

The Church of the Transfiguration Endowment Fund

Fund Policy

The Church of the Transfiguration Endowment Fund (“Endowment”) is governed by a Trust Agreement, Bylaws and various policies adopted by its Board of Trustees (“Trustees”). The Endowment is affiliated with The Episcopal Church of the Transfiguration (“Church”) and is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

The Endowment manages its financial assets by means of Sub-Funds. Gifts are added to these Sub-Funds. Pursuant to the Trust Agreement and the Investment Policy Statement, the Trustees delegate investment management to a professional investment advisor.

Definitions

- Donor Restricted Fund: a Sub-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, or to fund a program or project that has a defined or limited time frame. A Donor Restricted Fund may be either Quasi-Endowment or True Endowment in nature. The restrictions and conditions of a Donor Restricted Fund must be adhered to. Depending on the terms of the gift, some or all of the Endowment’s policies may not apply to a Donor Restricted Fund. Additional donors may contribute to a Donor Restricted Fund if permitted under the terms and conditions creating the fund.
- Ministry Fund: a Sub-Fund created by the Trustees at the request of the Vestry or a ministry of the Church for the long-term benefit of the Church or a ministry of the Church. A Ministry Fund may be either Quasi-Endowment or True Endowment in nature. Additional donors may contribute to a Ministry Fund if permitted under the terms and conditions creating the fund.
- Quasi-Endowment: where the amount permitted to be spent from a Sub-Fund in a given period is a percentage of the total value of the Sub-Fund, even if that permitted spend exceeds the amount of income generated by the Sub-Fund.
- Sub-Fund: a fund created within the books of account of the Endowment to keep separate records of value, income, gain, loss, expense and disbursement for each Donor Restricted Fund, Ministry Fund or other fund managed by the Trustees. The assets of a Sub-Fund may be commingled for investment or banking purposes with other assets managed by the Trustees, and in that event the Trustees will ensure that proper records are kept to attribute to each Sub-Fund its proper share of value, income, gain, loss and expense and to record disbursements from that Sub-Fund.
- True Endowment: where the amount permitted to be spent from a Sub-Fund in a given period is limited to the amount of income derived from the assets of the Sub-Fund.

Acceptance of Gifts

The Endowment may in certain circumstances be unable to accept a gift or bequest. Reference should be made to the Gift Acceptance Policy for full details.

Establishment of Funds

Donor Restricted Fund (Bequests)

- Subject to the acceptance conditions of the Gift Acceptance Policy, bequests to the Endowment that are restricted for a specific purpose, other than to an existing Sub-Fund, will be established as a Donor Restricted Fund for the intended purpose of the bequest. The Trustees, subject to the terms of the bequest, will determine the appropriate investment strategy and spend policy, and the applicability of the Endowment's policies to the Donor Restricted Fund.
- A minimum amount of \$25,000 is required to establish a Donor Restricted Fund from a bequest. Bequests that are restricted and below that amount will be placed, if possible, in an existing Sub-Fund that is closely related to the purpose of the bequest, subject to the directions of the executor of the will in which the bequest was made. If no other Sub-Fund is appropriate, the bequest will be conveyed to the Church to be maintained as a restricted account.
- Bequests with no restrictions or conditions or designation to another Sub-Fund will be added to the Legacy Fund.

Donor Restricted Fund (Lifetime Gifts)

- Subject to the acceptance conditions of the Gift Acceptance Policy, the Endowment may accept a donation of a minimum of \$25,000 from an individual or institution to create a Donor Restricted Fund ("New Fund") for a specific purpose or project.
- Before such a donation can be accepted the donor and Trustees must complete a written Memorandum of Understanding ("MOU") acceptable to both parties regarding the donation. The terms of the MOU will specify whether the New Fund will be a Quasi-Endowment fund or a True Endowment fund, and which of the Endowment's policies will apply to it. In the event of any conflict between the Endowment's policies and the terms of the MOU, the terms of the MOU will prevail. All disbursements from the New Fund will be consistent with terms of the MOU and the mission of the Endowment and the Church. The Trustees will 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 the New Fund should the purpose of the New Fund be no longer needed or possible.

