

## **Church of the Transfiguration Endowment Fund**

### **Fund Policy**

The Church of the Transfiguration Endowment Fund (the “Fund”) is governed by a Trust Agreement as amended effective April 22, 2016, Bylaws as amended, and various policies adopted by the Trustees. The Trust is affiliated with the Episcopal Church of the Transfiguration (the “Church”) and is qualified as a tax-exempt organization under 501(c)(3) of the IRS code.

The Fund manages its financial assets through separate funds. Gifts are added to these separate funds. There are currently three separate funds: Legacy Fund, Outreach Fund, and Joanna Elizabeth Pierce and Justin Ford Pierce Fund for Youth Services (“Youth Fund”). Pursuant to the Trust Agreement and the Investment Policy Statement, the Trustees delegate the investment management of funds to a professional investment advisor.

- **Donor Restricted Fund.** A Donor Restricted Fund is a fund created by a donor either through a donation during the donor’s lifetime or through a bequest with restrictions and conditions for specific purposes. Those purposes can be either of a long-term nature, e.g. in perpetuity which is considered a “true endowment”, or to fund a program or project that has a defined or limited time frame. The restrictions and conditions of a Donor Restricted Fund must be adhered to subject to this Fund Policy. Depending on the terms of the gift, the Spend Policy and Grant Policy may not apply. Additional donors may contribute to a Donor Restricted Fund if permitted under the terms and conditions of that fund. The current Youth Fund is an example of a Donor Restricted Fund created through a bequest for a specific purpose because of the restrictions of the gift and its perpetual nature it is considered a “true endowment”.
- **Separate Fund** A Separate Fund is established by the Vestry as a long-term benefit for the Church or a ministry. A Separate Fund is subject to the Investment, Spend, Grant, and Gift Acceptance policies of the Trust. The current Legacy Fund and Outreach Fund each are considered a “quasi-endowment” and thus a “Separate Fund” as defined herein.

### **Establishment of Funds**

#### **Bequests**

- Subject to the acceptance conditions in the Gift Acceptance Policy, bequests to the Church of the Transfiguration Endowment Fund that are restricted for a specific purpose, other than to an existing Separate Fund, shall be established as a Donor Restricted Fund under the Fund for the intended purpose of the bequest. The Trustees, subject to the terms of the bequest, shall determine the appropriate investment strategy and spend policy.
- A minimum amount of \$10,000.00 is required to establish a Donor Restricted Fund from a bequest. Bequests that are restricted and below that amount shall be placed, if possible, in an existing Separate Fund that is closely related to the purpose of the bequest and subject to the direction of the executor of the will from which the bequest is made. If

a Separate Fund is not appropriate, the bequest shall be conveyed to the Church to be maintained as a restricted account.

- Bequests with no restrictions or conditions or designation to another Separate Fund shall be added to the Legacy Fund.

### **Donor Restricted Fund**

- Subject to the acceptance conditions above, the Fund may accept a donation of a minimum of \$10,000.00 from an individual or institution for a specific purpose or project that is not considered a gift in perpetuity.
- Before such a donation can be accepted the donor and Trustees must complete a written MOU acceptable to both parties regarding the donation. Such restricted funds shall not be deposited with any other Separate Fund under the management of the Trustees nor shall such restricted fund be subject to the Investment Policy, Grant Policy, or Spend Policy of the Fund. The terms of the donor shall be controlling. All disbursements from such a Restricted Fund shall be consistent with terms of the MOU and the mission of the Trust and the Church. The Trustees shall provide to the Donor at least annually a report of the restricted fund reflecting disbursements and income, if any.
- The MOU should address the issue of the disposition of any remaining assets of a Donor Restricted Fund should the purpose of the Donor Restricted Fund be no longer needed.

### **Ministry Fund**

- A Church ministry that has been recognized by the Rector and Vestry may request a Separate Fund, a.k.a. Ministry Fund, be established under the Fund and subject to the terms of the Fund Policy.
- The Trustees may in their discretion consult with the Rector and/or the Vestry regarding the establishment of a Ministry Fund.
- It is the Trustees goal that funds established for the benefit of any single ministry shall never exceed 50% of the value of the Legacy Fund. Should this occur, the Trustees may in their discretion consult with the Rector and/or Vestry regarding appropriate action.
- Such a fund shall have a beginning minimum amount of at least \$25,000.00 and will be subject to the terms of the Investment Policy, Grant Policy, Spend, and Gift Acceptance policies. Upon acceptance of funds to a Ministry Fund, those funds become assets of the Fund.
- The Trustees shall exercise sole control and authority with respect to investment and disbursement of all funds with each Ministry Fund.
- The establishment of such a Ministry Fund cannot contain any restricted gifts other than for the general purpose of the Ministry Fund.
- The requesting ministry and the Trustees shall work in good faith to enter into a Memorandum of Understanding (“MOU”) that shall address the detailed terms of the

Ministry Fund and adherence to the policies of the Fund. The MOU shall identify the positions within the ministry that are authorized on behalf of the ministry to initiate grant requests under the Fund's Grant Policy.

- Prior to the establishment of a Ministry Fund, the requesting ministry shall disclose to the Trustees in writing the nature and source of the assets to be transferred to a Ministry Fund.
- Should the Trustees reasonably determine that the purpose of a Ministry Fund is no longer applicable or needed, or the balance in the Ministry Fund falls below \$10,000.00, the Trustees shall be permitted in good faith, to transfer the assets of that Ministry Fund into the Legacy Fund or a restricted account of the Church and further unrestricted donations into such Ministry Fund shall be suspended.
- Prior to making a donation to a Ministry Fund, donors shall be provided with notice of the above terms and conditions of the Ministry Fund.
- Ministries that engage in fund raising or generate earned income to be added to a Ministry Fund shall be subject to the following:
  - Such fund raising or earned income activities shall be consistent with the mission of the Church and the Trust.
  - A Ministry Fund shall be responsible for any UBIT (unrelated business income tax) that may be assessed against those funds raised or earned income activities.
  - A description of the fund-raising activity shall be provided to the Trustees prior to the commencement of that activity. Should the Trustees consider such activities outside the mission of the Church or the Trust, e.g. for the benefit of an individual, or create a potential liability to the Trust, the Trustees may reject any donations to the Ministry Fund derived from such activities.
- Should a ministry or the Vestry elect to discontinue a Ministry Fund the Fund shall liquidate the assets in the subject Ministry Fund and transfer those assets to the Church into a restricted account for that ministry.
- Should there be a dispute between a ministry and the Trustees regarding the management of a Ministry Fund under the terms of the MOU, the Trustees may liquidate the Ministry Fund and transfer those monetary assets to the Church into a restricted account within the Church.

Approved: September 11, 2017