

Madison County Community Foundation Guidelines and Procedures for Non-endowed/Non-permanent/Pass-Through Funds

The following guidelines and procedures have been established by the Board of Directors of The Madison County Community Foundation, Inc. hereinafter referred to as “Foundation,” a nonprofit corporation organized under the laws of the State of Indiana, for the acceptance and operation of named funds established by living donors or organizations from which **both the principal and income is expended for the purpose as set forth in the fund agreement**. Such funds may be referred to in Foundation communications as: “Non-endowed,” “Non-permanent,” and/or “Pass-Through” funds.

These guidelines are intended to be consistent with the purposes of the Foundation, as well as in keeping with regulations on such funds by the United States Treasury Department and the Internal Revenue Service.

1. The Foundation will accept Non-endowed funds for charitable purposes, in and for the benefit of the residents of Madison County, subject to the guidelines below and as outlined in the Foundation’s Inactive Fund policy.
2. All gifts to the fund are irrevocable.
3. The Founding Contributor recognizes that the fund, whether Endowed or Non-endowed, is not guaranteed to have a positive increase in value.
4. By default, Non-endowed funds will be treated as short-term investments and will not participate in the Foundation’s endowed investment portfolio. Non-endowed funds will be invested in vehicles that may include (but not limited to) savings account, money market, certificate of deposit, government bonds, and Treasury bills. The investment priorities will be liquidity and principal protection with minimal downside risk; any short-term investment gains will be retained by the Foundation in place of administrative fees but no additional fees or charges will be incurred that reduce the fund balance.
5. Non-endowed funds may be converted to Endowed at any time at the instruction of the Founding Contributor. The entire fund balance or any portion thereof may be converted, however, a minimum fund balance may be required by the Foundation in order to establish a new fund. Upon conversion, the guidelines contained in this document no longer apply and administration of the fund will be subject to the Foundation’s Investment Policy and Spending Policy for endowed funds.
6. Founding Contributors of Non-endowed funds who also represent one or more Endowed funds held at the Foundation may have the option of having their Non-endowed fund participate in the Foundation’s Endowed investment pool, which may experience gains or losses, as long as a minimum of 50% of the Founding Contributor’s cumulative fund balance is Endowed. Placement of the funds in the Endowment investment pool shall be pursuant to the Founding Contributor’s request in writing and will continue until requested otherwise.

*Adopted by the Board of Directors of the Madison County Community Foundation
August 9, 2023 (electronically)*