

MBSI ENDOWMENT FUNDS

Procedural Guidelines

March 1, 2002

Section 1. Purpose of the fund. In keeping with the original 1990 resolution, the fund is to be used for any purpose deemed appropriate by the Board of Trustees. The trustees may initiate disbursements solely at their discretion or after considering recommendations from any person or committee.

Section 2. Available funds. Only a portion of the income earned shall be available for disbursement; the principal is to remain inviolable except in the event of a financial crisis.

Section 3. Financial crisis. Upon recommendation by a vote of 2/3 of the Board of Trustees and subsequent approval of 2/3 of the members voting at a duly constituted Annual Meeting or by mail, the principal may be used to satisfy any financial crisis of the Society.

Section 4. Portion of income available for expenditures. No more than 2/3 of the unused cumulative income already earned shall be available for expenditures. The amount available at any point in time shall be:
(\$6067.83 + cumulative net income earned after 12/31/00) X 2/3 – (previous project expenditures).
See attached spreadsheet example showing 5 years of earnings and expenditures.

Section 5. Beginning balance. The balance available for authorized expenditure shall be 2/3 of the amount shown on the December 31, 2000 operating statements (\$6,067.83) plus 2/3 of additional income earned from that date forward.

Section 6. Authority to use available funds. A vote of 2/3 of the trustees present at a duly constituted meeting is required in order to use any of the available earned income.

Section 7. Governing body. The governing board or body and holders of the Endowment Fund Trust Estate is declared to be the Board of Trustees.

Section 8. Fund separation. Endowment Fund balances shall be invested separately and NOT co-mingled with other MBSI funds.

Section 9. Acceptable investments. Endowment funds are to be invested by the MBSI Treasurer only in insured money market funds and FDIC insured Certificates of Deposit.

Section 10. Fund reporting. The MBSI Treasurer or Chairperson of the Endowment Fund Committee shall prepare an annual report showing the current balance, investment results, and funds available for use as of the close of the most recent fiscal year.

Section 11. Procedure Updates. After the Endowment Fund balance reaches \$250,000, all policies and rules (with the exception of principal being inviolable except for financial crisis) will be subject to review and modification by the then existing Board of Trustees.

Section 12. Fund Committee. The Endowment Fund Committee is defined in the Trust Declaration. It should become a permanent committee when the MBSI bylaws are next revised. The purpose of the committee shall be to administer the fund, promote contributions, and to make recommendations concerning disbursement of available funds.

Section 13. Acceptable donations. The Society shall only accept donations to the (general) Endowment Fund without restrictions on use.

Section 14. Real Estate. The Society shall accept gifts of real estate only with the understanding that sale of the property will take place as quickly as possible to minimize management obligations.

Section 15. Estate Planned Gifts. Acceptance as beneficiary of estate planned gifts such as Charitable Remainder Trusts, Charitable Lead Trusts, Life Insurance, and Charitable Gift Annuities must be approved by the MBSI Board of Trustees with the advice of the Fund Committee. The MBSI Board of Trustees will not accept appointment as trustee of any estate planned gift.

Section 16. Specifically Named endowment funds. The Society shall allow donors to establish endowment funds with a minimum endowment of \$25,000 named for themselves and/or others for a specified purpose accepted by the trustees. Only the income earned shall be used for the intended purpose. Such named endowment gifts may be subject to restrictions, provided those restrictions are consistent with MBSI's mission, are non-discriminatory, and include power-to-vary clauses.

Section 17. Named restricted funds. The Society shall accept any amount to be placed in a named restricted fund designated for a specific purpose deemed appropriate by the Board of Trustees. Both the income and principal can be used to satisfy the objective of the fund.

Section 18. Documents needed to establish named endowments or restricted funds. For a named endowment funded with an outright gift or irrevocable deferred gift, an endowment agreement, signed by both the donor and MBSI is required. Such agreements will clearly state the purpose and administration of the endowment, serve as a pledge for the specified funding, and provide for amendment, if necessary.

Section 19. MBSI shall not advise potential donors. MBSI shall not offer specific tax or legal advice to a prospective donor with respect to the establishment of an estate planned gift. It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to MBSI. Donors should retain and be financially responsible for their advisors.

Section 20. Document Conflict Resolution. These and any future Procedural Guidelines shall be in accordance with the Resolution and Declaration of Trust and any amendments thereto. Should there be any conflict between documents, the stipulations of the Declaration of Trust shall prevail.