

ENDOWMENT FUND POLICIES & GUIDELINES ABOUT YOUR ENDOWMENT FUND

At InFaith Community Foundation, we're committed to providing you with flexibility, proven stewardship and exceptional service to make the most of your organization's endowment fund. We look forward to serving your organization and assisting with your endowment goals. Whenever you have questions regarding your endowment fund or any of the policies and guidelines described in this booklet, please contact InFaith at 800.365.4172 or email contact@inFaithFound.org.

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YOUR ENDOWMENT FUND AT INFAITH COMMUNITY FOUNDATION

How Your Endowment Fund Works

By establishing your endowment fund at InFaith Community Foundation, you are taking an important step to ensure the long-term vitality and mission of your organization. InFaith Community Foundation invests and holds endowment fund assets for the benefit of your organization. Your endowment fund, in turn, provides a source of distributions supporting the charitable purposes of your organization.

Your Fund Agreement

Your InFaith Community Foundation Fund Agreement describes how your endowment fund will be administered and is based on information provided in the Fund Workbook. This Fund Agreement must be signed and received by InFaith Community Foundation before making contributions or transferring assets to your endowment fund.

You have the option to name a contingent charitable beneficiary in your Fund Agreement. This charity would receive support should your organization cease to exist. As an example, some churches designate their national church body or related ministries. You can also name an InFaith Collaborative Fund as your contingent charitable beneficiary.

To make changes to your Fund Agreement, please contact InFaith Community Foundation. To learn more about the language in your Fund Agreement, see [More About InFaith Community Foundation & Your Endowment Fund](#) on page 7.

Role of Fund Advisor

The person designated to serve as Fund Advisor to your endowment fund is typically the chair of the endowment committee, treasurer or president of the organization or church council. For purposes of the Fund Agreement, organizations are encouraged to designate a specific position with their organization versus an individual's name in the document.

The role of Fund Advisor includes responsibility for requesting distributions and recommending the investment allocation of endowment fund assets. These requests are to be in compliance with any restrictions placed on the endowment fund by your organization, and with approval of the appropriate decision-making body within your organization. The Fund Advisor also receives quarterly endowment statements and has full online access to your endowment fund at [inFaithFound.org](#).

Authorizing Online Access to Your Endowment Fund

The Fund Advisor of your endowment fund may authorize additional interested parties, such as committee members, board, staff, or professional advisors (e.g., financial advisor, CPA, attorney) with read only online access to information regarding your endowment fund. This authorization can be made when the Fund Workbook is completed or updated by the Fund Advisor once the endowment fund is established. Please contact InFaith Community Foundation for instructions.

The financial advisor(s) identified in the Fund Workbook are provided with read-only online access to your endowment

fund activity (i.e., contact information, contributions and distributions). If you wish to authorize or restrict online access to your financial advisor and/or others, please contact InFaith Community Foundation.

Endowment Fund Disclosure

You can provide InFaith Community Foundation with permission to publish your endowment fund's name in InFaith Community Foundation publications (e.g., annual report, newsletters, social media and website) by checking the designated box in the Fund Workbook. If no box is checked, InFaith Community Foundation assumes you do not wish for your endowment fund to be listed publicly.

You may change your disclosure preferences at any time. To do so, contact InFaith Community Foundation.

Endowment Fund Updates

Your organization's Fund Advisor receives quarterly statements for your endowment fund. These updates are generally available during the third week of the month following quarter end. In addition, daily access to your endowment fund's status, including contributions and distributions, is available through [inFaithFound.org](#). Investment gains or losses are updated on a monthly basis. Whenever you have a question about the status of your endowment fund, please contact InFaith Community Foundation.

CONTRIBUTIONS TO YOUR ENDOWMENT FUND

Contribution Options

Once an initial \$25,000 contribution is made to your endowment fund, supporters may give directly to your endowment fund with the following: check, wire transfer, ACH bank transfer, credit card, stock/bonds and mutual funds, qualified charitable distributions from an IRA, real estate, other real assets and/or closely-held stock. The minimum for contributions of real estate or closely-held stock is \$200,000.

Supporters may also add to the endowment fund with contributions that occur upon death, such as contributions made through a will or living trust, life insurance and/or beneficiary proceeds. InFaith Community Foundation also offers gift vehicles that provide a stream of income to the supporter. Contact an InFaith Community Foundation gift planner for more information about any of these options.

