CASHFLOW
- Chart your expected revenues and expenses on a monthly basis
- Keep annual records to analyze expenditure and receipt patterns
- Make needed corrections EARLY before financial problems threaten your organization's vitality
- Consider establishing a line of credit with a financial institution to help with uneven cash flows

BUILDING RESERVES
- Most nonprofits aim for a reserve equal to 3 months operating expenses
- More may be necessary if your major revenues come in only once a year
- Deposit your reserves in an interest-bearing account – don’t let cash sit in a non-interest bearing checking account!
- Set up ACH transfers between your organization’s saving account and checking account to maximize interest earnings
- Many financial institutions offer special services for non-profits—such as higher interest rates or free checking. Shop around!
- Many money markets are FDIC-insured.
- Consider using a short-term CD ladder for your reserve fund.

INVESTMENTS
- The investment policies for several non-profits are attached.
- Establish a brokerage account so that donors can gift securities.
- Adopt a policy regarding gifts of stock: sell immediately or hold
- Invest in mutual funds only if you will not need the money for 3 or more years
- Consider managed investment programs to meet your fiduciary responsibilities

ENDOWMENTS
- Consider the impact of endowment fundraising on your fundraising efforts for current expenses
- Learn the intricacies of the Montana endowment credit
- Consider managed investment programs to meet your fiduciary responsibilities
II. Standard of Care

All persons involved in the management of the assets of the Board shall use the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

III. Liquidity

Liquidity shall be maintained to provide for all anticipated withdrawals or transfers through the investment in assets with sufficient marketability to provide for such withdrawals.

IV. Stability and Preservation of Capital

The general objective is long-term growth and income with preservation of principal.

V. Application of Investment Policies

A. General
It is the intention of the Board that these investment policies be applied in conducting investment affairs of the Board subsequent to the date of adoption of any investment policy. Investments held by the Board at the time of adoption of any investment policy should be liquidated only if it is otherwise deemed prudent and not solely to comply with such policies.

B. Receipt of property

The investment objectives and other guidelines contained in sections VI through IX do not prohibit the Board from accepting and retaining gifts of tangible and intangible property.

VI. Investment Objectives and Policies

A. Investment Objectives—Rate of Return

1. Equity Funds-- To obtain an increase in market value of the equity portion of the funds of at least 5 1/2 percentage points per annum in excess of the increase in the Consumer Price Index for any five-year period.

2. Fixed Income Funds (1 year or more)—To obtain an increase in market value, including the reinvestment of income, of at least 2 percentage points per annum in excess of the increase in the Consumer Price Index for any five-year period.

3. Real Estate—To invest only in real estate that is central to the mission of St. Paul’s United Methodist Church, Helena, MT, subject to the other general investment guidelines contained in this document.

4. Short-term Investments (less than 1 year)—To obtain a total net return equal to or greater than that available on three-month Treasury bills, taking into account liquidity needs.
VII. Diversification

A. Advisor

The investment of the assets, excluding real estate, under the supervision of the Board shall be allocated among investment advisors so as to minimize risk. No more than 35% or $500,000, whichever is higher, of the market value of the total portfolio shall be managed by any one advisor.

B. Investments

1. If the funds of the Board, excluding real estate and securities issued by the U.S. Government or its agencies, are invested in individual securities, they shall be invested such that:
   a. No more than 10% of the market value of the entire portfolio shall be invested in the securities of any one issuer.
   b. No more than 20% of the market value of the entire portfolio shall be invested in any one industry group.
   c. No more than 25% of the market value of the entire portfolio shall be invested in a single mutual fund.

These percentages apply to the total assets under trustee management but need not apply to each individual account or segment of the total portfolio.

2. The desired asset allocation for investment of long-term funds is 60% equity and 40% fixed income. The goal for the equity portion is an equal division between growth style and value style investments.

3. Bonds issued by St. Paul's United Methodist Church or other churches may be purchased as an investment.
C. Divestiture

If any of the above percentages are exceeded due to changes in market values, divesture is required in a timely and prudent manner, upon recommendation of investment advisors.

