

EVANSTON COMMUNITY FOUNDATION GIFT ACCEPTANCE POLICY

Adopted September 10, 2003; revised June 2012

I. INTRODUCTION

This document represents the first comprehensive, written statement of the gift acceptance policy of the Evanston Community Foundation (the "Foundation"). While it is assumed that this policy will change over time, it can only be altered by the Board of Directors of the Foundation. This policy is binding upon all staff, board members and volunteers.

II. GENERAL POLICIES

- A. Purpose. In keeping with its mission as a philanthropic organization, the Foundation will actively solicit gifts to further its charitable purposes and to assist donors in developing and fulfilling their charitable aspirations. The purposes for which the Foundation is organized include the receipt and acceptance of property "to be administered exclusively for charitable purposes, primarily in and for the benefit of the community of Evanston, Illinois."
- B. Protection of donors' interests. Donors shall be advised to confer with their own counsel and advisors to review the terms of their gifts. The Foundation does not provide legal or tax advice to donors or prospective donors.
- C. Authority to accept gifts. Generally, the Executive Committee of the Board of Directors of the Foundation may approve any commitment to, or agreements with, a donor. The Board of Directors must approve gifts that carry potential legal or financial liabilities for the Foundation. The Board may authorize the President & CEO to accept gifts that meet certain criteria as detailed elsewhere in these policies. Policies relating to specific types of funds are attached as appendices.
- D. Criteria for gift acceptance. While this policy describes the types of gifts that can be accepted by the Foundation, the Foundation reserves the right to accept or reject any gift. In reviewing proposed gifts to the Foundation, the staff and Board will consider the following criteria:
 - Consistency with the purposes and mission of the Foundation
 - The charitable intent of the donor
 - The nature of any restrictions
 - The permanence of the gift or, in the case of a nonpermanent fund or gift, the amount of time the assets will remain with the Foundation and the purpose served
 - Projected costs of managing the asset

- Potential fee revenues to the Foundation for administering the gift
 - In the case of illiquid assets, special attention will be paid to ensure the potential charitable benefit to the Foundation will exceed both the cost of due diligence to evaluate whether or not to accept them and the cost of holding/managing such assets. Refer to G. 2 & 3 below for approval levels necessary to accept illiquid assets.
- E. Compliance with IRS regulations. It is the responsibility of the President & CEO to ensure compliance with all IRS regulations regarding charitable contributions. If the value of a gift other than cash or marketable securities exceeds \$5,000, the donor must have a qualified appraisal performed and submitted to the IRS on Form 8283. If such gifts are sold within two years of receipt at a price other than the appraised value, Form 8282 must be filed by the Foundation
- F. Ethical standards and conflicts of interest. Solicitations for gifts shall be made in accordance with ethical business and fundraising practices, including those of the Association of Fundraising Professionals. No Foundation board member or staff member shall benefit personally in any way in connection with the solicitation or acceptance of gifts for the Foundation.
- G. Types of gifts accepted
1. Gifts that may be accepted by the President & CEO
 - Cash and cash equivalents such as checks and credit card donations
 - Marketable securities such as stocks and bonds
 - Personal property for use in the Foundation office or programs
 - Personal property that is readily marketable such as an automobile
 2. Gifts requiring Executive Committee approval
 - Tangible personal property that is not readily marketable
 - Life insurance policies
 - Retained life tenancy in a residence, ranch or farm
 - Nonmarketable or restricted securities
 - Arrangements where the donor receives fees (e.g., royalties or other payments) from the Foundation
 - Accounts receivable
 3. Gifts requiring approval of the Board of Directors with the advice of legal counsel
 - Real estate
 - Partnership or limited liability company (LLC) interests
 - S corporation stock (as defined under the Internal Revenue Code)
 - All other illiquid assets not specifically described above

