the Board shall be made by majority vote of those attending the meeting and entitled to vote. Dissenting members of the Endowment Committee may,

but are not required to, make minority reports to the Board.

3.2.5 Meeting Requirements

The Endowment Committee shall meet at least semi- annually. A quorum of at least five members of the Endowment Committee is required to constitute an official meeting of the Endowment Committee. The ex officio members shall be counted in the calculation of the quorum. Meetings shall be held in person, via video or Internet conferencing, or via telephone conference call. The Secretary of the Endowment Committee shall take minutes of each of the Committee's proceedings and shall send a copy of said minutes by email or other electronic method to each of the Committee members within ten days of each Committee meeting, providing each Committee member five days to suggest any appropriate corrections or additions. The Secretary shall then incorporate the appropriate additions and corrections in a timely manner and send the corrected minutes to the committee members providing five days to approve the minutes or suggest further additions and corrections. Any Committee member who does not respond to the Secretary within said five-day periods shall be considered to have approved the minutes as sent. In the event that a Committee meeting takes place within fifteen days of a prior Committee meeting, the minutes may be corrected and/or approved at said subsequent meeting by voice vote. Once the minutes have been approved and any additions and corrections, if any, have been made, the Secretary shall, in a timely manner, send said approved Committee meeting minutes to each Endowment Committee member, the President of the Board, and the Executive Director. The Secretary shall keep and archive the Committee meeting minutes.

3.2.6 Insurance

The NFA shall cover members of the Endowment Committee with its Fiduciary, Directors, and Officers' Liability Insurance in order to protect them from any legal challenges arising from performing their duties as members of the Endowment Committee.

IV. MANAGEMENT AND INVESTMENT

4.1 In making decisions relating to the management and investment of Endowment Funds, the NFA (through the Endowment Committee and the Board) shall consider the mission of the NFA, the purposes of the Endowment Fund, and all the provisions of this Endowment Policy and of the Endowment's Investment Policy. The NFA may appropriate for expenditure (within the limits stated herein) or accumulate so much of an Endowment Fund as the NFA determines is prudent for the uses, benefits, purposes,

and/or duration for which the particular Endowment Fund was established. The General Endowment Fund, Donor-Specified Endowment Funds, and Board-Designated Endowment Funds will all be managed and invested in the same manner and according to the provisions of this policy, except in the case of a Donor-Specified Endowment Fund where the intent of the donor expressed in a written agreement between the Board and the donor stipulates a different methodology to management and/or investment of said Donor-Specified Endowment Fund.

4.2 Each person in the NFA who is responsible for managing and investing the monies and assets of the NFA's Endowment Funds shall act in good faith and with the care that an ordinary prudent person in a like position would exercise under similar circumstances.

4.3 In managing and investing an Endowment Fund's monies and assets, the NFA, the Board, and the Endowment Committee shall incur only reasonable costs in relation to the Endowment Fund's assets, the NFA's purposes, the purposes of the specific Endowment Fund, and the skills available to the NFA. The NFA's annual audit by an outside CPA firm shall include an audit of all the NFA's Endowment Funds.

4.4 The monies and assets in the separate NFA Endowment Funds shall be pooled, for investment purposes, but shall be tracked as individual Funds, and shall be managed by a financial institution outside of the NFA with oversight by the Endowment Committee, the Board, and the NFA staff..

4.5 Unless the intent of the donor expressed in a written agreement between the NFA and the donor states otherwise, the following rules apply to the management and investment of Endowment Funds:

4.5.1 In managing and investing Endowment Funds, the NFA, the Board, and Endowment Committee shall consider the following factors:

4.5.1.1 General economic conditions;

4.5.1.2 The possible effects of inflation or deflation;

4.5.1.3 The NFA's tax consequences, if any, of investment decisions or strategies;

4.5.1.4 The role each investment or course of action plays within the overall investment portfolio of the NFA Endowment Funds;

4.5.1.5 The expected return from and the appreciation of the investments of the NFA Endowment Funds;

4.5.1.6 The needs of the NFA to make distributions and expenditures on one hand, and to preserve capital on the other, including consideration of

the duration and preservation of the particular Endowment Fund;

4.5.1.7 All the NFA's investment policies duly adopted by the Board.

4.5.2 The NFA shall not make management and investment decisions about each individual Endowment Fund in isolation but rather in the context of the NFA's portfolio of Endowment Fund investments as a whole, and as part of an overall investment strategy of having risk and return objectives reasonably suited to the Endowment Funds and to the NFA.