VIII. Restrictions

A. Fixed-income securities may be held only if such securities are issued by the U.S. Treasury or an agency of the U.S. Government or are corporate bonds rated as investment grade by Moody’s Investor Services or Standard & Poor’s.

B. Short-term securities may be held only if such securities are issued by the U.S. Treasury or an agency of the U.S. Government; are certificates of deposit; or are money market accounts of licensed, insured brokerage companies.

C. Investments shall not be made in commodities; commodity contracts; oil, gas, or other mineral leases; mineral rights; or royalty contracts.

D. Margin transactions, short sales, options, and financial futures contracts may not be used.

E. Investments may not be made in equity securities of issuers for which market quotations are not readily available.

F. Investments may not be made in securities for the purpose of exercising control or management.

G. Investments shall not knowingly be made in securities in which the issuing entity has a significant interest in distilled spirits, wine or other fermented juices; tobacco; or gambling.
H. The Board of Trustees shall not knowingly invest in securities in which the issuing entity derives a majority of its revenue from nuclear weapons contracts or Department of Defense contracts related to the production and distribution of military armaments.

IX. Social Responsibility

A. The Board of Trustees shall make an effort to invest in institutions, companies, corporations, or mutual funds that are making or which are expected to make a positive contribution toward the realization of the Social Principles of the United Methodist Church.

B. We support the concepts of equal opportunity of life, health, and sustenance of persons, including adequate working conditions.

C. We support rights and opportunities for persons with handicapping conditions and for all persons irrespective of gender, age, and race.

X. Supervision

The Investment Committee of the Board of Trustees will maintain, review, and make recommendations to the Board concerning:

1. The investment policies and objectives of the Board.

2. Procedures for a periodic analysis, at least annually, of the application of these investment policies and objectives and the performance resulting there from.

3. Procedures for handling receipts, deliveries, transfers, and safekeeping of securities and safeguarding of assets.
XI. Conflict of Interest

No investment shall knowingly be made in which any member of the Board has a known, significant financial interest.
Have a question about the Montana Tax Credit or the Governor's Task Force? Fill here or, if you can't, click here to send us your question. All questions and comments are welcome.

Q. What is the Montana Tax Credit for Charitable Endowment gifts?

Q. Who can take advantage of Montana’s Endowment Tax Credit?

Q. How can I take advantage of this Tax Credit?

Q. What is a qualified endowment?

Q. How can my business take advantage of the Montana Endowment Tax Credit?

Q. How much do I have to be able to contribute in order to qualify for the Tax Credit

Q. I already give an outright gift to a charitable 501(c)(3) nonprofit organization. What are the advantages of giving to a qualified endowment instead?

Q. What is the maximum tax credit I can claim through the Montana Endowment Tax Credit?

Q. What is a planned gift?

Q. What is the Governor's Task Force on Endowments and Philanthropy?

Q. Where can I find more information on charitable giving in Montana and the nation?

Q. What endowments currently exist in Montana?

Q. How can a charitable 501(c)(3) nonprofit organization set up a qualified endowment?

Q. As a financial advisor how can I increase my knowledge about vehicles of philanthropic giving, so I can better advise my clients?
Holter Museum of Art Finance Committee
INVESTMENT GOALS, OBJECTIVES AND POLICIES
instituted May 17, 2005, revised 11/21/06

I. Policy Statement
A. The Holter Museum of Art ("Holter") Finance Committee recognizes its responsibility to supervise the management of the endowment fund in a prudent manner and to meet the priority needs of the museum. Since endowment funds are assumed to have permanent life it is essential that investment policies protect the principal of the funds and produce a reasonable total return without assuming undue risks.

B. It is understood by the Board of Directors and Finance Committee of the Holter that endowment funds managed by the Montana Community Foundation ("MCF") are outside the control of the Finance Committee and that these investment policies, etc. shall not apply to or take into consideration those funds managed by the MCF.