III. TYPES OF GIFTS

- A. Cash. The Foundation accepts cash, checks, or money orders made payable to the Foundation or any of its restricted funds.
- B. Marketable securities. The Foundation will accept contributions of marketable securities. The Foundation reserves the right to make all decisions regarding the sale or retention of securities in consultation with its financial advisers. The general policy of the Foundation is to convert all gifts to cash as soon as possible. Please refer to section I, below, for special rules regarding gifts of stock or interests in a business enterprise received by a Donor Advised Fund.
- C. Tangible personal property. The donor shall be advised whether the gift will be retained and used by the Foundation, transferred to an affiliated nonprofit organization or sold.
- D. Life insurance policies. The Foundation will accept gifts of permanent life insurance policies only if the Foundation is named as owner of, or is assigned ownership in, such policies and the Foundation is named as a beneficiary. Policies which have ongoing premium obligations will be maintained by the Foundation so long as gifts are made to the Foundation in the amount of the premium obligations (less any dividends used to offset premiums). Should such gifts not be made, the Foundation may, on the approval of the Executive Committee, elect to:
- have the Foundation continue the premium payments;
 - surrender the policy in exchange for its cash surrender value; or
 - take those actions deemed necessary or advisable to sustain the policy without further outlay of Foundation funds for premium payments or to sell the policy.

The Executive Committee may retain the services of a life insurance expert to review possible actions pertaining to a policy. The Foundation discourages contributions of life insurance policies subject to policy loans. The Foundation reserves the right to accept or reject these policies as well as those subject to assignments to other entities.

- E. Gifts naming multiple beneficiaries. From time-to-time, donors may wish to designate multiple beneficiaries of the proceeds from their life insurance policies, IRAs, other qualified retirement plans, pooled income funds, gift annuities, or other forms of gifts to the Foundation. The Foundation encourages the naming of all intended beneficiaries on the applicable instrument. However, if the Foundation is selected as the sole beneficiary and is then requested to distribute funds to other organizations, the following guidelines shall apply.

1. The Executive Committee will take into consideration the amount of the total gift, the amount designated to the Foundation (both discretionary and restricted), the added value to the community, and in the case of life insurance policies, whether or not the premiums are paid up. If a policy beneficiary/distributee designation is to be changed to a charitable organization other than the Foundation, the Foundation shall consider the charitable intentions of the donor. It is understood, however, that a donor's recommendations in this regard are advisory and that the Foundation, as owner of the policy, retains exclusive authority to direct the death benefits, determine the maturity, and surrender proceeds of the policy.
 2. In those instances where the Foundation becomes the sole owner of a donor's life insurance policy, the Foundation subsequently has the exclusive right to change the beneficiary/distributee designations. The Foundation can then name the Foundation or other charitable organizations as beneficiaries. These other organizations must qualify under Section 501(c)(3) of the Internal Revenue Code and under Sections 509(a)(1) or 509(a)(2) of the Internal Revenue Code.
- F. Accounts receivable. The Foundation will consider gifts of loans, unsecured or secured, subject to review and approval by the Executive Committee. If secured, or in any instance where the gift could create liabilities for the Foundation, the Executive Committee shall seek advice of counsel.
- G. Real property. The Foundation will accept gifts of any interest in real property. For purposes of this policy an interest in real property shall have the same meaning as that under Illinois law. The Foundation will only accept an interest in real property with the approval of the Board of Directors upon the advice of counsel.

Before accepting any gift of real property, the Foundation shall perform a due diligence review of the property, including a title search and a Phase I environmental review. In lieu of a Phase I environmental review, the Foundation may purchase environmental insurance. The Foundation anticipates that in most instances it will sell rather than retain the property. Any expenses associated with the transfer of property to the Foundation or any due diligence review shall be paid from the proceeds of the sale of the property or must be borne by the donor.

- H. Stock in privately-owned companies, partnerships and sole proprietorships. Donors wishing to make a gift of an interest in a sole proprietorship, partnership or LLC, or of stock in a closely-held corporation or an S corporation must have the interest valued by a qualified independent accountant or appraiser. The Foundation's counsel must review all potential donations of closely held or S corporation stock, sole proprietorship or partnership interests, or LLC interests.

The acceptability of such gifts will depend on the ultimate financial liability of the Foundation, the degree of management attention required with respect to the interest,

whether the gift is a minority or majority interest, and whether the donor requires that the interest not be sold. Consideration will be given to whether the S corporation stock, sole proprietorship, partnership or LLC interest generates unrelated business taxable income, whether there is corresponding revenue to pay such taxes, the nature of the business, any recordkeeping and accounting requirements, and how quickly the gift can be converted to cash. If it is immediately marketable, the interest will be sold by the Foundation. Otherwise, the interest will be held by the Foundation until it may be redeemed or sold for cash.

Special consideration of excess business holdings rules will be undertaken in circumstances involving gifts to Donor Advised Funds. (Refer to Section I below)

Generally, the Foundation does not accept gifts of general partnership interests due to the unlimited liability of serving as a general partner.

