Gifts Under $25,000
The College has established a minimum level to establish an endowed fund of $25,000. For donors who wish to establish an endowed fund, but wish to start the fund with a lesser amount, the College has established the following procedure as a convenience to the donor. Gifts for the (Named Endowment) fund will be invested with the College’s endowment investments, and income generated during the period in which the fund remains un-endowed will accumulate in a spending account for the (Named Endowment) fund. Disbursements for the purpose of the Gift will not be made from the spending account until the (Named Endowment) fund reaches the minimum endowment level of $25,000. The (Named Endowment) fund must be endowed at the $25,000 minimum endowment level within five (5) years of the date the first gift is received for purposes of establishing the said Endowment fund. If the (Named Endowment) fund is not endowed within the five (5) year period, the entire amount accumulated in the (Named Endowment) fund and its related spending account will be permanently transferred to the Grove City College General Financial Aid Fund, if the purpose of the gift is to provide financial aid to students, or to the Grove City College General Endowment Fund, if the purpose of the gift is to support the operations of the College.

Endowed Funds
The College invests its Endowed Funds with separate investment managers. As of December 31, 2011, approximately 87% of the endowment was managed by the Commonfund in Wilton, Connecticut, 10% by Hirtle, Callaghan & Co. in West Conshohocken, Pennsylvania and 3% by the Glenmede Trust Company in Philadelphia, Pennsylvania. The Investment Committee of the College’s Board of Trustees determines the investment funds and the related asset allocation among the investment funds used by the investment managers for this purpose. All new gifts to each Endowed Fund that is restricted for financial aid will purchase units of the authorized investment funds managed by the Commonfund based on the value of the various funds and the authorized asset allocation at the time of investment. Such purchases will occur once per month. Gifts received during the month will be invested in the Commonfund’s short-term funds until the monthly purchase occurs. Income on these investments is allocated based on the number of units held by each Endowed Fund in the respective investment funds. All new gifts to each Endowed Fund that is unrestricted or restricted for operations will purchase units of the authorized investment funds managed by Hirtle, Callaghan & Co. The market value of an Endowed Fund at any point in time is determined by multiplying the number of units held by the Endowed Fund in each investment fund times the market value per unit of that investment fund.

Spending of Endowed Fund Income
In May 1999, the Board of Trustees established a total return investment policy and a formal spending policy for actively managed endowed funds of the College. The current spending policy, which was modified in 2005, is to calculate the current spending rate by increasing the prior year’s spending amount by a factor to be determined by the
scholarship rate. The current spending rate must fall within a range of 2.0 percent to 7.0 percent of a rolling 12 quarter average of the endowment value. This policy was established, consistent with the total return investment strategy of the College and Pennsylvania law, to allow the Endowed Fund to grow and offset any normal inflationary impact and, at the same time, provide reasonable and prudent spending of income generated by the Endowed Fund. To achieve intergenerational equity, the normal expected spending rate range will be between 4.0 percent and 5.0 percent unless there are other economic factors that support a higher or lower percentage. The determination of the amount to be spent, in accordance with this policy, will be made as of December 31 of each year. The calculated amount to be spent will then be used in the following academic year. For example, if the Endowed Fund is a scholarship fund, a calculation will be made as of December 31 of the amount of spending to be made from the related Spending Account for the ensuing academic year. This timing has been established because scholarship awards are made each spring and approved by the Scholarship Committee in May for the ensuing academic year. All scholarship nominations for funds the College administers are subject to approval by the Scholarship Committee. Amounts calculated under this spending policy will be rounded down to the nearest $100 since all College scholarships are awarded in $100 increments. Additionally, in no event will spending be allowed from a fund if such spending would reduce the original principal amount provided by the donor.

The twelve-quarter average market value will be applied to each Endowed Fund unless it has been in existence for a shorter period. The market value at the end of each of the 11 quarters prior to December 31 plus the market value at December 31 will be added together and divided by the number of quarters the fund has been in existence to determine the average. Accordingly, the twelve-quarter average for a new fund endowed during the fourth quarter of the year will be the value of the Endowed Fund at December 31 divided by 1.

**Spending More than the Spending Rule Calculation**

In some instances a donor, in the early years of the Endowed Fund, may want to increase the scholarship award beyond the amount calculated by the Spending Rule. In that instance the donor should contact the College’s Director of Stewardship and Foundation Relations to make arrangements to make a contribution directly to the Spending Account. The College must receive such contributions **no later than April 15** to be considered for the ensuing academic year. The additional contribution will then be added to the amount calculated by the Spending Rule to determine the scholarship for the ensuing year.

On some occasions a donor establishes a new Endowed Fund after December 31 and the donor wants the scholarship award to occur for the ensuing academic year, which is before the Spending Rule calculation will occur for that Fund. In these situations, the donor should contact the College’s Director of Stewardship and Foundation Relations by April 15 to make arrangements to make a contribution directly to the Spending Account. Again the College must receive such contributions **no later than April 15** to be considered for the ensuing academic year. In addition to the contribution, the donor must
also finalize the name of the scholarship, any restrictions and, if special nomination is required, the name or names of the individuals who will make the selection of the awardees by April 15. In either of the above situations, the Director of Stewardship and Foundation Relations will notify the Director of Financial Aid and the Director of Financial Services of this information.