4.5.3 Except as otherwise provided by law, or as specified by the donor in an agreement between the Board and the donor, the NFA shall invest its Endowment Funds exclusively in mutual funds holding stocks and/or bonds, and/or cash or cash equivalents. The only exception shall be a donation of a physical asset to the NFA. The NFA shall diversify the investments of its Endowment Funds unless the NFA reasonably believes that because of special circumstances the purposes of an Endowment Fund are better served without diversification or unless an agreement between the Board and the donor of specific funds states otherwise.

4.5.4 Within a reasonable time after receiving an endowment of money or property to an NFA endowment fund, the NFA shall make and carry out decisions concerning the retention or disposition of property, or the rebalancing of its portfolio, in order to bring an Endowment Fund into compliance with the purposes, terms, and provisions of this Policy, or as necessary to meet other requirements of law.

V. GENERAL ENDOWMENT FUND

5.1 Funding. The NFA has established its General Endowment Fund, as described in §2.7 herein, to which the NFA shall encourage members and others to donate at any donation level. In addition, the Board may, from time to time, allocate any of its unrestricted NFA funds to the General Endowment Fund. All of the monies and assets in the General Endowment Fund shall be managed and invested as required by §IV of this Policy.

5.1.1 If the NFA is offered the donation of tangible personal property, real property, or another type of non-monetary gift, the Board shall decide whether to accept the donation by considering the property's special relationship and/or value to the NFA, and the NFA's knowledge, skills, expertise, and ability to deal with the proposed donation and the expense and logistics of doing so.

5.2 Expenditures

5.2.1 Each July, the Executive Director shall calculate the amount that may be spent during the coming fiscal year from the General Endowment Fund. This amount is equal to 4% of the average quarterly balance over the last 12 quarters. After such calculation, the Executive Director shall add said calculated figure to the remaining balance of the accumulated previous fiscal year's expendable amounts of the General Endowment Fund. This total represents the full amount and the limit that the Board may approve for expenditure during the coming year.

5.2.2 The Executive Director shall communicate the figure calculated in §5.2.1 to the Endowment Committee for its review. After said review, the Chair of the Endowment Committee and the Executive Director shall notify the President of the amount available for expenditure from the General Endowment Fund in the upcoming fiscal year. The Board may then approve expenditure from the General Endowment Fund up to the total amount of the calculation and limit stated in the above §5.2.1.

5.2.3 The following criteria shall be followed in spending the amounts described in §5.2.1 and 5.2.2 above:

5.2.3.1 The Board may use such funds from the General Endowment Fund for special projects at any time during the year, as they see fit. For each such use, a formal motion must be approved by the Board, and recorded and sent to the Endowment Committee for records and paper trail. Standing commitments, such as the annual Cultural Outreach scholarships, or future recurring payments the board might decide to make, must be initially established by a motion approved by the board.

5.2.3.2 All NFA committees, current Program Chairs, those appointed by the Board to be future Program Chairs, and the Executive Director may make proposals for grants from the General Endowment Fund. Such proposals shall be made in accordance with the then-current endowment grant application guidelines and procedures. The Board shall review and approve, modify, or deny each such proposal.

5.2.3.3 Accumulated income and/or earnings from the General Endowment Fund, but not the corpus, may be used for NFA operating costs in the event of extreme financial distress, only when all cash reserves have been used, and in the following order:

5.2.3.3.1 the remaining balance of the currently expendable amount, after all approved endowment payments have been made; and then

5.2.3.3.2 the remaining balance of the coming fiscal year's expendable amount after all approved endowment payments have been made.