- I. **Excess Business Holdings Rules for Donor Advised Funds.** Special Rules apply to gifts of stock or interests in a business enterprise received by Donor Advised Funds. Under the Pension Protection Act of 2006, the private foundation excess business holdings rule applies to Donor Advised Funds as if they were private foundations. The holdings of a donor advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to a particular fund, may not exceed any of the following:
 - 20% of the voting stock of an incorporated business
 - 20% of the profits interest in a partnership or joint venture or the beneficial interest of a trust or similar entity
 - Any interest in a sole proprietorship

Donor Advised Funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury.

IV. FUND OPTIONS

- A. **Unrestricted funds.** Unrestricted funds are gifts to the Foundation that the Board may use without restriction to further the mission and purposes of the Foundation.
- B. **Field of Interest Fund.** A Field of Interest Fund is an endowed fund established by the Foundation, or established under an agreement between a donor and the Foundation, to support charitable organizations and programs in one or more fields designated by the Foundation or as agreed to between the donor and the Foundation. Acceptable fields are those which are consistent with the mission and purposes of the Foundation. The Foundation may solicit additional contributions to Field of Interest Funds. (See Appendix 1.)

- C. Donor Advised Fund. A Donor Advised Fund is an endowed fund established under an agreement between a donor and the Foundation with an irrevocable gift to the Foundation for charitable goals consistent with the mission and purposes of the Foundation. Distributions may be made from the fund to selected charitable organizations as recommended by the donor and approved by the Board. (See Appendix 2.)
- D. Donor Designated Fund. A Donor Designated Fund is an endowed fund established under an agreement between a donor and the Foundation by an irrevocable gift to the Foundation for charitable goals consistent with the mission and purposes of the Foundation. Distributions may be made to one or more charitable organizations identified by the donor at the time the fund is created. (See Appendix 3.)
- E. Agency Endowment Fund. An Agency Endowment Fund is an endowed fund established under an agreement between the Foundation and another charitable organization for the benefit of that agency. (See Appendix 4.)
- F. Scholarship Fund. A Scholarship Fund is an endowed fund dedicated to providing grants for educational purposes. At this time, the Foundation has elected not to administer scholarship programs directly; rather, it invests funds for, and makes distributions to, organizations and institutions that select scholarship recipients in accord with agreed upon criteria.
- G. Pass-through funds. The Foundation accepts pass-through funds for other organizations whose charitable goals are consistent with the mission and purposes of the Foundation. Such funds are subject to an allocation of investment expenses and the payment of an annual fee, as agreed to with the contributing organization. The annual fee shall be at least \$500 and not less than 0.5% of the amount received.
- H. Supporting Foundations. A Supporting Foundation is a separately created corporation or trust that may receive charitable contributions but that obtains its beneficial tax status by affiliating with a charity such as the Foundation. A Supporting Foundation must submit an application to the IRS for tax exempt status. The establishment of a Supporting Foundation requires the approval of the Board upon advice of counsel.

V. **POLICIES GOVERNING AGREEMENTS WITH DONORS**

- A. Establishment of fund. A fund is established by agreement between a donor (or donors) and the Foundation in connection with a donation of assets to the Foundation to further the donor's charitable goals and the charitable purposes of the Foundation. Specific requirements regarding the establishment and operation of the various types of funds are described in the appendices.

The Board (or such officers, employees or committees of the Foundation as the Board may authorize from time to time) may accept contributions to establish or add to a fund at the Foundation. A donor may not impose any material restriction or condition that prevents the Foundation from freely and effectively employing the contributed assets, or the income derived therefrom, in furtherance of the charitable purposes of the Foundation without the approval of the Board, or such officers, employees, or committees it has authorized to act on its behalf.

Each fund shall be the property of the Foundation. The Foundation shall have the ultimate authority over, and control of, all property in the fund, and the income derived thereon, for the charitable purposes of the Foundation. Each fund shall be recorded on the books of the Foundation as a separate fund and shall have a name mutually acceptable to the donor and the Foundation. Any exceptions to these policies require the approval of the Board.