Additional Contributions

Cash contributions of \$1,000 or more may be made directly to InFaith Community Foundation for the benefit of your organization. Cash contributions of less than \$1,000 are best directed to your organization and forwarded to InFaith Community Foundation once the total reaches \$1,000 or more.

Because of state and federal tax laws, including the Uniform Prudent Management of Institutional Funds Act (UPMIFA), it is important that potential supporters be advised, prior to making a contribution, that distributions from the endowment fund may include principal as well as earnings from time to time.

Addressing Restrictions from Supporters

Organizations occasionally receive a contribution from a supporter who places specific restrictions on the gift. They may request a specific purpose for the contribution, request a specific investment strategy, or request distributions be made from income only, not principal. As all contributions to your endowment fund are subject to InFaith Community Foundation policies, these legally restricted contributions may not be appropriate to include in your endowment fund.

InFaith Community Foundation encourages you to consult with your legal advisor about potential restricted contributions to better understand the risks and responsibilities. A helpful resource to explore this issue is the Uniform Prudent Management of Institutional Funds Act (upmifa.org).

If you receive a contribution of \$25,000 or more from a supporter who identifies a special purpose for their gift, you may consider establishing a separate sub-fund to meet the supporter's intention. InFaith Community Foundation can separately account for additions to and distributions from this sub-fund. Please contact InFaith Community Foundation to discuss.

CONTRIBUTION ACCEPTANCE

Tax Considerations for Supporter Contributions

As InFaith Community Foundation is a public charity, contributions made by supporters to your endowment fund are eligible to receive maximum charitable tax deductions available under IRS regulations. Each charitable tax deduction is based on the type of asset and when the asset is given (e.g., direct contributions made while living versus contributions made upon death).

Contribution Acceptance & Tax Receipts

In accordance with procedures adopted by the InFaith Community Foundation, a duly-authorized InFaith Community Foundation officer or other designated staff person accepts contributions to your endowment fund on behalf of InFaith Community Foundation. Once a supporter's contribution is received, a tax receipt is sent to the supporter.

Policy for Selling Capital Assets

Contributions of non-cash assets, such as securities, real estate and other real assets, are sold by InFaith Community Foundation as soon as feasible. Net proceeds from the sale of these assets are directed to your endowment fund and invested according to InFaith Community Foundation's investment policy and your recommended allocation.

Fundraising Policy

InFaith Community Foundation cannot accept checks from individual supporters in response to fundraising events (i.e. golf tournaments, banquets) due to liability issues. Contributions received at a fundraising event should be made payable to your church or faith-based organization, and in turn, you may send a check reflecting proceeds of \$1,000 or more to InFaith Community Foundation for investment in your endowment fund. Contributions from individuals at such fundraising events are not eligible for a charitable tax deduction through InFaith Community Foundation.

Irrevocability of Contributions

Charitable contributions to InFaith Community Foundation cannot be revoked once the transfer of assets is complete and InFaith Community Foundation has accepted the gift. Contributions of assets given made upon death, such as bequests and beneficiary proceeds, supporters retain control of these assets while living.

DISTRIBUTIONS FROM YOUR ENDOWMENT FUND

Making Distributions

Your endowment committee determines when the endowment fund distributions are made as well as the criteria for distributions. The Fund Advisor may recommend distributions at any time, provided they are in compliance with any restrictions placed on the endowment fund by your organization, and with approval of the appropriate decision-making body within your organization. Distributions may be recommended in writing or online through InFaith Community Foundation's website, inFaithFound.org.

Organizations typically request a percentage of their endowment fund's value be distributed annually. InFaith Community Foundation suggests an annual distribution of 5% to allow the endowment fund to sustain itself when invested for growth.

Distribution Procedures

The following guidelines apply to distributions from endowment funds at InFaith Community Foundation:

- At the recommendation of the Fund Advisor, distributions from endowment funds can be made in amounts of \$200 or more provided the fund retains a value of at least \$25,000.
- Distributions can only be made to IRS-qualified charitable organizations. Most churches fall under the church body's charitable status.
- Scholarship distributions are permitted from endowment funds only when the grantee or recipient of the distribution is an accredited educational institution. This is due to an IRS requirement that scholarships must be awarded on an objective and nondiscriminatory basis.
- Any recommendation for distribution of the entire value of the endowment fund must be accompanied by a statement of the reason for the recommendation, certified by the Fund Advisor and by one other person in a position of responsibility with the organization, such as pastor, church president, executive director or board chair.

