

# Appendix IV: United Jewish Foundation Philanthropic Funds Policies and Procedures

## The Federated Endowment Fund

Jewish Federation of Metropolitan Detroit/United Jewish Foundation of Metropolitan Detroit

### SEC. 1. ESTABLISHMENT AND PURPOSE

- 1.1 Authorization. The Jewish Federation of Metropolitan Detroit and the United Jewish Foundation of Metropolitan Detroit, non-profit Corporations (hereinafter referred to as "Federation") have authorized the establishment of Philanthropic Funds as component funds of the Federation and have authorized the Chief Executive Officer and the Grants & Distributions Committee to provide all needed rules, procedures and policies for the establishment and administration of such Funds, subject to the authority of the Board of Directors.

Procedures. These procedures are prescribed by the Grants & Distribution Committee, with the approval of the Board of Directors. The procedures set forth herein are subject to change by the Federation from time to time with respect to existing and future funds.

- 1.2 Establishment of Funds. Philanthropic Funds may be established by the donation or transfer by a person (hereinafter "Donor") to, and acceptance by, the Federation of money or property, whether by contribution, devise or by transfer from a charitable or other organization (hereinafter "contribution"), to further carry out the purposes of the Federation, as set forth in its Articles of Incorporation. Philanthropic Funds are and shall be administered as part of the Endowment Funds of the Federation. However, the procedures set forth herein are provided in recognition of a particular purpose of Philanthropic Funds, which is to develop interests and activities of the Federation by a wide range of living donors. The establishment of Philanthropic Funds is designed as a means of broadening the base of endowment support, encouraging meaningful interchange of ideas by donors in the Federation's philanthropic interests and to provide funds to supplement and extend the programs and interests of the Federation in serving its charitable, educational, cultural and religious purposes (which purposes are hereinafter referred to as "charitable") and shall encompass only charitable purposes as defined in sections 170 (c) (1) (2) of the Internal Revenue Code.
- 1.3 Nature and Terms of Funds. Each Philanthropic Fund shall be the property of the Federation held in its normal corporate capacity, not as a trust fund held by the Federation as a trustee. Each Fund shall be recorded on the books and records of the Federation as an identifiable or separate fund and may be given a name as requested by the Donor.
- 1.4 Designated Funds. In establishing a Fund, the Donor may recommend the use of the income or assets of the Fund for the benefit of or in the furtherance of the purposes of one or more specified charitable organizations (described in IRC section 509 (a) (1), (2) or (3)) where such use is consistent with the purposes of the Federation. Distributions from such a Fund will be made for the purposes so designated. Such a Fund is subject to the authorization of the Federation to modify any restriction or condition on distributions if, in the sole judgment of the Federation, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the Federation's charitable purposes.
- 1.5 Forms. The Chief Executive Officer of the Federation is authorized to provide forms for the establishment of and additions to Philanthropic Funds and such other forms as are necessary or desirable for the administration of Philanthropic Funds in accordance with these procedures.

## **SEC. 2. ACCEPTANCE OF FUNDS**

- 2.1 **Authorization.** The Chief Executive Officer or the Chief Financial Officer of the Federation (or such additional officers or employees of the Federation as may from time to time be authorized) shall have the authority to accept, on behalf of the Federation, contributions to establish or add to a Philanthropic Fund. However, if any assets proposed to be contributed are not in the sole judgment of Federation readily marketable or are subject to liabilities, the Chief Executive Officer and one other officer of the Federation, acting jointly, shall have authority to accept or reject the assets proposed to be included in a Philanthropic Fund. The Federation will not certify to a Donor the value of a contribution of property. A Donor may not impose any material restriction or condition that prevents the Federation from freely and effectively using the contributed assets, or the income derived therefrom, in furtherance of the charitable purposes of the Federation.
- 2.2 **Minimum Fund Balance.** A minimum amount of \$5,000 is established as a prerequisite for creation of a Philanthropic Fund. Any fund with a balance of less than \$100 will be terminated by transfer of the remaining assets thereof to the United Jewish Foundation.

## **SEC. 3. INVESTMENT OF FUND ASSETS**

- 3.1 **Responsibility.** The Federation has the responsibility and authority for the investment of the assets of each Philanthropic Fund. At the discretion of the Federation, the assets of any Fund may be retained, invested and reinvested as a separate unit for investment purposes, commingled with those of other Philanthropic or Endowment Funds, or invested in units of a common investment fund.

## **SEC. 4. DISTRIBUTIONS FROM THE FUND**

- 4.1 **In General.** The Federation shall monitor all distributions of income or principal of Philanthropic Funds. The Donor of a Philanthropic Fund (or his/her designee, as permitted in Section 4.2 below) may recommend to the Federation the making of distributions from the Fund which are consistent with the specific charitable needs most deserving of support by the Federation. Such recommendations will be solely advisory and the Federation is not bound by them.
- 4.2 **Donor and Designee(s) Accorded the Privilege of Making Recommendations.** The privilege of making recommendations (as described in Section 4.1 above) shall be extended to Donor and their designee(s) at a Donor's request. A Philanthropic Fund can be advised by persons representing up to two generations – the Donor and the next generation. At such time as there are no remaining donor advisors, the Fund's balance is paid to the Jewish Federation of Metropolitan Detroit. For convenience hereinafter, the term Donor will include and shall apply to all persons having the privilege of making recommendations.
- 4.3 **Limitations.** The following limitations apply to all distributions from Philanthropic Funds:
- 4.31 The minimum amount of any one distribution from a Philanthropic Fund shall be \$250.
- 4.32 The Federation, as a public charity, will not make any distribution from a Philanthropic Fund except as a distribution from the Federation for its charitable purposes. No such distribution may be used to discharge or satisfy a legally enforceable pledge or obligation of any person (such as membership fees or contributions from which the Donor receives any personal benefit).
- 4.33 Unless otherwise agreed in advance, any pledge entered into after the establishment of a Philanthropic Fund, to the Federation or its constituent agencies, shall constitute a request to distribute the amount thereof from the Fund to Federation. If the amount of the pledge is larger than the amount of the Fund, the excess shall constitute a legally binding pledge.

- 4.34 At the death of the Donor, in the event there are outstanding unpaid obligations to Federation, including Federation's Annual Campaign or any Federation constituent agency, Federation may first use any remaining Fund balance to satisfy any unpaid obligations to Federation and thereafter to Federation's constituent agencies.
- 4.4 Procedure.
- 4.41 Recommendation by Donor. A donor may make recommendations with respect to distributions from a Philanthropic Fund. Donor recommendations must be submitted in writing or electronically.
- 4.42 Staff Investigation. With respect to each recommendation by a Donor, the Federation will make an initial determination of whether the recommended entity is a valid 501(c) (3) organization.
- 4.43 Authorization Procedure. The Grants & Distributions Committee shall consider the allocation of funds from the Philanthropic Fund to the recipient charitable organization(s) for approval or other appropriate action.
- 4.5 Notification to Grantee as to Source of Distribution. Any distributions from a Philanthropic Fund, unless otherwise requested by the Donor of the Fund, shall identify to the grantee organization the name of the Fund from which the distribution is made.