B. Procedures to Establish Funds

1. Preliminary Discussion with Potential Donor. When a potential donor expresses an interest in establishing a Fund, Foundation staff will ascertain the donor's wishes and objectives and will acquaint the donor with the Foundation's current policies and procedures, including the requirements to establish a Fund.
2. Approval in Concept. If a potential donor wishes to proceed with the establishment of a Fund, staff will consult with the Board Chair about the purposes and proposed structure of the Fund. The Chair may authorize the President & CEO to proceed with the drafting of an agreement or may consult with the Executive Committee. Such consultation may not be needed when:
 - the proposed fund will adhere to the Foundation's spending policy;
 - the fund will be invested in existing endowment pools in effect from time to time;
 - the donor's anticipated use of the principal of the fund is in keeping with established precedents;
 - the fund's purposes are consistent with the Foundation's mission and charitable purposes; and
 - the donor demonstrates a clear charitable intent.
3. Board approval and authorization. If the Board Chair determines that Board approval is required, and in situations where Board approval is required by these policies, staff will prepare a draft agreement for review and approval by the Executive Committee (or by the Board Chair acting on its behalf) and subsequent

submission to the Board. If the Board approves the creation of the fund, it will authorize an officer of the Foundation or the President & CEO to sign the agreement and accept the donation on behalf of the Foundation. (If the agreement calls for the contribution to be paid in installments, this authorization shall cover acceptance of the remaining installments.)

- C. Additional contributions. Any donor may make additional contributions to an established fund without a new agreement. Such contributions may be made via check payable to the Foundation and designated for a particular fund.

Organizations or individuals wishing to undertake a fundraising event, solicitation or project of any kind to benefit a fund with the Foundation must first consult with Foundation staff about their plans. Types of events/activities and general guidelines include the following:

1. Proceeds from an event/solicitation sponsored by a 501(c)(3) organization. An organization with its own 501(c)(3) designation from the IRS sponsors the event and deposits the proceeds into its fund with the Foundation. The organization issues its own acknowledgment letters, and the donors receive a charitable deduction for their gifts because the sponsoring organization has its own charitable tax status.
2. Proceeds from an event/solicitation for which donors are not offered a tax deduction. The net income from the event/solicitation is forwarded to the Foundation and designated for a particular fund. The Foundation has neither endorsed the activity nor been involved in its planning or execution. The Foundation does not acknowledge the individual contributions, and no one receives a charitable deduction for participating in the event. Any published material related to the event should include the following wording: "The net proceeds from this event will be contributed to the XYZ Fund of the Evanston Community Foundation."
3. Proceeds from an event/solicitation for which the individual contributions are acknowledged by the Foundation. If organizers of an event wish to use the Foundation's tax status to offer donors a charitable deduction for their participation, detailed guidelines will apply covering such areas as liability insurance and solicitation disclosures.
4. Applications for funding from other foundations and/or from government agencies. Organizations or individuals wishing to seek funding from other foundations and/or from government agencies must first clear their plans with the Foundation.

- D. Investment of assets. The Foundation has the responsibility and authority for the investment of the assets of each fund. The assets of any fund may be commingled with those of other funds of the Foundation for investment purposes

Decisions with respect to the retention, investment, or reinvestment of assets or commingling of assets shall be made by the Board upon the recommendation of its Investment Committee, or by a committee or agent authorized by the Board, in accordance with the Foundation's investment policies.

The Foundation's Investment Committee shall review the investment of each fund at least annually to determine if the asset allocation is appropriate for the purposes of the fund.

- E. Distributions. Distributions shall be made in accordance with the agreement between the donor and the Foundation. The Foundation may not be legally bound by any pledge made by a donor to third parties unless it agrees otherwise.
- F. Expenses and Management. There shall be an annual administrative fee for each fund based on the specific fee negotiated with a donor or the current fee policies of the Foundation. In addition, every fund shall pay its proportionate share of the investment fees charged by the Foundation's professional money managers and other direct expenses incurred for maintenance of endowment funds (e.g., audit and accounting expenses allocated to administration of the funds), based upon the ratio of fund assets to total Foundation investments. These administrative and investment fees will range between 1-3% of assets.
- G. Notification to Grantee as to Source of Distributions. Unless otherwise requested by the donor of a fund, any distributions shall identify the name of the fund from which the distribution was made.

VI. DONOR RECOGNITION AND NAMING OPPORTUNITIES

- A. Recognition for annual gifts. All contributions shall be recognized in the Annual Report and other publications issued from time to time. When contributions are solicited, individuals will be told that their names will be published unless they request anonymity.

Underwriting for special events or publications shall be recognized in appropriate program publications and invitations.