5.3 Payments. After the Board approves an expenditure from the General Endowment Fund, and the payment of the expenditure is ready to be made, the Executive Director or his or her appointee shall withdraw the approved funds from the General Endowment Fund and deposit said funds in the NFA Endowment Funds checking account. The Executive Director or his or her appointee shall then distribute, as soon as reasonably possible, said Board-approved funds from the NFA Endowment Funds checking account to the appropriate party. Such funds from the General Endowment Fund shall be deemed “expended,” for purposes of this section, when the Board authorizes said funds as an expenditure. At the time of the Board’s approval of an expenditure, the amount of the expenditure shall be recorded as an expenditure on the NFA expenditure tracking report. If, after the Board’s approval of an expenditure, such funds have been deposited in the NFA Endowment Funds checking account but not paid out in a reasonable amount of time due to changed circumstances, said funds shall be returned to the General Endowment Fund and become and remain part of the monies and assets of said Fund that are available to be spent, until said funds are subsequently approved for expenditure by the Board. Such returned funds shall not be included in the future years’ 4% calculations under §5.2.

VI. DONOR-SPECIFIED ENDOWMENT FUNDS

6.1. Funding

6.1.1 The Board may, from time to time, establish one or more Donor-Specified Endowment Funds, as defined in §2.8 herein. Each such Fund must be in the initial amount of \$10,000 or more.

6.1.2 The donor of each such Donor-Specified Endowment Fund must choose to make said fund either (1) a Donor-Specified Perpetual Endowment Fund, where the principal shall be invested in perpetuity with the earnings to be spent as specified by the donor, (see §2.8.1), or (2) a Donor-Specified Term Endowment Fund where the donor specifies in the agreement with the Board the length of time the principal shall remain invested after which time the principal, along with the earnings (which may also be spent up to said time), may be spent as specified by the donor, or , by written agreement between the donor and the Board, become part of the NFA’s General Endowment Fund. (see §2.8.2).

6.1.3 The donor of each such Donor-Specified Endowment Fund may select a title for the Fund, which may include, for example, the donor’s name, a memorial or tribute to an individual, and/or the mission to be achieved by the Endowment Fund. In the event the donor does not choose a name for a Donor-Specified Endowment Fund, the Board shall choose a name.

6.1.4 When a prospective donor expresses an interest in donating funds for a

Donor-Specified Endowment, the Endowment Committee shall designate one or more members of its Committee, in addition to the Executive Director, and/or Legal Advisor to the Board, to negotiate with the prospective donor as to the terms and use of the proposed endowment, including the application procedures for proposed use of the Fund's assets. Upon reaching a tentative agreement between the Endowment Committee's said designees and the prospective donor, the Endowment Committee shall expeditiously review the proposed terms of the tentative agreement, and request any changes they see as necessary, which shall be negotiated between the said Committee designees and the donor. Upon the Endowment Committee's final review of the tentative agreement, said Committee shall promptly make a report and recommendation to the Board as to whether to: (1) accept the proposed endowment on the terms and use described in the tentative agreement, (2) accept the proposed endowment with certain modifications (to which the donor must subsequently agree), or (3) reject the endowment. When a final agreement is reached, it shall be put in writing, and signed by the donor and the Executive Director.

6.1.5 At the request of the donor or the NFA, the terms of the agreement between the donor and the NFA may be modified or removed at any time by a written addendum to the original agreement, which must be signed by the donor and the Executive Director.

6.1.6 In the event that the NFA determines that a restriction or other term in a Donor-Specified Donor agreement is unlawful, impractical, impossible to achieve, wasteful, or that a modification thereof will further the purposes of the Fund, the NFA shall negotiate with the donor to modify or remove the subject restriction and/or term of the agreement. If the NFA and the donor cannot agree, or if the donor is no longer available for negotiations, the NFA may choose to terminate the Fund and return the remaining monies and assets in the Fund to the donor or the donor's estate, or may choose to apply to a court with jurisdiction to modify or remove any offending restriction or term of the agreement.

