

# **Mt. Pleasant Area**

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## **community foundation<sup>SM</sup>**

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**POLICY:** **ENDOWED FUND POLICY**  
Related Policies: Advised Fund Policy, Scholarship Policy  
Status: Amended August 2012, Amended June 2014

### **ENDOWED FUND PROCEDURES:**

The Foundation establishes component funds in response to community needs and donors' charitable interests.

- Endowed funds may be built in increments, beginning at \$1,000.
- The minimum balance for grant distributions from an endowed fund is set forth below, according to fund type.
- All income earned, less customary administrative fees, will be reinvested until the fund reaches the minimum balance required for grant distributions.
- If, after 10 years, the fund fails to reach the minimum balance required, as outlined above, at the discretion of the Foundation Board, the principal plus earnings of the fund shall be added to and become part of the Community Impact (unrestricted) funds of the Foundation.
- The Board of Trustees of the Foundation has responsibility for acceptance, management, grant making and disposition of component funds.
- Endowed funds will be established through written fund agreements. Founding Donor(s) will work with staff and/or Foundation Trustees to determine the fund's name, the fund type, and constraints concerning distributions from the fund, if any. In cases where donations are made to a fund that has not yet been established by written agreement, all parties will seek to complete a fund agreement as quickly as possible.
- Fund agreements will be signed by Founding Donor(s) and representatives of the Foundation Board of Trustees in advance of grant distributions from the fund.
- Fund agreements may not be amended except to release fund restrictions, change the name of a fund or change the successor advisor(s) to a fund. It shall also be acceptable to correct a typo or scrivener's error in a fund agreement.

### **ENDOWMENT FUND TYPES:**

Options for fund structures at the Foundation include the following:

#### **Community Impact (Unrestricted) Funds (\$10,000 minimum required)**

Community Impact (Unrestricted) funds are available for any of the charitable purposes encompassed by the Foundation's mission. The Grant Review Committee recommends to the Foundation Board of Trustees how community impact (unrestricted) funds might best be used.

*continued on page 2*

### **Field of Interest Funds (\$10,000 minimum required)**

Field of Interest funds are limited in their use by the Founding Donor(s)' stated preference in the fund agreement for a specific area of community life. The Grant Review Committee recommends to the Foundation Board of Trustees which organizations and programs might receive grants related to this preference. Field of interest funds may benefit areas of community life such as:

- Children & Youth
- Education
- Health & Medicine
- Environmental concerns
- Arts & Culture
- Animals
- Recreation
- Community & Neighborhood Development

### **Scholarship Funds (\$20,000 minimum required) (See also Scholarship Fund Policy)**

Scholarship funds exist to provide grants for educational assistance to individuals. Grants are paid to educational institutions on behalf of scholarship recipients. Founding Donor(s) may specify criteria in the fund agreement for scholarship application eligibility, as well as preferences for selection of the most deserving applicant(s). The Foundation Board of Trustees receives recommendations for scholarship recipients from the Scholarship Committee.

### **Designated / Organizational Funds (\$10,000 minimum required)**

Designated funds benefit one or more charitable organization, as specified in the fund agreement, and all grants from such funds will be made to (or for the use of) the designated recipient organization(s). If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation's Board of Trustees may exercise its variance power, selecting an alternate use for the fund compatible with its original charitable purpose.

### **Advised Funds (\$10,000 minimum required) (See also Advised Fund Policy)**

Founding Donor(s) establish advised funds via fund agreement when they wish to actively participate in the grant making activity of the fund. Founding Donor(s) determine who may advise the fund. These individuals are known as Fund Advisors. Fund Advisors may offer *recommendations* to the Foundation Board of Trustees regarding grant recipient organizations and amounts awarded from the fund.

### **VARIANCE POWER:**

The Foundation Board of Trustees shall have the power to modify any restriction or condition on the distribution of funds from an endowed fund for any specified charitable purposes or to any specified organizations if, in the sole judgment of the Board of Trustees of the Foundation (without the necessity of the approval of any participating trustee, agent or custodian), such restriction or condition becomes, in effect, unnecessary, undesirable, impractical, incapable of fulfillment, or inconsistent with the investment policies of the Foundation or with the charitable needs of the community or area served by the Foundation.