



Wild Sheep Foundation, Inc.

Fund Agreements

1.0 WSF Conservation Fund

1.0.1 Purpose

The WSF Conservation Fund is intended to provide the Foundation a steady, reliable flow of income in perpetuity to fund WSF and its mission.

1.0.2 Type of Fund

The fund is a “Quasi-Endowment” fund. The fund is managed as an endowment fund, but corpus may be used at the discretion of WSF. The fund is managed, however, in full compliance with Federal and State Law as these laws relate to charitable fiduciary fund management. The fund is also managed consistent with charitable fiduciary fund management “Best Practices.”

1.0.3 Source of Funds

The fund consists of both restricted and unrestricted contributions from various donors. Restricted donations contained in the fund are donations intended for specific WSF activities (for example, conservation, not operations). Restricted donations are recorded and tracked to ensure the donor’s desires are honored.

1.0.4 Investment Management Guidelines

Investment management must be consistent with applicable laws and “Best Practices.”

1.0.5 Withdrawal Strategies

Withdrawals will be made on an annual basis, 1 July, to coincide with the beginning of the WSF fiscal year. The withdrawal amount will be 4% of the average, of the previous 12 month's monthly market value.

Contributions during the 12 month period shall be prorated to accurately reflect the time period the contributions were in the fund and accurately reflect their contribution to earnings; these calculations will be determined by the Trustees with consultation with the various investment managers. Exceptions to this strategy are:

- a. If the 12 month average monthly market value exceeds the CPI adjusted corpus by more than 10%, funds may be withdrawn, at the discretion of the Board of Directors, to reduce the 12 month average to CPI adjusted corpus plus 10%
- b. The Board of Directors may, by 2/3 vote, withdraw funds in any amount. This exception is exercised with careful consideration and is only used when the action is clearly in the best interests of WSF. If exercised, and if CPI adjusted corpus is penetrated, the Board will determine if the monies are to be repaid and over what period and how, or reset the value of CPI adjusted corpus.

1.0.6 Use of Funds

Unrestricted funds may be used, at the discretion of the Board of Directors, to fund WSF or in support activities consistent with WSF's Mission. Restricted funds are used consistent with the donor's desires.

1.0.7 Fiduciary Requirements

Since this fund contains restricted donations, care must be taken to ensure the donor's desires are honored and that the donor is made aware of the status and use of donations, at least annually.

1.1 Life Member Fund

1.1.1 Purpose

The primary purpose of the Life Member Fund is to provide the monies required by WSF to service its Life Members. As Life Membership dues are received they are deposited in the fund and as monies are expended servicing the Life Members, monies are withdrawn. In addition, to providing monies to service Life Members the Fund will be the repository of the WSF operational reserve. The amount of the reserve shall be determined by the Board of Directors annually at the Summer Board Meeting.

1.1.2 Type of Fund

This is a general investment fund and is managed in compliance with applicable Federal and State laws and with charitable fiduciary fund management "Best Practices."

1.1.3 Source of Funds

The primary source of funds is Life Membership dues. The Board of Directors may add to fund, at its discretion, to ensure adequate monies are available to service the Life Members. These additional monies will come from any surplus available as the result of normal WSF operations or donations as appropriate.

1.1.4 Investment Management Guidelines

Investment management guidelines must be consistent with applicable laws and "Best Practices."

1.1.5 Withdrawal Strategies

The WSF President will withdraw funds on a periodic basis to service Life Memberships. The timing is typically quarterly, but is in the discretion of the President. Exceptions to this strategy are:

- a. If the previous 12 month average of the market value exceeds 10% of what is required to satisfy the Life Member service requirements plus the Board approved reserve, funds may be

withdrawn, at the discretion of the Board of Directors, to reduce the 12 month average to 10% over the service requirement needs plus the Board approved reserve.

- b. The Board of Directors may, by 2/3 vote, withdraw funds in any amount. This exception is exercised with careful consideration and is only used when the action is clearly in the best interests of WSF. If exercised, the Board will determine a strategy to replenish the funds to achieve the desired service requirement plus 10% target plus the Board approved reserve. In addition, the Board will provide the President with direction on what funds to use, if necessary, to service the Life Members.

1.1.6 Use of Funds

The primary use of these funds is to service Life Memberships. As specified in 1.2.4.b above, at the discretion of the Board of Directors funds may be used to fulfill other WSF needs.

1.1.7 Fiduciary Requirements

Corpus must to be tracked to ensure the amount of monies collected from Life Membership dues is recorded. In addition, an annual estimate of the funds required to service the Life Members is calculated and recorded.

