

Harrison County Community Foundation

Endowment Fund Policy

Table of Contents

DESIGNATED AND FIELD OF INTEREST ENDOWMENT FUNDS: Pages 2-6

- DESIGNATED AND FIELD OF INTEREST ENDOWMENT FUND ESTABLISHMENT MINIMUMS: Page 2
- LESS THAN MINIMUM ENDOWMENT FUND ESTABLISHMENT: Page 2
- DESIGNATED AND FIELD OF INTEREST ENDOWMENT FUND INFORMATION: Pages 2-4
- DESIGNATED ENDOWMENT FUND GRANTS: Page 5
- FIELD OF INTEREST FUND GRANTS: Page 5
- DESIGNATED AND FIELD OF INTEREST ENDOWMENT FUND GRANT REPORTING: Page 6

NAMED UNRESTRICTED ENDOWMENT FUNDS: Pages 6-7

- NAMED UNRESTRICTED ENDOWMENT FUND ESTABLISHMENT MINIMUMS: Page 6
- LESS THAN MINIMUM NAMED UNRESTRICTED ENDOWMENT FUND: Page 6
- NAMED UNRESTRICTED ENDOWMENT FUND INFORMATION: Page 6
- NAMED UNRESTRICTED ENDOWMENT FUND GRANTS: Page 6
- NAMED UNRESTRICTED ENDOWMENT FUND GRANT REPORTING: Page 7

ENDOWED DONOR ADVISED FUNDS: Pages 7-11

- ENDOWED DONOR ADVISED FUND INFORMATION: Pages 7-10
- ENDOWED DONOR ADVISED FUND GRANTS: Pages 10-11
- ENDOWED DONOR ADVISED FUND GRANT REPORTING: Page 11

INACTIVE FUNDS POLICY: Pages 11-12

LIMITATION ON AVAILABLE SPENDING: Page 12

DESIGNATED AND FIELD OF INTEREST ENDOWMENT FUNDS

DESIGNATED AND FIELD OF INTEREST ENDOWMENT FUND ESTABLISHMENT MINIMUMS

If a donor desires to establish a designated agency or field of interest endowment fund, the required minimum gift shall be \$5,000.

The minimum gift required to establish an endowed scholarship fund is \$10,000. An endowed scholarship fund which allows the founding contributor and/or family to participate on the selection committee requires a minimum gift of \$25,000.

If a donor desires to set-up a restricted fund that does not provide a substantial benefit to Harrison County residents, within the sole discretion of the Board of Directors, the required minimum gift shall be \$10,000.

LESS THAN MINIMUM ENDOWMENT FUND ESTABLISHMENT

The minimum amount to establish a designated or field of interest endowment fund is **\$5,000**. If a donor wishes their gift to be directed to a restricted fund not currently set-up the following applies:

1. Donations less than \$5,000 will be accepted into the foundation's unrestricted fund. If the intent is to gather enough donations to reach the minimum \$5,000 (total) required and the goal is reached within **90 days**, the funds will be transferred into a newly created named fund with its own specific agreement.
2. If however, **90 days** pass from the date of the initial gift and the minimum has not been reached, the foundation may determine the donations remain in the unrestricted fund and therefore become available for any charitable purpose the foundation chooses or the foundation may transfer the donations into a fund that most closely matches the donor's original intent.

If any gifts have been made in memory or honor of an individual or event, this will be noted in the HCCF annual report.

DESIGNATED AND FIELD OF INTEREST ENDOWMENT FUND INFORMATION

1. Definition: For the purpose of this policy, INCOME is defined as the dividends and interest net of the assessed fees (as described in Paragraph 9. below).
2. Distribution: The annual earnings allocable to a Designated or Field of Interest Endowment Fund, net of the fees and expenses set forth herein, shall be committed,

granted or expended for purposes described in the Internal Revenue Service Code (“Code”) section 170(c)(2)(B) to organizations described in Code section 509(a)(1), (2), or (3). The net appreciation of a Fund principal, realized or unrealized may not be committed, granted or expended, except as otherwise provided in the individual Designated Endowment Fund Agreement or Field of Interest Fund Agreement. If any gifts to the Foundation for the purposes of a Fund are received and accepted subject to a Donor's conditions or restrictions as to the use of the gift or income, said conditions or restrictions will be honored, subject, however, to the authority of the Foundation's Board of Directors to vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Foundation's Board of Directors unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation.