A number of giving recognition levels will be established to promote giving of increased amounts, and annual recognition practices will be determined. Anonymous donors shall be listed as "anonymous" in the section of the donor recognition list that corresponds to their giving level.

- B. Recognition for gifts of \$10,000 or more, including planned gifts. Donors of at least \$10,000 in a single gift or pledge may establish a named fund.
- C. Types of gifts recognized. These include gifts of cash, checks, and credit card donations, readily marketable securities, real estate (once approved), and irrevocable planned gifts including those in the form of a trust, life estate, or gift annuity.

Gifts of life insurance will be recognized at cash value until maturity of the policy, unless the Foundation and donor have entered into an irrevocable agreement that insures future payment of premiums. Gifts of personal property or securities not readily marketable will be recognized at the amount netted from the sale of the property. Should the Foundation elect not to sell personal property or securities for any reason, recognition will be given at the appraised value when the gift is accompanied by an independent expert appraisal.

Planned gifts that do not designate the Foundation as the irrevocable beneficiary shall not be recognized at a particular dollar value until the actual assets are received. Donors who notify the Foundation that it is named as a beneficiary in their will or estate plan will be named members of the Foundation’s Burnham Society.

- D. Naming opportunities. The Foundation shall offer opportunities for donors to name facilities should the Board determine that circumstances warrant it (e.g., purchase of a building, signing of a long-term lease, signing of a contract for significant renovation). Naming opportunities will be offered to donors who contribute at least 50% of the cost of construction and equipment for new facilities or at least 25% for costs associated with an existing facility.
- E. Recognition levels. Annual recognition of single gifts shall be given as detailed below. Additional recognition for cumulative giving shall begin at the \$5,000 level.

<u>Gift size</u>	<u>Name</u>	<u>Recognition</u>
\$1-99	Contributor	Annual report listing
\$100-499	Friend	Annual report listing
\$500-999	Supporter	Annual report listing
\$1,000-4,999	Founders Society	Annual report listing <i>NB: \$1000+ donors were formally recognized by the Board in early years as “Founders”</i>

\$5,000-9,999	Chair's Council	Annual report listing <i>Donors at the Chair's Council and higher levels to be invited to special annual event by chair</i>
\$10,000-99,999	Foundation Partners	Annual report listing <i>Naming opportunities begin Cumulative gift totals recognized in pertinent publications</i>
\$100,000-199,999	Leadership Circle	Annual report listing
\$200,000+	Beacon Society	Annual report listing <i>When appropriate, special "Evanstonian" recognition could be given for extraordinary gifts above this level and/or to recognize cumulative giving</i>
Bequests	Burnham Circle	Annual report listing and other recognition TBD

Appendix 1: Field of Interest Funds

Field of Interest Funds must further charitable goals consistent with the mission and purposes of the Foundation. The minimum amount to establish a Field of Interest Fund is \$10,000. As a general rule, grants may be made from a Field of Interest Fund when its assets attain \$20,000. The Board may determine that urgent community needs would be served by small grants from funds of less than \$20,000, so long as a minimum \$10,000 fund balance is maintained.

Field of Interest Funds: Student Aid: Scholarships and loans may be restricted by the donor with regard to field of study, institution of study, residency of student, academic performance, financial need, community service activities, or other easily measured restrictions.

Appendix 2: Donor Advised Funds

Donor Advised Funds must further charitable goals consistent with the mission and purposes of the Foundation. Unless otherwise agreed to by the Board at the time a fund is created, the minimum amount to establish a Donor Advised Fund is \$10,000. Please refer to Section III for types of gifts accepted by the Foundation; Section III subsection I, on preceding page 5, identifies special rules applicable to Donor Advised Funds.

Designated Advisors The privilege of making recommendations for distributions from a Fund shall be extended to donors and their designees, subject to the following limitations:

- Ordinarily, if an individual establishes an advised fund, the privilege of making recommendations is limited to the donor and his or her designee, as specified in the fund agreement. Unless otherwise specified in the agreement, recommendations may be made by them separately or jointly. Such privilege of a donor or a donor's designee will be continuous with the existence of the fund unless terminated by a) death, b) written notice to the Foundation of resignation and release, or c) a finding by the Foundation that the donor or advisor is not available or is incompetent to exercise the privilege.
- An individual donor may designate in the instrument establishing a fund a person or persons other than, or in addition to, himself or herself and his or her designee to exercise the privilege of making recommendations.
- A corporate donor or other non-individual donor will have the privilege of making recommendations for a period to be agreed upon at the time of the establishment of the Fund. Such corporation, or other non-individual donor, or those acting on its behalf, shall designate one person to submit the recommendations of the corporation or other non-individual donor to the Foundation.