C. At such time as the Holter's endowment fund held outside of the MCF shall reach a market value in excess of $350,000, the Holter Finance Committee shall evaluate the benefits of engaging the services of a professional investment manager to provide continuous supervision of the investments.

II. Investment Goal

The investment goal is "maximum long-term total return" which includes both:

A. Interest and dividends received.
B. Appreciation in the value of the fund.

III. Investment Objectives

The general investment objective is to achieve the investment goal by providing a reasonable current rate of return as well as the potential for long-term growth of income to maintain the "real" value (i.e., purchasing power) of the income over the longer term. Preservation of capital must also be considered in meeting the income objectives.
IV. **Investment Guidelines**

The Finance Committee shall continuously monitor the investment's performance.

A. Until such time as the Holter Finance Committee engages the services of a professional investment manager to continuously supervise the Holter's endowment funds, the Finance Committee shall invest endowment funds in stock and/or bond funds (e.g. Vanguard) and/or Certificates of Deposit. Regular bank and mutual savings bank accounts can be used for short-term Investments. Highest yield commensurate with safety and liquidity will be considered by the Finance Committee.

B. Endowment funds shall not be invested in real estate, venture capital, or other high risk investments without prior approval of the Holter Board of Directors.

Securities not meeting the above criteria on the date of adoption of these guidelines, or later because of a subsequent change in rating or classification, shall be sold.

V. **Target Rate of Return**

The minimum annual total rate of return for each fund shall be 3 percentage points over the rate of inflation as measured by the consumer price index (CPI). The target annual total rate of return will be 10% (on market). These returns will be measured over a 3 to 5 year market cycle.

VI. **Spending Policy**

For purposes of fiscal planning, the museum may plan to use 3% of the rolling average of the previous twelve quarters' market values of the endowment funds at the end of the calendar year for operating purposes.

A similar spending policy is used for any restricted/directed funds unless the donor specifies otherwise. It is not intended that the Spending Policy shall permit the spending of the principal of the funds.

VII. **Monitoring Procedure**

The Finance Committee will evaluate the performance of the funds on a quarterly basis, with an extended review at the end of each calendar year.
THE PURPOSE

The HOLTER Endowment Fund of the HOLTER Museum of Art, hereafter referred to in this document as "the Endowment Fund", is established for the purpose of providing supporters and friends of the HOLTER opportunities to make charitable gifts to the HOLTER that will become a permanent endowment of financial support and a living memorial. The Endowment Fund is primarily intended to provide a source of funding for activities that supplement existing services or represent new service deliveries, or otherwise support the attainment of the HOLTER's mission.

ADMINISTRATION

Until such time as the corpus in the Endowment Fund exceeds $350,000, the Finance Committee of the Board of Directors of the HOLTER will administer the HOLTER Endowment Fund. The Committee will administer the Endowment Fund in accordance with the attached HOLTER Endowment Fund Policies adopted in May of 2005 or as they may be subsequently amended. The Finance Committee may choose to elect its own Chairperson and other officers as deemed necessary. The Executive Director of HOLTER MUSEUM OF ART or her/his designee will serve as an ex-officio member of the Finance Committee.

LIMITATION ON USE OF PRINCIPAL

The objectives of the Fund are to conserve the corpus and to expend only the earnings from the Fund. Any withdrawal of corpus must be consistent with the wishes of the donor and approved by a two-thirds (2/3) vote of the entire Board of Directors of HOLTER Museum of Art. Donors have the right to designate their contribution as:
1) Inviolate to the HOLTER Endowment Fund or
2) As money that may be withdrawn only in extreme and overwhelming circumstances, bordering on the survival of the HOLTER. The only exception to this limitation is money the HOLTER may loan or contribute to the fund from its own financial accounts, which may be
removed from the fund at the direction of the HOLTER Board of Directors upon obtaining a majority vote of approval of such withdrawal.

