

YSCF Endowment Policy

An endowment is a fund whose principal is required to remain intact and invested to create a source of income. It is created to provide yearly earnings (minus expenses) from a donation, and subsequent additional donations, to a beneficiary organization. The Yellow Springs Community Foundation (YSCF) is privileged to administer a current total of 29 endowment funds with an aggregate value of approximately \$1.5 million.

Endowment funds are the property of the Foundation. They provide long term support for the designated beneficiary(ies) and security to the donor(s) that comes from professional investment practices and disbursal policies and practices.

Our endowment fund policies are:

- 1) The minimum to establish an endowment fund is \$10,000. The exceptions are scholarships or award endowments, or when there is a reasonable expectation that fundraising will yield \$10,000 within a designated number of years.
- 2) Disbursements from the endowment can be made only to an organization recognized as tax deductible by the IRS (a 501 (c) (3) organization). The exception is a scholarship recipient.
- 3) The endowment agreement must specify a disbursement schedule as well as any tests required for disbursal of funds. We suggest that the terms of the endowment include that a percent of earnings be added to the corpus (principal) of the endowment to offset inflation.
- 4) Should the beneficiary organization cease to exist or, in the judgment of the YSCF Trustees, no longer serve the purpose for which the endowment was established, every effort will be made to use the funds to benefit the causes noted in the endowment document. At that point, the corpus of the endowment will be transferred the foundation's general endowment or another suitable endowment so the income from that fund will be used to benefit the area of interest or endeavor for which the original endowment was created.
- 5) An administrative charge of 1% per annum of the value of the fund will be paid from the income earned, on a quarterly basis, to cover the costs of trust and investment services. For endowments in excess of \$1 million, the administrative fee is reduced.