6.1.7 The NFA shall encourage members and others to donate at any donation level to any and all established Donor-Specified Endowment Funds, unless the agreement with the donor states otherwise.

6.2 Expenditures

6.2.1 Each July, the Executive Director shall calculate the amount that may be spent during the coming fiscal year from each of the Donor-Specified Endowment Funds. This amount, for each such Fund, is equal to 4% of the average quarterly balance over the last 12 quarters of the Fund. After such calculation, the Executive Director shall add said calculated figure to the remaining balance of the accumulated previous fiscal year's expendable amounts of said Fund. This total represents the full amount and the limit that the Board may approve for expenditure from said Fund during the coming year, unless

there is a written agreement to the contrary between the Board and the donor.

6.2.2 In the case of a Donor-Specified Endowment Fund that has been in existence for less than three years, the maximum allowable expenditure from said Fund in each fiscal year shall be no greater than 4% of the average fair market value of each calendar quarter that said Donor-Specified Endowment Fund has been in existence, unless there is a written agreement to the contrary between the Board and the donor.

6.2.3 The Executive Director shall communicate the figures calculated in §§6.2.1 and 6.2.1 to the Endowment Committee for its review. After said review, the Chair of the Endowment Committee and the Executive Director shall notify the Board President of the amount available for expenditure from each Donor-Specified Endowment Fund in the upcoming fiscal year. The Board may then approve expenditure from each Donor-Specified Endowment Fund up to the total amount of the calculations and limits for that Fund stated in the above §§6.2.1 and 6.2.2. All such expenditures shall be in accordance with the terms and use as defined in the agreement between the donor and the Board.

6.3. Payments. After the Board approves an expenditure from a Donor-Specified Endowment Fund, and the payment of the expenditure is ready to be made, the Executive Director or his or her appointee shall withdraw the approved funds from the appropriate Donor-Specified Endowment Fund and deposit said funds in the NFA Endowment Funds checking account. The Executive Director or his or her appointee shall then distribute, as soon as reasonably possible, said Board-approved funds from the NFA Endowment Funds checking account to the appropriate party. Such funds from a Donor-Specified Endowment Fund shall be deemed “expended,” for purposes of this section, when the Board authorizes said funds as an expenditure. At the time of the Board’s approval of an expenditure, the amount of the expenditure shall be recorded as an expenditure on the NFA expenditure tracking report. If, after the Board’s approval of an expenditure, such funds have been deposited in the NFA Endowment Funds checking account but not paid out in a reasonable amount of time due to changed circumstances, said funds shall be returned to the Donor-Specified Endowment Fund from which they had been withdrawn and become and remain part of the monies and assets of said Fund that are available to be spent, until said funds are subsequently approved for expenditure by the Board. Such returned funds shall not be included in the future years’ 4% calculations under §6.2.

VII. BOARD-DESIGNATED ENDOWMENT FUNDS

7.1. Funding. In order to fund a specific project or activity, the Board, by resolution, may from time to time, establish one or more Board Designated Endowment Funds, as defined in §2.9 herein, each with a designated time period of at least 5 years, Each such resolution shall state the specific project or activity to be funded by the Fund; the designated time period of the Fund; the intended uses of the monies and assets therein;

and any applicable application procedures for use of the Fund's monies and assets. Upon establishing each such Fund, the Board shall provide the Endowment Committee with a fully-executed Board-Designated Endowment Fund Form that sets forth detailed information on said Fund. The Board shall put into each of said Funds any of NFA's non-endowment monies and/or assets that are unrestricted. The Board shall retain and invest said monies and/or assets in the subject Fund for the time period designated by the Board, expending from the earning and/or corpus thereof solely for the specific project or activity stated in the Board's resolution establishing said Fund. The Board, by a two-thirds majority vote, may terminate the subject Fund before the end the Board's designated time period. When the Fund's time period has ended, either by the running of the designated time period or the termination of the time period by the Board, the Board shall return any monies and assets remaining therein to their unrestricted status. Board Designated Endowment Funds shall be treated as Donor-Specified Endowment Funds for purposes of Management and Investment, as set forth §IV of this Policy. The Board shall give each such Board-Specified Endowment Fund a name.