No distribution shall be made from any Designated or Field of Interest Endowment Fund if such distribution will, in the judgment of the Foundation, endanger the Foundation's Code section 501(c)(3) status. The Board of Directors must authorize all distributions from Designated Endowment Funds.

Unless otherwise specified by a Designated or Field of Interest Endowment Agreement, unexpended income from the Fund accumulates and will be available at any time for distribution as approved by the Board. Income will remain available unless directed in writing by the donor or recipient agency that all or part of the available income be transferred into the principle of the fund.

3. Administrative Provision: Notwithstanding any provisions in a Designated or Field of Interest Endowment Fund Agreement to the contrary, the Foundation shall hold the Fund, and all contributions to the Fund, subject to the provisions of the applicable Indiana laws and the Foundation's Articles of Incorporation and Bylaws, and policies as amended from time to time. The Board shall monitor the distribution of the Fund to ensure it is used exclusively for charitable and other exempt purposes, within the meaning of Code section 170(c)(1) or (2), and shall have all powers of modification and removal specified in United States Treasury Regulations Section 1.170A-9 (f) (11) (v) (B).
4. Investment of Designated Endowment Funds: The Foundation shall have all powers necessary, or in its sole discretion desirable, to carry out the purposes of Designated or Field of Interest Endowment Funds, including, but not limited to, the power to retain, invest and reinvest the Funds and the power to commingle the assets of any Fund with those of other Funds for investment purposes.
5. Accounting: The receipts and disbursements of Designated or Field of Interest Endowment Funds shall be accounted for separately and apart from those of other gifts to the Foundation.
6. Conditions for Acceptance of Funds: The Founding Contributor and Donors agree and acknowledge that the establishment of a Fund created within the Foundation is made in

recognition of, and subject to, the terms and conditions of the Articles of Incorporation and By-laws of the Foundation as from time to time amended, and that Designated or Field of Interest Endowment Funds shall at all times be subject to such terms and conditions, including but not by way of limitation,

- A. Presumption of Donors' intent;
 - B. Variance from Donors' direction;
 - C. Amendments.
7. Continuity: Designated or Field of Interest Endowment Funds shall continue so long as assets are available in each Fund and the purpose of the Fund can be served by its continuation. If a Fund is terminated, the Foundation shall devote any remaining assets in that Fund exclusively for charitable purposes that:
- A. Are within the scope of the charitable purposes of the Foundation's Articles of Incorporation; and
 - B. Most nearly approximate, in the good faith opinion of the Board, the original purpose of the Fund.
8. Not a Separate Trust: Designated or Field of Interest Endowment Funds shall be component parts of the Foundation. All money and property in these Funds shall be held as general assets of the Foundation and not segregated as trust property of a separate trust; provided that for purposes of determining the share of the Foundation's earnings allocable to the Fund and the value of the principal of the Fund, the interest of the Fund in the general assets of the Foundation shall be a percentage determined by dividing the gifts to the Fund by the then value of the total assets of the Foundation, such percentage interest being subject to adjustment at the time of each addition to or reduction of the assets of the Foundation.
9. Costs of Designated Endowment Funds: Designated or Field of Interest Endowment Funds shall share a fair portion of the total investment and administrative costs of the Foundation. Those costs annually charged against all Funds shall be determined in accordance with the then current fee schedule identified by the Foundation in the Gift Acceptance Policy as applicable to funds of this type. Any costs to the Foundation in accepting, transferring or managing property donated to the Foundation for a Fund shall also be paid from that Fund.
10. Fund Statements: The Harrison County Community Foundation will provide Fund Statements to Founding Contributors, recipient agencies, or other appropriate entities (such as universities where scholarships are designated) on a quarterly basis. Donors providing at least \$10,000.00 to a designated endowment may also request quarterly fund statements. Entities may receive monthly statements if requested.

