

ESTABLISHING A SCHOOL/PARISH ENDOWMENT FUND

SAMPLE CHARTER

ARTICLE I: Name

The name of the Fund shall be: The (name of school/parish) Catholic School/Parish Endowment Fund, hereafter, ("Fund").

ARTICLE II: Purpose

The purpose of the Fund shall be solely to perpetuate, partially support and uphold the (educational/*religious*) work of (name of school/parish). Any conditions imposed by the trustees of this Fund upon its interest or income shall be in conformity with this basic purpose.

It is important to be as specific as possible in defining the purpose of the fund. If it is for educational purposes for a school, may it be used for scholarship, tuition assistance, or maintenance and equipment needs of the school

ARTICLE III: DEPOSITING OF PRINCIPAL ASSETS

The trustees may deposit the principal assets of this fund in the Catholic Foundation of the Diocese of Toledo or elsewhere as they deem appropriate. The parish reports all investments to the Bishop of Toledo and to the Diocese in the annual Parish/School Financial report, which includes the detailed listing of all assets and where they are deposited.

ARTICLE IV: GOVERNANCE: TRUSTEES

If the fund is for the school the principal and pastor are ex-officio voting trustees, and if it is a parish the pastor is an ex-officio voting Trustee. The pastor shall have the power to name and/or remove the non ex-officio trustees. The minimum number of trustees shall be five (5) inclusive of the pastor and the principal of the school. The trustees shall design and implement ways to seek contributions to this fund. They determine where to invest the assets and they monitor the progress of the fund. They do not designate how the school/parish will use the interest unless donor(s) have restricted the use. The non ex-officio trustees' term of office shall be not more than one third of the initial term of the lay trustees.. After these staggered terms for the initial trustees, the usual term of office for lay trustees is three years. The presiding officer shall be chosen by a simple majority of the

trustees. The Pastor shall send the names and addresses of the initial members and future new trustees of the Board of this Fund to the Bishop of Toledo.

ARTICLE V: GOVERNANCE VOTING

Except in the case of altering the use of the interest, invading the principal of this Fund, or extinguishing this Fund, a simple majority vote of a quorum, including the pastor and the principal, (when applicable) shall be adequate to make decisions. The presiding officer shall have the power to break tie votes.

ARTICLE VI: GOVERNANCE: MEETINGS

The trustees shall meet at least once per calendar quarter to review and decide matters relating to the Fund.

ARTICLE VII: ADJUDICATION OF DISPUTES

The Bishop or his delegate shall have the authority to settle disputes regarding this Fund.

ARTICLE VIII: ALTERATION, INVASION EXTINGUISHMENT

If the trustees should find it necessary to alter the use of the interest of the Fund, invade the principal assets of the Fund, or extinguish this Fund, a unanimous decision of the trustees is mandatory, accompanied by the written permission of the Bishop, before such action may take place. If the purpose of this Fund is no longer possible in the judgment of the Bishop, this Fund may be extinguished by the Bishop, who shall indicate that fact in writing to the pastor of the above named parish/school.

ARTICLE IX: REVERSION OF THE FUND

If this Fund is extinguished, the accumulated interest and the principal assets will revert unrestrictedly to the parish of the associated school, to be used in accordance with general diocesan norms at the discretion of the pastor. If the parish is dissolved (or, if centralized schools are the object of this Fund), all the accumulated interest and the principal assets of the Fund may revert to the Diocese of Toledo, for Catholic education, at the Bishop's discretion. The Bishop will honor to the best of his ability, the recommendations of the Board for the disbursement of the fund.

ARTICLE X: NATURE AND NOTIFICATION OF DONORS

The Fund's assets are primarily derived from contributions by the public and are devoted to the above named school/parish and this fund is not a private Fund under any civil tax regulations. A copy of the charter will be given to Trustees of the Fund and members of Parish Finance and School Council/Association. Donors or other members of the parish may request a copy of the charter.

ARTICLE XI: ERECTION AND AMENDMENTS

The Fund is not officially erected until the pastor of the parish of the above named school/parish receives the Bishop's written permission of such erection. Once the documents have been completed and notarized, a copy is to be forwarded to the Bishop's office for the Diocesan file. If the trustees unanimously decide to amend this charter, such amendments will only become effective upon written agreement from the Bishop to the pastor. Amendments shall be first sent to the Director of Development.

ARTICLE XII: ANNUAL REPORTS

Annual written reports of the disposition of the fund and its activity shall be issued to the school/ parish by one of the trustees. *A copy of the report shall be provided to the Diocese.*

ARTICLE XIII: ENDOWMENT FUNDS

This procedure applies to both parish and school endowment funds. These endowment funds are assets of the parish and, as such are to be included in the parish ledgers and shown on the parish financial report to the Diocese. School endowment funds are also identified in summary format on Schedule A-1 "Elementary School Financial Data" of the annual financial report. A cemetery endowment fund should be included with other cemetery assets and reported on Schedule C of the annual financial report.

Endowment funds are generally invested in a portfolio that fluctuates in value, depending on the market. This is the case with funds invested in the Catholic Foundation (through the Diocese). These endowment funds should be shown on the books at **market value**.

(The remainder of this section is informational only and does not need to be in the actual document)

*As dividends/ interest/ capital gains are earned, whether they are reinvested or paid out from the fund to the parish/school they should be recognized as income on the books (Account # 72 or Account #552). Reinvested earnings are **non-operating** and earnings received are **operating**. If the earnings are reinvested, the cash balance of the endowment fund is debited. If the earnings are paid out*

from the fund, the cash balance of the endowment fund remains the same; however, there is a debit entry to the cash account in which the earnings are deposited.

Market value on any given day is the amount of proceeds that would be received should the investment be sold that day. When market value is greater than cost basis there is an unrealized gain and when market value is less than cost basis there is an unrealized loss. Such unrealized gains or losses should not be reflected in the parish books as income or expense; however, this information should be noted on financial statements prepared for internal parish purposes. This is a comparison of cost and market value.

At the time a sale does occur, if the proceeds are different from cost basis there is a realized gain or loss. The amount of any gain or loss realized is recorded in Account 90 – Sale of Property.

Monies received as donations to parish endowment funds are to be credited to Account 23 (church) and Account 513 (school). On the annual financial report to the diocese the broad categories of Gifts, Donations & Grants (Accounts 20 & 510) are identified as either operating income or non-operating. Endowment fund receipts should be reported under non-operating.

IN WITNESS WHEREOF, the officers of the _____
(Parish/School) have established this Endowment Fund on the date indicated below and having been approved through the Board of Trustees the signatures indicate support of the same.

Bishop of Toledo

Date: _____

Chairman, Board of Trustees

Date: _____

Pastor and Principal

Date: _____

Treasurer, Board of Trustees

Date: _____