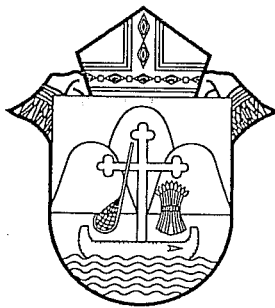


DIOCESE OF LA CROSSE  
ENDOWMENT TRUST  
POLICY STATEMENT AND NORMS

REVISED DECEMBER 1997

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DIOCESE of LA CROSSE

May 1, 1987

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## DIOCESE OF LA CROSSE

# ENDOWMENT Trust

## REVISED POLICY STATEMENT

**T**HE FAITHFUL AND FRIENDS OF THE CATHOLIC CHURCH IN THE DIOCESE OF LA CROSSE HAVE A LONG TRADITION OF SUPPORT FOR THE APOSTOLIC MINISTRIES OF THE CHURCH. IT IS IMPORTANT THAT THESE INVESTMENTS IN THE LIFE OF THE CHURCH BE CONTINUED. AT THE SAME TIME, THE CHURCH MUST BE ACCOUNTABLE TO THOSE INVESTING, SO THAT THEIR TRUST IS NOT BROKEN.

The establishment of permanent investment opportunities for parishes, institutions, and diocesan structures is an important concern. Common policy and consistent guidelines used throughout the Diocese can better ensure for the faithful and friends of the Church that their investments will continue to provide future support.

Two common structures used for these investment opportunities are foundations and endowment trusts.

A foundation is a separate corporate entity developed for the purpose of providing continuing support for a related institution or its activities. A foundation is controlled by specific state laws and regulations. The articles of incorporation must be filed with the local register of deeds and with the Wisconsin Secretary of State. Founda-

tions require the adoption of written by-laws; the annual election of officers and directors; application to the Internal Revenue Service for classification as a tax-exempt organization; and the filing of annual reports with the IRS.

A trust is another method of establishing an endowment. The endowment trust is a legally-binding agreement between parties to keep, use, or administer the property entrusted within the agreement. The trust agreement is a private document that is not filed with any civil authority. It regulates the affairs of the endowment fund with fewer legal and governmental requirements than are involved in a foundation. The trust uses the same tax-exempt number as its associated institution.

Endowments for the benefit of Diocesan institutions should be established as trusts, not as foundations. In the management of all endowment trusts, the National Conference of Catholic Bishop's *Principles and Guidelines for Fund Raising in the U.S. by Arch/Dioceses, Arch/Diocesan Agencies and Religious Institutions*, the Norms of Universal Church Law (Canons 1299-1307) and of the National Conference of Catholic Bishops must be followed, together with appropriate civil laws.

DIOCESE OF LA CROSSE  
NORMS  
FOR  
ENDOWMENT  
TRUSTS

THE FOLLOWING NORMS ARE PROMULGATED  
FOR ESTABLISHING ENDOWMENTS FOR THE  
BENEFIT OF INSTITUTIONS OF THE DIOCESE  
OF LA CROSSE.

TRUST  
STRUCTURE

The term endowment for the purposes of these norms is: An endowment is a fund of money set aside permanently, the assets of which are governed by Trustees and invested according to a policy approved by the Diocesan Bishop, for the purpose of generating interest and dividends to be distributed at least annually for the exclusive purpose(s) stated in the endowment trust. At such time as the institution or purpose for which the endowment trust was established no longer exists, the fund will revert to another Diocesan endowment trust which will reflect the intention of the donor(s) as closely as possible.

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DECLARATION  
OF TRUST

Every endowment trust shall have a formal document, titled Declaration of Trust, which shall establish the endowment fund; create the policies and rules by which the fund is to be operated and administered; and define the transfer of assets in the event of dissolution of the related institution.

Diocesan institutions shall contact the Diocesan Finance Officer when interested in establishing an endowment trust.

The Declaration of Trust and any and all amendments shall be reviewed by the Diocesan Finance Officer and Diocesan Legal Counsel, and must be approved by the Diocesan Bishop. All original Declaration of Endowment Trusts and any amendments thereto shall be filed with the Diocese upon adoption.

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PURPOSES  
AND  
ACTIVITIES

The purposes of an endowment trust include broadening the financial base for the support of the Church's apostolates, providing supplemental income for programs and offering an investment option for interested parties. The endowment trust provides continued growth of assets, identifies and attracts investors, and disburses grants made on the basis of formal proposals.