DESIGNATED ENDOWMENT FUND GRANTS

All grants awarded from HCCF Designated Endowment Funds must be approved by the HCCF Board of Directors. Beneficiary agencies or other charitable entities may request grants from Designated Endowment Funds if eligible as described in the fund agreement stated purpose. Requests must be made utilizing the Endowment Fund Grant Request Form (available on the HCCF website). The HCCF staff may request additional supporting correspondence or documentation prior to presenting the request to the HCCF Board of Directors.

The request form must contain two different signatures of the charitable entity at two organizational levels. At least one signature must be from the authorized representative or contracting authority of the governing body and the other may be of a staff or supervisory level. Requests from schools must include the signature of the superintendent and requests from county-owned entities must include the signature of the President of the Board of Commissioners.

FIELD OF INTEREST FUND GRANTS

All grants awarded from HCCF Field of Interest Funds must be approved by the HCCF Board of Directors. Charitable entities may request grants from Field of Interest Funds if the purpose of the requested grant is eligible as described in the fund agreement stated purpose. Requests up to \$5,000 may be made utilizing the Field of Interest Grant Request Form (available on the HCCF website). In addition to the Field of Interest Grant Request Form, applicants will be required to submit a cover letter (not more than two pages describing your agency and/or purpose of the grant) and an itemized project budget.

The request form must contain two different signatures of the charitable entity at two organizational levels. At least one signature must be from the authorized representative or contracting authority of the governing body and the other may be of a staff or supervisory level. Requests from schools must include the signature of the superintendent and requests from county-owned entities must include the signature of the President of the Board of Commissioners.

The HCCF staff may request additional supporting correspondence or documentation prior to presenting the request to the Scholarship and Endowment Committee and HCCF Board of Directors.

Charitable entities requesting over \$5,000 are not allowed to use the Field of Interest Grant Request Form but are encouraged to submit a request through the full open cycle online grant application. (Please see Grant Making Policy and Procedures available on the HCCF website.)

DESIGNATED OR FIELD OF INTEREST ENDOWMENT FUND GRANT REPORTING

The HCCF staff is tasked to ensure expenditure responsibility for all grants awarded from HCCF Designated or Field of Interest Endowment Funds. Periodically, not to exceed ninety (90) days, or when the grant funds have been utilized for the purpose as presented, the Grant Recipient must submit a Final Report Form (available on the HCCF website) and attach any available invoices, receipts, or other documentation to verify the appropriate expenditure of funds.

Endowment Funds that are in violation of these reporting requirements will not be eligible for additional grants or any current Matching Funds Program until in compliance.

NAMED UNRESTRICTED ENDOWMENT FUNDS

NAMED UNRESTRICTED ENDOWMENT FUND ESTABLISHMENT MINIMUMS

If a donor desired to establish a Named Unrestricted Endowment Fund the required minimum gift shall be \$2,500.

LESS THAN MINIMUM NAMED UNRESTRICTED ENDOWMENT FUND

If a donor wishes their gift to be directed to a Named Unrestricted Endowment Fund not currently set-up the procedure will be the same as for a Designated Endowment Fund except the required minimum gift is \$2,500.

NAMED UNRESTRICTED ENDOWMENT FUND INFORMATION

Named Unrestricted Endowment Funds follow the same policies and guidelines as Designated Endowment Funds except for the following point:

- 1. Purpose: The purpose of the Named Unrestricted Endowment Funds (the “Funds”) shall be to provide support as directed by the Board of Directors (the “Board”) of the Foundation for programs or activities that fulfill charitable or other exempt purposes benefiting Harrison County within the meaning of Code section 170 (c)(1) OR 170 (c)(2)(B) and that are consistent with the mission and purposes of the Foundation.

