

GOSUMEC Foundation USA

Endowment & Investment Policy

(Approved by the Board of Directors – Reviewed Annually by the Finance Committee)

Donor-Facing Summary: Stewardship in Perpetuity

At **GOSUMEC Foundation USA**, we believe your gift is more than a donation — it is a **living legacy**. Every dollar entrusted to us is managed with care, transparency, and a commitment to supporting bright and deserving students **forever**.

Our Dual-Corpus Model

- **Legacy Corpus (Permanent Endowment):**
 - Built through **\$100,000 Legacy Scholarships** and **\$20,000 Mini-Legacy Scholarships**.
 - These funds are **restricted endowments**, legally governed by the **Uniform Prudent Management of Institutional Funds Act (UPMIFA)**.
 - We spend about **5% annually**, preserving principal so scholarships continue into perpetuity.
- **Community Corpus (Quasi-Endowment):**
 - A **board-designated reserve**, not legally restricted by UPMIFA but managed with the same discipline.
 - Provides flexibility and resilience, ensuring scholarships continue even in turbulent markets.

Why UPMIFA Matters

The **Uniform Prudent Management of Institutional Funds Act (UPMIFA)** is a law adopted in 49 states and D.C. that sets standards for how nonprofits must invest and spend their endowments.

UPMIFA requires that:

1. **Donor intent is paramount** — the donor's wishes always come first.
2. **Spending must be prudent** — most nonprofits, including GOSUMEC, follow a 5% spending rule to ensure sustainability.
3. **Investments must be managed wisely** — with attention to diversification, economic conditions, inflation, and risk.

Why this is important for you as a donor: UPMIFA protects your gift. It ensures that endowments are managed for the long term, that funds are spent responsibly, and that scholarships are never compromised by mismanagement. If nonprofits fail to uphold donor intent, a state attorney general or donor can enforce compliance.

At GOSUMEC, we embrace UPMIFA as our minimum standard — and we go beyond it with our dual-corpus model and radical transparency.

Our Commitment to You

- **Donor intent first** → Your gift supports students, not overhead.
 - **Perpetuity ensured** → A prudent 5% spending policy, adjusted for inflation.
 - **Radical transparency** → All financials, board minutes, and disbursements published at gosumec.org/financials.
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Full Endowment & Investment Policy

1. Purpose

The Foundation manages two corpus funds:

1. **Legacy Corpus (Permanent Endowment):** Donor-restricted, perpetual endowment subject to UPMIFA.
2. **Community Corpus (Quasi-Endowment):** Board-designated reserve, not legally bound by UPMIFA, but governed by its standards as a matter of prudence.

2. Governing Standards (Legacy Corpus)

- **Donor Intent:** Paramount; all funds restricted to student scholarships in perpetuity.
- **Spending Policy:** Target payout of **5% of the rolling 12-quarter average market value**. Spending above 7% is presumptively imprudent under California's UPMIFA unless extraordinary justification exists.
- **Investment Policy:** Investments managed under the seven UPMIFA prudence factors, emphasizing sustainability, diversification, inflation protection, and mission alignment.
- **Flexibility:** UPMIFA permits spending that may reduce corpus below original gift value in extraordinary cases, if deemed prudent by the Board.

3. Community Corpus (Quasi-Endowment)

- Serves as a **liquidity buffer** to ensure scholarship commitments continue during market downturns.
- Governed under the same prudence discipline as the Legacy Corpus.
- Demonstrates disciplined stewardship beyond legal requirements.

4. Oversight and Transparency

- The **Finance Committee reviews the Investment Policy Statement annually**.
- The Board of Directors approves all material changes.

- Financials, IRS filings, board minutes, and policies are made public at gosumec.org/financials.

Why This Matters

By aligning with **UPMIFA** — and going beyond it — GOSUMEC Foundation USA ensures that:

- Your legacy is **protected by law and policy**.
- Scholarships are **sustained in perpetuity**.
- Our governance and transparency **exceed sector standards**.

This is how we honor your trust — and how your generosity lives on across generations of medical students.

P.S. Please refer to *Investment Policy Statement (IPS)* for details on investment, approved by the Board and Finance Committee.