INVESTMENT OF ENDOWMENT FUNDS

The Endowment Fund's investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power. Earnings may be withdrawn only as specified in the attached HOLTER Endowment Fund Policies unless other gift conditions as specified by the Donor are accepted by the Board.
2. Growth of income and principal over and above that necessary to offset average annual increases in the cost of doing business as specified in the attached HOLTER Endowment Fund Policies.

At the point in time when the Endowment Fund balance equals or exceeds $350,000 the Board will consider the Finance Committee's recommendation and approve through a majority vote, the selection of a Fund Manager. The Fund Manager will:

1. Account for all gifts to the Endowment Fund including recording applicable restrictions.
2. Invest and otherwise provide financial management of Endowment Fund monies consistent with the HOLTER's approved investment objectives.
3. Distribute Fund earnings according to the Board's direction.
4. Prepare financial statements, reports and other required filings.

The Board will evaluate the Fund Manager's performance at least annually and vote as to whether to retain the current Manager's services or to seek another provider.

The Fund Manager will establish and maintain accounts and records as necessary to ensure that gifts received are identifiable and invested to meet Fund objectives in accordance with Board and donor parameters.

DISTRIBUTION OF INCOME
The HOLTER Board shall distribute the income of the Fund as directed by the donors at the
time of their gifts, or as directed by a will or other gift document if such direction is in conformity
with the general purposes set forth herein. If the use of the gift is undesignated, the use of the
income shall be directed by the Board.

GIFTS TO THE FUND

Gifts to the Fund shall be classified as “unrestricted,” as in A below, or “restricted,” as in B
below, and then assigned to one of the following categories:

A. General account – Up to 100% of each year’s income from this account
may be spent at the discretion of the HOLTER’s Board of Directors to
support the infrastructure or the programs of the HOLTER MUSEUM OF ART.

B. Program account – Under the direction of the HOLTER’s Board of Directors
separate specific program accounts will be set up to ensure the donation is
used in a manner consistent with the donors’ intention.

In this context “account” is defined as a record that segregates monies by source, use, or
other characteristics that affect the disposition of the monies. The term is not intended to prohibit
the co-mingling of monies for investment purposes, as long as the earnings there from can be
allocated to the contributing accounts on a reasonable basis. Income from designated gifts shall
be directed to the designated purpose(s).

The HOLTER Board of Directors shall have the authority and responsibility to accept or
reject all gifts to the Endowment Fund. The Board also has the authority to establish a minimum
dollar value that must be met before a separate account is established even if the gift is
designated to create a separate permanent endowment.

All provisions of the Endowment, as to investment of funds, administration of funds, and
limitation of use of income shall be applicable to both restricted and unrestricted gifts, and all
gifts made to the fund shall be accepted subject to the terms and limitations set forth in this document.

LIABILITY OF MEMBERS OF THE BOARD

In the absence of gross negligence or fraud, no member of the HOLTER Museum of Art Board of Directors or staff of the agency shall be personally liable for any action made or omission with respect to the HOLTER Endowment Fund.

MERGER, CONSOLIDATION OR DISSOLUTION OF HOLTER MUSEUM OF ART ENDOWMENT FUND

If at any time HOLTER Museum of Art is lawfully merged or consolidated with any other organization, all the provisions of this document shall be deemed to have been made in behalf of the merged or consolidated organization, which shall be authorized to administer the Endowment Fund in all respects and in accordance with the terms of this document. If HOLTER Museum of Art should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date, shall be transferred to the authority of ________________.

AMENDMENTS

Technical corrections and amendments to the Charter of the HOLTER Endowment Fund that do not alter the stated purpose of the Endowment Fund may be made by a majority vote at a duly called Board of Directors' meeting at which a quorum is present. Amendments to the purpose or operating principles of the HOLTER Endowment Fund Charter must be made by a two-thirds (2/3) majority vote during a duly called Board of Directors' meeting at which a quorum is present.

SEVERABILITY

If any provision or any application of any provisions of the HOLTER Endowment Fund shall be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any