NAMED UNRESTRICTED ENDOWMENT FUND GRANTS

All grants awarded from HCCF Named Unrestricted Endowment Funds will support activities or programs benefitting Harrison County. These grants will be directed by the HCCF Board of Directors.

NAMED UNRESTRICTED ENDOWMENT FUND GRANT REPORTING

Reporting will be required of Grant Recipients by utilizing the same process as outlined in the HCCF Grant Making Policy and Procedures to ensure due diligence and expenditure responsibility.

ENDOWED DONOR ADVISED FUNDS

ENDOWED DONOR ADVISED FUND INFORMATION

1. **Definition:** An Endowed Donor Advised Fund provides the Founding Contributor or the person/committee appointed by the Founding Contributor the privilege of providing advice with respect to distribution of the fund's income.
2. **Income:** For the purpose of this policy, INCOME is defined as the dividends and interest net of the assessed fees and if applicable, net realized gains & losses.
3. **Minimum:** The minimum amount to establish an Endowed Donor Advised Fund is \$25,000.
4. **Distribution:** The annual earnings allocable to an Endowed Donor Advised Fund, net of the fees and expenses set forth herein, shall be committed, granted or expended for purposes described in the Internal Revenue Service Code ("Code") section 170(c)(2)(B) to organizations described in Code section 509(a)(1), (2), or (3). The net appreciation of a Fund principal, realized or unrealized may not be committed, granted or expended, except as otherwise provided in the individual Endowed Donor Advised Fund Agreement. If any gifts to the Harrison County Community Foundation (the Foundation) for the purposes of a Fund are received and accepted subject to a Donor's conditions or restrictions as to the use of the gift or income, said conditions or restrictions will be honored, subject, however, to the authority of the Foundation's Board of Directors (the Board) to vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Board unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation.

The Founding Contributor, or person/committee appointed by the Founding Contributor, has the privilege of providing advice with respect to the funds distributions. No distribution shall be made from any Endowed Donor Advised Fund if such distribution will, in the judgment of the Foundation, endanger the Foundation's Code section 501(c)(3) status. The Board must authorize all distributions from Endowed Donor Advised Funds.

Unless otherwise specified by an Endowed Donor Advised Fund Agreement, unexpended income from the Fund accumulates and will be available at any time for distribution as recommended by the Founding Contributor or person/committee appointed by the Founding Contributor and approved by the Board. Income will remain available unless

directed in writing by the Founding Contributor or person/committee appointed by the Founding Contributor, that all or part of the available income be transferred into the principle of the fund.

5. Administrative Provision: Notwithstanding any provisions in an Endowed Donor Advised Fund Agreement to the contrary, the Foundation shall hold the Fund, and all contributions to the Fund, subject to the provisions of the applicable Indiana laws and the Foundation's Articles of Incorporation and Bylaws. The Board shall monitor the distribution of the Fund to ensure it is used exclusively for charitable and other exempt purposes, within the meaning of Code section 170(c)(1) or (2), and shall have all powers of modification and removal specified in United States Treasury Regulations Section 1.170A-9 (e) (11) (v) (B).
6. Investment of endowed donor advised funds: The Foundation shall have all powers necessary, or in its sole discretion desirable, to carry out the purposes of Endowed Donor Advised Funds, including, but not limited to, the power to retain, invest and reinvest the Funds and the power to commingle the assets of any Fund with those of other Funds for investment purposes.
7. Accounting: The receipts and disbursements of Endowed Donor Advised Funds shall be accounted for separately and apart from those of other gifts to the Foundation.
8. Conditions for acceptance of funds: The Founding Contributor, or person/committee appointed by the Founding Contributor agrees and acknowledges that the establishment of a Fund created within the Foundation is made in recognition of, and subject to, the terms and conditions of the Articles of Incorporation, By-laws, Gift Acceptance Policies and other Policies of the Foundation as from time to time amended, and that Endowed Donor Advised Funds shall at all times be subject to such terms and conditions, including but not by way of limitation,
 - A. Presumption of Donors' intent;
 - B. Variance from Donors' direction;
 - C. Amendments.
9. Continuity: Endowed Donor Advised Funds shall continue so long as assets are available in each Fund and the purpose of the Fund can be served by its continuation. If a Fund is terminated, the Foundation shall devote any remaining assets in that Fund exclusively for charitable purposes that:
 - A. Are within the scope of the charitable purposes of the Foundation's Articles of Incorporation; and
 - B. Are recommended by the Founding Contributor or the person/committee appointed by the Founding Contributor; or
 - C. Are specified in the original agreement; or