1.2 Midway USA/WSF Youth Wildlife Conservation Experience (YWCE) Fund

1.2.1 Purpose

The Midway USA /WSF Youth Wildlife Conservation Experience Fund was created pursuant to an agreement with Larry and Brenda Potterfied and the Midway USA Foundation to fund the YWCE events. The fund was established to comply with the following provisions:

- a. WSF must create a separate endowment for this program named the Midway USA Youth Wildlife Conservation Experience.

- b. The initial gift of \$400,000 was made in 2011 with a second gift of \$200,000 made in 2012. A spending limit of 5% per year of the fair market value is allowed annually to fund the YWCE event. The Potterfields may donate additional funds annually.
- c. While the intent originally was to limit the event to high school aged freshmen and sophomores, this limit was removed by the Potterfields during the post 2012 YWCE Review Meeting held at Midway USA's campus. A student is only authorized to attend the event once.

- d. Funds can be used for transportation expenses, lunch and materials associated with the event.

1.2.2 Type of Fund

The fund is a "Quasi-Endowment" fund with restricted use. The fund is managed as an endowment fund, but corpus may be used in the discretion of WSF in consultation with the Midway USA Foundation. The fund is managed, however, in full compliance with Federal and State Law as these laws relate to charitable fiduciary fund management. The fund is also managed consistent with charitable fiduciary fund management "Best Practices."

1.2.3. Source of Funds

The source of funds is from Larry and Brenda Potterfield and the Midway USA Foundation.

1.2.4. Investment Management Guidelines

Investment management guidelines must be consistent with applicable laws and "Best Practices."

1.2.5 Withdrawal Strategies

The WSF President will withdraw funds on a periodic basis to fund YWCE events. The timing is typically quarterly, but is in the discretion of the President. Annual withdrawals cannot exceed 5% of corpus or 5% of the previous 12 month average market value, whichever is higher. If

withdrawals will penetrate corpus, the MidwayUSA Foundation will be notified.

1.2.6 Use of Funds

These funds must be used to support the YWCE activities as described in 1.2.1 above.

1.2.7 Fiduciary Requirements

Since this is a restricted use fund, care must be taken to ensure the donor's desires are honored and that the donor is made aware of the status and use of their donations, at a minimum, on an annual basis.

1.3 WSF Charitable Gift Annuity Fund

1.3.1 Purpose

The WSF Charitable Gift Annuity Fund was created to receive, invest and administer Gift Annuities. The fund is managed consistent with the applicable state regulations and charitable gift annuity "Best Practices." The most stringent state regulations will govern this Fund to the extent permitted by law.

1.3.2 Type of Fund

This Fund will be segregated and will, thus, not be available for use by WSF nor for creditors of WSF. It shall only be used for the payment of annuity obligations and for no other purposes.

1.3.3 Source of Funds

The Fund consists of contributions made by individuals to purchase charitable gift annuities. The residuum of each gift annuity shall be paid over to WSF at the termination of each agreement without restriction. Under special circumstances in the discretion of WSF, the residuum of a particular gift annuity agreement may be restricted for a particular program or purpose of WSF, and the restriction shall be stated in the gift annuity agreement.

1.3.4 Investment Management Guidelines

Investments are managed consistent with the Prudent Investors Act and/or pursuant to applicable state law. An annual review of the Fund shall be performed as of the close of each calendar year and reports shall be filed in such states that are applicable.

1.3.5 Withdrawal Strategies

Withdrawals are made on a periodic basis to make payments of annuities. Care is taken to ensure these withdrawals and payments to the donors are completed in a timely and accurate manner.

Best practices suggest the fund retain a 15% surplus over the amount required annually to pay annuities. Annual reviews by a CPA and/or actuary will be performed to determine this value. Withdrawals of funds for WSF use that would violate this 15% surplus are strictly prohibited.

1.3.6 Use of Funds

Funds are used to pay annuities. Once the terms of an annuity are fully satisfied the remaining funds associated with the annuity are transferred to WSF without restriction unless the gift annuity agreement provides that the residuum be used for restricted purposes. Unrestricted funds will be used by WSF at the discretion of the Board of Directors. Typically these unrestricted funds will be directed to the WSF Conservation Fund.

1.3.7 Fiduciary Requirements

During the term of each gift annuity agreement:

- a. Payments must be made to or for the use of the named annuitants.
- b. Federal, state and local tax documents must be generated annually ; and

c. State required reports must be filed annually.

All must be completed in a timely and accurate manner and all must be compliant with applicable laws and “Best Practices.”