ENDOWMENT POLICY

1 POLICY

The Community Foundation for Cecil County (CCFC) will accept donations to be invested as endowments to support its mission to provide opportunities for Cecil County nonprofits to establish endowments and CFCC's long-term grant making abilities.

2 AMENDMENTS:

Approved: 3/3/2026
Approved: 12/9/2025

3 ORIGINAL APPROVAL DATE: 11/6/25

4 PROCEDURES:

Definition of Terms –

Income – A portion of the Total Return that includes, but is not limited to, interest, dividends, capital gain distributions, realized and unrealized gains and losses.

Endowment – An endowment is an established fund of cash, securities or other assets invested to provide long term funding for a specific purpose. Endowments are restricted funds and are governed by an endowment agreement.

Types of Endowment Funds

- General Endowment – Intended to be for the long-term support of CFCC. The Board of Directors of CFCC will determine the distribution of income from the General Endowment to further the mission of CFCC, including operating expenses.

- Donor Endowment – Donors or nonprofits are provided with the opportunity to permanently name an endowment fund if it meets the minimum contribution required by CFCC. Income from the endowment is distributed based on instructions in the Nonprofit Agency or Donor Endowment Fund Agreements and the CFCC Spending Policy.

Board Approval – This policy was adopted by CFCC's Board of Trustees. Future modification, if any, requires the approval of the Board of Trustees.

Operation of the Endowment – Except as modified by the terms in this document, CFCC's endowments will be managed and operated in accordance with the Uniform Prudent Management of Institutional Funds Act (Md. Code Ann., Est. & Trusts 15-301-311), hereinafter referred to as "UPMIFA", as adopted and in effect in the State of Maryland.

Minimum - The minimum amount to establish a Donor or Nonprofit Agency Endowment is $50,000.

Designation – Unless a donor establishes a Donor Endowment, contributions are received as contributions to the General Endowment.

Variance Power – The Board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organization if in the sole judgment of the Board, such restriction or condition becomes obsolete, illegal, incapable of fulfillment or inconsistent with the charitable needs of the receiving nonprofits.

Investment of Endowment – The Endowment funds will be invested in accordance with CFCC's Investment Policy Statement.

Distributions - Distributions from any Endowment shall be made in accordance with CFCC's Spending Policy and the Investment Policy Statement.

Approval of Distributions – The Board of Trustees will approve distributions of each endowment fund on an annual basis as part of its annual budget process. Such distributions will be consistent with the terms of this Endowment Policy, CFCC's Spending Policy and the relevant gift document.

Reporting - CFCC shall produce and publish a report for the Endowment(s) at least annually. This report shall be presented to the Board of Directors and maintained as part of the permanent records of the organization.

Fees – See Fund Fees for Administrative Purposes Policy which covers administrative, investment and other expenses.

Trust Termination – In the event of liquidation or dissolution of the CFCC, whether voluntary or involuntary, no Board member shall be entitled to any distribution or division of its remaining assets or other property received by the CFCC from any source.

After payment of all debts and obligations of the CFCC, the assets of the organization shall be distributed for one or more exempt purposes within the meaning of Section 501 (c) (3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

5 RESPONSIBILITIES

Compliance, monitoring and review
The Foundation Board of Directors, through its President, shall be responsible for adherence to this policy and its attendant procedures

Records management
The Foundation shall maintain the records of all endowments and the attendant restrictions or covenants associated with the endowment in the permanent records.

6 RELATED LEGISLATION AND DOCUMENTS

The Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective on **April 14, 2009**, when it was approved by the Governor as an emergency measure. This new act replaced the earlier Uniform Management of Institutional Funds Act (UMIFA) in Maryland, which had been enacted in 1973.