D. If not specified, shall be deposited into the Foundation's unrestricted fund.

10. Not a separate trust: Endowed Donor Advised Funds shall be component parts of the Foundation. All money and property in these Funds shall be held as general assets of the Foundation and not segregated as trust property of a separate trust; provided that for purposes of determining the share of the Foundation's earnings allocable to the Fund and the value of the principal of the Fund, the interest of the Fund in the general assets of the Foundation shall be a percentage determined by dividing the gifts to the Fund by the then value of the total assets of the Foundation, such percentage interest being subject to adjustment at the time of each addition to or reduction of the assets of the Foundation.
11. Costs of endowed donor advised funds: Endowed Donor Advised Funds shall share a fair portion of the total investment and administrative costs of the Foundation. Those costs annually charged against all Funds shall be determined in accordance with the then current fee schedule identified by the Foundation in the Gift Acceptance Policy as applicable to funds of this type. Any costs to the Foundation in accepting, transferring or managing property donated to the Foundation for a Fund shall also be paid from that Fund.
12. Fund statements: The Harrison County Community Foundation will make available Fund Statements to the Founding Contributor, or the person/committee appointed by the Founding Contributor on a regular basis.
13. Grant recommendations: Subject to the Foundation's principles and procedures for advised funds, the commitments, grants, or expenditures from the Fund contemplated in this Agreement shall be made at such time or times and in such amount or amounts as may be determined by the Foundation; provided, however, that the Founding Contributor or the person/committee appointed by the Founding Contributor may from time to time submit to the Foundation recommendations regarding appropriate expenditures or the names of specified organizations described in Code section 170(b)(1)(A) to which it is recommended that distributions be made. All recommendations from the Founding Contributor or person/committee shall be solely advisory, and the Board may accept or reject them, applying reasonable standards and guidelines with regard thereto.
14. Prohibitions for use of funds: Grants from an Endowed Donor Advised Fund cannot fulfill any legally enforceable financial obligation of the Founding Contributor, advisors to the fund or other parties related to the fund. Grants cannot permit the Founding Contributor, Founding Contributor's family, or any related parties to receive benefits, goods or services in exchange for payment. Grants cannot support political campaigns or lobbying activities. Grants cannot pay for dues, tangible membership benefits, goods from charitable auctions, or other goods or services. Grants cannot pay for attendance at galas, sporting events, or benefit events. Grants cannot be paid to any specific individual, including entities for the benefit of a specific individual, or loans to donors, advisors, or other parties related to the fund. All grants must support a charitable program sponsored by a nonprofit organization qualified by the IRS as a Section 501(C)(3) Public Charity

and must be approved by the Harrison County Community Foundation Board of Directors at a regular meeting.

15. Match: In the event the Board has made available matching funds for donations, Endowed Donor Advised Funds may be eligible for a match providing the agreement is written to restrict beneficiaries to those that will provide a substantial benefit, within the sole discretion of the Board, to residents of Harrison County. Endowed Donor Advised Funds will not be eligible for a match if the Founding Contributor wishes to maintain the flexibility to grant to beneficiaries that may not provide a substantial benefit, within the sole discretion of the Board, to residents of Harrison County. Once the agreement has been accepted and approved by the Board, neither the Founding Contributor, nor persons/committee appointed by the Founding Contributor may request a change in the agreement with regard to beneficiaries and match eligibility.
16. Recommendation committee: The Founding Contributor may appoint a person/committee to make recommendations as to the distribution of funds who are;
 - A. A family member(s) to serve for their lifetime. The Foundation recommends the duration of the appointments not to exceed two generations.
 - B. An advisor by virtue of their organizational or institutional role for a set period of years. The Foundation recommends the duration be limited to a maximum of 99 years.