A Board of Trustees shall be established for the governance of the endowment trust. Trustee membership shall be no more than eight (8) and shall include the Diocesan Bishop, the Vicar(s) General, the Pastor, Dean, or Administrative Officer of the related institution as ex-officio members and five (5) other members. The five (5) other original trustees shall be nominated by the Executive Secretary and approved by the Diocesan Bishop for a term of two years which may be renewed. Trustee vacancies shall be filled by majority consensus of the remaining Trustees. Prerequisites for membership on the Board of Trustees include uncompromising commitment to the apostolates of the Catholic Church and successful experience in the administration of large amounts of money.

## TRUSTEES

Trustees may be required to participate in seminars on endowment trusts sponsored regularly by the Diocesan Bishop.

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The endowment trust must be part of a Diocesan institution. It must comply with the goals and objectives of the Diocesan institution and have the approval of the Diocesan Bishop. The Trustees exercise exclusive authority over receipt of gifts, investments, and distribution of grants. The work of the Trustees is done through committees.

## ORGANIZATION

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The duties of the Trustees include, but are not limited to, approval of goals and objectives, policies, appointments to committees, directives and reports, use of consultants and fund allocations. The Executive Secretary, as the Chief Executive of the Trust, proposes committee assignments, functions and roles for approval. The Pastor, Dean, or Administrative Officer of the Diocesan Institution serves as the Executive Secretary. The Executive Secretary acts only on the mandate of the Trustees and carries out their directives.

## ADMINISTRATION

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The Trustees shall distribute the greater of the current earnings or the current earnings plus the capital gains realized during the fiscal year, provided that the total amount distributed during the fiscal year, if the distributions include any realized capital gains, does not exceed one percent (1%) more than the yield of Five (5) Year U.S. Treasury Notes determined as of the beginning of the fiscal year. The Trust principal cannot be invaded and will always remain intact.

## RESTRICTIONS ON THE USE OF TRUST FUND ASSETS AND PROPERTY

SPECIFIC  
DIRECTIVES FOR  
FUNDING OF  
ENDOWMENT  
TRUST FUNDS  
EITHER BY THE  
PARISH OR  
SCHOOL OR ANY  
OTHER DIOCESAN  
ENTITY

1. No non-restricted bequests of funds which are given to a parish, school or other Diocesan entity may be deposited into an Endowment Trust Fund.
2. No funds may be solicited for an Endowment Trust Fund unless all loans to the Diocese or any bank are paid in full and all receivables owed to the Diocese are completely current within 30-60 days.
3. All Trustees shall adhere to the following Financial Accounting Standards:
  - Monies deposited in the trust, if the funds are to be endowment funds (funds to be kept in perpetuity, with interest being used to fund the trust purpose), must be specifically restricted by the donor exclusively not by the Trustees or others.
  - Any bequest left to a parish or school for which the donor does not specify or restrict the use of the monies or the earnings of those funds, are "unrestricted funds." Unrestricted funds are available for parish operation.
  - Unrestricted funds may not be deposited in an endowment trust, but shall be deposited in a Diocesan savings account, in the Diocesan Finance Office.
  - For accounting purposes, at the time funds are received they shall be either defined as "donor restricted," or as "unrestricted" funds by the Trustees.
  - Any "donor restricted" funds that are received must be accepted with a fiduciary responsibility to comply with the donor's restrictions or returned. The only additions to an Endowment Trust Fund must be specific gifts or bequests.
  - With the creation of Endowment Trusts, the trust document shall define the purpose of monies added to the trust and specify the purpose for the income generated by the trust.
  - The income generated from Endowment Trusts shall be used as defined and shall not be added to the principal.

4. No Endowment Trust or Trust Document may be adopted, amended or changed without review by the Diocesan Finance Officer and the Diocesan Attorney and approved by the Diocesan Bishop.

Invoking the intercession of Saint Joseph the Worker, the just and self-sacrificing Husband of Mary and Foster-Father of Jesus, patron of the Universal Church and of the Diocese of La Crosse, I hereby promulgate the above policy and norms in order that the exercise of the Church's ministry throughout the Diocese of La Crosse might be strengthened and fostered. Effective immediately, the above policy and norms are to be observed by all Diocesan institutions, that is, by all public juridic persons subject to the authority of the Bishop of La Crosse.

Given at La Crosse on the ninth day of December in the Year of Our Lord 1997.

*+ Raymond W. Burke*

*Bishop of La Crosse*

SEAL

*Marlene Heisenbeck FSPA*

*Chancellor*