Variance Power

As a community foundation, InFaith Community Foundation is governed by federal laws and regulations that require it retain variance power. This means that in accepting contributions to your endowment fund, InFaith Community Foundation must have the ability to redirect charitable support under certain circumstances, including if a church or nonprofit loses its nonprofit status, support to a charity becomes unnecessary, if the charity becomes incapable of fulfilling its mission or is otherwise inconsistent with the charitable purposes of InFaith Community Foundation.

While it's unlikely InFaith Community Foundation would exercise its variance power with an organizational endowment, the Foundation must retain its right to be consistent with IRS regulations.

FEES & EXPENSES

Administrative Expenses

An endowment fund at InFaith Community Foundation is assessed a 1% annual fee on a quarterly basis (.25% per quarter) to cover program and administrative expenses. This fee is based on the endowment fund's average daily balance for the quarter. Fees for additional contributions to existing endowment funds are prorated by the number of days the assets are in the endowment fund. A reduced fee of .5% is assessed to endowment fund assets in excess of \$1 million; this fee is further reduced to .35% for endowment fund assets in excess of \$5 million.

Investment Expenses

InFaith Community Foundation invests endowment fund assets in a diversified portfolio of no-load, institutional class investments. Investment advisory fees are netted out of overall investment returns.

INVESTMENT OF FUND ASSETS

InFaith Community Foundation Investments

All investments of InFaith Community Foundation are reviewed for approval by the InFaith Community Foundation Board of Directors. Assets of your endowment fund may be commingled with the assets of other organizational endowment funds that InFaith Community Foundation holds and administers.

Investing Your Fund's Assets

The Fund Advisor may recommend the allocation for your endowment fund's investment as needed. Once assets are invested, changes in market value may cause the value of the underlying investments of your endowment fund to be worth more or less than the value of the original contribution. All dividends and capital gains are reinvested.

The Fund Advisor may select one or more InFaith Community Foundation investment portfolios for your endowment fund's assets. A custom investment allocation may be created by selecting a combination of portfolios, based on the distribution needs and goals of your endowment fund. If no custom investment allocation is checked in the Fund Workbook, assets will be invested in the Mission Growth Portfolio.

After your endowment fund is established, you may recommend changes to your investment selection or allocation by submitting your request online or in writing to InFaith Community Foundation. Your Fund Advisor may change your investment allocation quarterly. If no investment allocation is selected in the Fund Workbook, assets will be invested in the Growth Mission Portfolio.

Investment Recommendations

Whenever possible, InFaith Community Foundation follows your Fund Advisor's investment preferences but as per IRS regulations, investment recommendations are advisory and InFaith Community Foundation may follow or decline recommendations. Investments are administered in accordance with the financial policies of InFaith Community Foundation and are subject to normal market and interest rate fluctuation risks. Any gain or loss generated by investments will be reflected accordingly in the endowment fund's value.

MORE ABOUT INFaITH COMMUNITY FOUNDATION & YOUR ENDOWMENT FUND

InFaith Community Foundation is legally organized as a community foundation and grantmaking organization versus a bank, trust or investment company. Unlike a bank, trust or investment company, InFaith Community Foundation's business is not to invest and manage money on behalf of others. However, under federal tax law, InFaith Community Foundation has the ability to accept charitable contributions as a public charity, to invest and administer these assets, and to make charitable distributions.

In the case of your endowment fund, InFaith Community Foundation accepts contributions from your organization and its supporters to the endowment fund and holds them for the benefit of your organization. Many organizations view these legal requirements as a benefit, as the assets are legally owned by InFaith Community Foundation and are protected from legal claims asserted against the organization.

As you read related language in the Endowment Fund Agreement, be assured InFaith Community Foundation is guided by its mission to serve donors—both individuals and organizations—and that the Foundation is committed to the growth and stability of churches and faith-based nonprofits.



Spreading Joy. Changing Lives.

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