Donor Restricted Fund (Lifetime Gifts – Creation over Time)

- The Endowment may, in the discretion of the Trustees, accept a donation of less than \$25,000 from an individual or institution wishing to create a New Fund, subject to the following conditions:

- the donor will agree that the intention is to build the New Fund to a minimum of \$25,000 within a period of not more than five years from the first donation, either by way of further donations from the donor or by donations from other parties;
- monies attributable to the New Fund will, until such time as the \$25,000 threshold is reached, be invested by the Endowment as part of the Endowment's normal investment policy, and the Endowment will maintain a memorandum account relating to the New Fund tracking any fluctuations in market value, fees, and other costs attributable to the New Fund;
- no grants will be made from the New Fund until such time as the \$25,000 threshold is reached (by way of further donations and any increase in market value) and the New Fund is created as a separate sub-fund;
- in the event that the \$25,000 threshold is not reached within the period agreed by the donor and the Endowment, all monies attributed to the New Fund will become part of the Endowment sub-fund most closely related to the intended purpose of the New Fund, or in the absence of any close relationship in the Legacy sub-fund, the New Fund will not be created as a separate sub-fund and the Endowment will cease to maintain any separate memorandum account relating to it; and
- these terms will be incorporated into an MOU between the donor and the Endowment, along with the other terms required by the section of this policy above headed "Donor Restricted Fund (Lifetime Gifts)".

Ministry Fund

- The Vestry or a Church ministry that has been recognized by the Rector and Vestry may request that a Ministry Fund be established within the Endowment, subject to the terms of this Fund Policy.
- The Trustees may in their discretion consult with the Rector and/or the Vestry regarding the establishment of a Ministry Fund.
- Such a fund will have a beginning minimum amount of at least \$25,000 and will, unless otherwise agreed, be a Quasi-Endowment fund and be subject to the terms of the Endowment's policies. Upon acceptance of funds to a Ministry Fund, those funds become assets of the Endowment.
- The Trustees will exercise sole control and authority with respect to investment and disbursement of all funds in a Ministry Fund.
- The establishment of a Ministry Fund cannot contain any restricted gifts other than for the general purpose of the Ministry Fund.
- The requesting ministry and the Trustees will work in good faith to enter into an MOU that will address the detailed terms of the Ministry Fund and adherence to the policies of the Endowment. The MOU will identify the positions within the Church or ministry who are authorized on behalf of the Church or ministry to initiate grant requests under the Fund's Grant Dispersal Policy.

- Prior to the establishment of a Ministry Fund, the Vestry or the requesting ministry will disclose to the Trustees in writing the nature and source of the assets to be transferred to the Ministry Fund.
- Should the Trustees reasonably determine that the purpose of a Ministry Fund is no longer applicable or needed, or should the balance in the Ministry Fund fall below \$10,000, the Trustees will 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 will be suspended.
- Donors to a Ministry Fund will be provided on request with notice of the terms and conditions of the Ministry Fund.
- Ministries that engage in fund raising or generate earned income to be added to a Ministry Fund will be subject to the following:
 - such fund raising or earned income activities will be consistent with the mission of the Church and the Endowment;
 - a Ministry Fund will be responsible for any UBIT (unrelated business income tax) that may be assessed against those funds raised or earned income activities; and
 - a description of the fund-raising activity will 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 Endowment, or create a potential tax or other liability for the Endowment, 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 Endowment will liquidate the assets in the Ministry Fund and transfer those assets to the Church into a restricted account.
- Should there be a dispute between the Vestry or a ministry and the Trustees regarding the management of a Ministry Fund under the terms of the MOU, the Trustees may close the Ministry Fund and transfer its cash value to the Church into a restricted account within the Church.