All advisory committee appointees and the duration of their advisory role are subject to final approval of the Harrison County Community Foundation's Board of Directors.

17. Recommendation procedure: The Founding Contributor or the designated advisory committee representative will submit a completed Donor Advised Grant Request Form to the Foundation. All Endowment Grant Requests must be approved by the Board. The deadline to submit Endowed Donor Advised Fund Grant Requests is one week prior to the monthly Board meeting, typically held the 1st Monday of each month. There are no Board meetings in July.
18. Scholarship: Endowed Donor Advised Funds may not be used as a scholarship fund but distributions from the fund may be directed to support a scholarship fund.
19. Additional: Grants recommended from Endowed Donor Advised Funds may be given anonymously. Recommended grant distributions must be a minimum of \$100.

ENDOWED DONOR ADVISED FUND GRANTS

All grants awarded from HCCF Endowed Donor Advised Funds must be approved by the HCCF Board of Directors. The Founding Contributor or the person/committee appointed by the Founding Contributor may recommend grants from Endowed Donor Advised Funds if eligible as

described in the fund agreement. Recommendations must be made utilizing the Donor Advised Fund Grant Request Form (available on the HCCF website) in order to determine expenditure responsibility. The HCCF staff may request additional supporting correspondence or documentation prior to presenting the request to the HCCF Board of Directors. The request form must contain the signature of the Founding Contributor or the designated advisory committee representative.

ENDOWED DONOR ADVISED FUND GRANT REPORTING

The HCCF staff is tasked to ensure expenditure responsibility for all grants awarded from HCCF Endowed Donor Advised Funds. Periodically, not to exceed ninety (90) days, or when the grant funds have been utilized for the purpose as presented, the Grant Recipient must submit a Final Report Form (available on the HCCF website) and attach any available invoices, receipts, or other documentation to verify the appropriate expenditure of funds.

INACTIVE FUNDS POLICY

In order to carry out its policy of consistently distributing charitable dollars to the community, the HCCF will review periodically the grant making activity of our endowment funds. Unless a waiting period is specified in the Agreement, for any fund that has failed to make distributions commensurate in size with the Foundation's spending policy over a two-year period, the Foundation will contact the founding contributor(s) or beneficiary agency to discuss this situation. At that time, the founding contributor(s) or beneficiary agency will be given the following options:

1. Resume or begin periodic grantmaking;
2. Provide a written plan for funding a specific project that requires accumulating resources;
3. Recommend an amended charitable purpose for the fund;
4. Recommend amended criteria for awarding grants or scholarships from the fund;
5. Recommend transfer of the assets into another HCCF endowment; or
6. Allow HCCF to transfer the assets into the HCCF unrestricted account.

Endowment Funds that are in violation of the Inactive Funds Policy will not be eligible for any current Matching Funds Program until in compliance.

Any amendments, changes, or remedies recommended by the Founding Contributor(s) or a beneficiary agency must be approved by the HCCF Board of Directors.

In the event that the beneficiary agency has ceased operating or founding contributor(s) cannot be located or is (are) unresponsive within ninety (90) days of initial outreach, the purpose of the fund or the criteria of the fund will be modified as directed by the HCCF Board of Directors that most nearly, in the good faith opinion of the board, serves the original purpose of the Fund.

LIMITATION ON AVAILABLE SPENDING

The quarterly ending Amount Available for Spending will not be allowed to exceed fifty percent (50%) of the Total Fund Value. Unless specifically waived by the HCCF Board of Directors, any amount exceeding the fifty percent limit will be transferred into the principle of the Endowment Fund.

Adopted June 6, 2016
Amended January 3, 2017
Amended September 6, 2022