Continuity of Funds Upon the termination, by death or otherwise, of the privilege of making recommendations that have been extended to a donor, or to any additional designee named by the donor, the fund shall continue to be used for grants within one of the Foundation's stated fields of interest or may be merged into the Foundation's unrestricted endowment in accord with the donor's wishes when the fund is established or in keeping with policies regarding minimum fund size.

Recommendations by a Donor Donors shall recommend distributions from an advised fund in writing.

Staff Recommendation on Distributions Following receipt of the donor's recommendations, Foundation staff will review each proposed grantee to determine that it is in accord with the Foundation's established purposes and policies, that each proposed beneficiary is not a private foundation under Section 509 of the Internal Revenue Code, and that each meets the Foundation's normal standards for acceptable grant recipients. The staff's findings and recommendations will be compiled into a report for the Board.

Appendix 2: Donor Advised Funds, continued

If it is determined that the donor's recommendations are not consistent with the charitable purposes of the Foundation, the donor shall be advised that alternative recommendations must be made.

Donors are requested to consider their recommendations judiciously so as not to create an undue burden on the Foundation's staff. No minimum grant size is required; however, the Board reserves the right to institute a minimum grant amount for any fund.

Board Action. The Board shall act upon all staff reports and shall allocate grants from advised funds in accordance with its guidelines and policies. Grants shall be made no more frequently than quarterly.

Appendix 3: Donor Designated Funds

The mission of any beneficiary designated by a donor under a Donor Designated Fund must be consistent with the charitable goals of the Foundation. The minimum amount to establish a Donor Designated Fund is \$10,000. This minimum may be modified with approval of the Board.

Donors are requested to consider their recommendations for distributions judiciously so as not to create an undue burden on the Foundation's staff. No minimum grant size is required; however, the Board reserves the right to institute a minimum grant amount for any fund.

Termination of Existence or Change in Mission of Beneficiary In the event that the legal existence of a beneficiary designated by the donor shall terminate or its mission change to a degree that it no longer meets the original intent of the donor, distributions from the Fund shall be made to the successor beneficiary named in the agreement, if any, or if no such beneficiary has been named, the Foundation shall identify another organization or organizations similar in mission to the previously designated beneficiary to receive distributions.

Annual Beneficiary Review The staff shall review the beneficiary (or beneficiaries) of the Fund annually and determine whether each beneficiary's activities continue to be in accord with the Foundation's policies and standards for grant recipients. Staff will provide a brief written report for the Executive Committee noting any significant deviation in a beneficiary's purposes or activities. The Foundation, through its variance powers, may elect, either temporarily or permanently, to designate a new beneficiary if the designated beneficiary has significantly deviated from the purposes or activities it pursued at the time the fund was established.

Appendix 4: Agency Endowment Funds

The mission of any agency establishing an Agency Endowment Fund must be consistent with the charitable goals of the Foundation. The minimum amount to establish an agency endowment fund is \$10,000.

Distributions may be made for unrestricted support, or may be restricted to an existing program or fund within an organization. The Foundation reserves the right to remove or modify any restrictions if warranted by a change or termination of the specified fund or program.

The agreement establishing the fund will make provision for the distribution of fund assets in the event that the legal existence of a beneficiary of any Agency Endowment Fund should terminate.

Revocation of Endowment Fund In the event that the board of directors of a beneficiary determines that, due to an unforeseen emergency, the organization's future existence is jeopardized due to lack of funds or in the event some other significant need arises, that organization's board may petition the Foundation to receive some or all of the principal of a fund.

- A. The Board of Directors of the organization must submit a formal request for the withdrawal of funds from the Agency Endowment Fund.
- B. Only the original principal and any additional gifts received directly from the organization and its *pro rata* earnings (less distributions which have already been made) are subject to withdrawal.
- C. Any principal and allocable earnings in the Agency Endowment Fund received by the Foundation directly from anyone other than the organization are not subject to withdrawal.

Annual Agency Review The staff shall review the organization annually and determine whether its activities continue to be in accord with the Foundation's policies and standards for grant recipients. The staff will provide a brief written report for the Executive Committee noting any significant deviation in activities.