7.2. Expenditures. The Board, by resolution, may from time to time expend any of the amounts in each Board-Designated Endowment Fund, so long as the purpose of each expenditure is within the purposes stated in the Board's resolution establishing said Fund.

7.3. Payments. After the Board approves an expenditure from a Board-Designated Endowment Fund, and the payment of the expenditure is ready to be made, the Executive Director or his or her appointee shall withdraw the approved funds from the appropriate Board-Designated Endowment Fund and deposit said funds in the NFA Endowment Funds checking account. The Executive Director or his or her appointee shall then distribute, as soon as reasonably possible, said Board-approved funds from the NFA Endowment Funds checking account to the appropriate party. Such funds from a Board-Designated Endowment Fund shall be deemed "expended," for purposes of this section, when the Board authorizes said funds as an expenditure. At the time of the Board's approval of an expenditure, the amount of the expenditure shall be recorded as an expenditure on the NFA expenditure tracking report. If, after the Board's approval of an expenditure, such funds have been deposited in the NFA Endowment Funds checking account but not paid out in a reasonable amount of time due to changed circumstances, said funds shall be returned to the Board-Designated Endowment Fund from which they had been withdrawn and become and remain part of the monies and assets of said Fund, until said funds are subsequently approved for expenditure by the Board.

VIII. RECORD KEEPING

8.1. The Executive Director shall be responsible for maintaining a record of each separate Endowment Fund showing:

8.1.1 The above-stated annual calculation of the 4% expenditure limit for each fiscal year;

8.1.2. Each withdrawal from the Fund by the transfer of monies and assets to and payment from the Endowment Funds checking account, including:

- the name and description of the project or activity to be funded by or paid with said monies or assets;

- if for administrative costs, the type of said costs, such as “advisory fees,” etc.

- if for an Endowment-funded project, activity or expense, the date of the Board’s approval thereof;

- the date of said payment; and

- in the event an approved Endowment-funded project, activity or expense is canceled without being paid, the date of said cancellation and reason therefore.

8.1.3. The remaining balance of unspent funds of the 4% expenditure limit for each account for each fiscal year.

8.2. The Executive Director shall be further responsible for forwarding an updated copy of said spreadsheet to the NFA President, Treasurer, and the Chair of the Endowment Committee at the end of any month in which a withdrawal and/or transfer to the NFA Endowment Funds checking account or a payout from the NFA Endowment Funds checking account has been made.

IX. DISTRIBUTIONS UPON DISSOLUTION OF THE NATIONAL FLUTE ASSOCIATION

9.1 If the NFA is dissolved, all of its Endowment Funds shall be deemed terminated, and shall be distributed in the order specified below. Section IX shall not apply if the dissolution of the NFA is made in conjunction with the formation of a successor to the NFA, such as by dissolution of the NFA and the prompt re-incorporation of a successor entity.

9.2 First, all bona fide expenses of and claims against each Endowment Fund shall be paid, including all such claims for costs, fees and/or expenses associated with management of each such Endowment Fund.

9.3 Next, for a Donor-Specified Endowment Fund, if there is an agreement between the NFA and the Donor, all remaining funds and assets therein shall be distributed in accordance with said written agreement whenever possible and reasonable.

9.4 Next, all remaining funds shall be treated as the NFA's unrestricted funds, and shall be available and used to pay the NFA's expenses and to satisfy valid claims of creditors against the NFA.

9.5 Next, all of the NFA's remaining monies or assets, including those remaining in any and all of its Endowment Funds shall be distributed to one or more non-profit tax-exempt organizations headquartered in the United States of America, which have as stated goals one or more of the purposes specified in Article I of Bylaws of the NFA, or goals that are related thereto. The identification of such groups and distribution of funds as provided herein shall be within the purview of the Board, notwithstanding the dissolution of the NFA.

Adopted by Board 8-8-2010
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