

VISITATION SCHOOL ENDOWMENT FUND OPERATING POLICY

This Visitation School Endowment Fund Operating Policy ("**Operating Policy**") is made this 1st day of September, 2007 by the Visitation School and the Visitation Parish, and shall become effective upon the approval by the Diocese of Joliet. This operating policy should be read in conjunction with the Joliet Diocesan Educational Endowment Fund (JDEEF), which was authorized by the Visitation School and Parish on March 2, 1993. This operating policy is subordinate to the JDEEF. In situations where conflicting provisions exist, the JDEEF will legally supersede this document.

I. NAME

The name of the endowment fund to which this Operating Policy applies shall be "the Visitation School Endowment Fund," hereinafter referred to as the "Endowment Fund."

II. PURPOSE

The purpose of the Endowment Fund shall be to improve the quality of education of the school of Visitation Parish by providing financial support to school families that demonstrate financial need and to support the other needs of the school. Endowment Funds will not be used for the normal on-going annual operations of the school.

The Endowment Fund shall be a separate account of the school, and shall have the ability to receive any and all property, both real and personal, including stocks, bonds and other securities by gift, will, bequest, charitable trust, charitable gift annuity, life insurance, or other charitable means. As determined by the Endowment Committee, non cash contributions to the Endowment Fund can be converted to cash at the Diocesan level and invested in the investment options as allowed by the Joliet Diocesan Educational Endowment Fund.

III. ADMINISTRATION

A. The Endowment Fund shall be monitored by an Endowment Committee. The Endowment Committee shall consist of members of the parish and school. This committee shall consist of the Pastor, the Principal, the school board president, the chairperson of the finance committee and other members appointed by the Pastor.

B. The Endowment Committee shall meet at least semi-annually in spring, prior to the end of the school year and in December to address, among other matters, asset

allocation and investment rebalancing. Special meetings shall be held upon the request of any committee member on an as needed basis.

- C. Members of the Endowment Committee shall serve strictly in a voluntary capacity, and shall not receive compensation for their services. Expenses of the Endowment Fund, if any, must be approved in advance by a majority of the members of the Endowment Committee.
- D. The assets of the Endowment Fund shall be invested in a diversified portfolio of investment options as allowed by the Diocese of Joliet.

The Endowment Committee shall be mindful (i) that the investment objective of the Fund is to maintain the purchasing power of the Fund's assets over time, and (ii) to grow the purchasing power of the Fund's assets, relative to inflation.

- E. For purposes of this Operating Policy, the "Contributed Capital" is the sum of all the original values of contributions made to the Fund by donors as of the date they were made. The "Contributed Capital" does not include any dividends, capital gains, appreciation, or interest income generated by the Contributed Capital.
- F. The allocation decisions of the Endowment Fund assets shall be determined by the Endowment Committee and carried out by the Parish's business manager. The Endowment Committee may be advised by the Parish Finance Committee before any modifications are made.

IV. DISBURSEMENTS

- A. The school principal and the parish business manager will submit distribution requests to the endowment committee for review, with final approval to be made by the pastor. All disbursements, as provided by the Endowment Fund shall be made to the pastor.
- B. The Endowment Committee should be mindful that consistent annual distributions in excess of four percent (4%) of the fund's assets will likely diminish the fund's purchasing power over time, and distributions of one or two percent (1% or 2%) of the fund's assets will likely increase the purchasing power of the Fund, relative to inflation, over time, assuming the Fund is invested in a well diversified portfolio of securities and among diversified asset classes.
- C. Distribution amounts will be based on a percentage of the Fund's average asset balance, determined using the asset balances of the previous twelve (12) quarters. This averaging will assist in leveling out market fluctuations from year to year.

V. RECORDS

- A. The Endowment Fund shall operate on a calendar year, from January 1 to December 31, to facilitate benchmarking of investment returns.
- B. The accounting transactions of the Endowment Fund are to be recorded as part of the school's records but segregated into a separate "Endowment Fund Account" of the school. Further, the Parish's business office shall prepare and maintain such auditable financial records as are deemed necessary by the school and parish.
- C. The Director of Finance of the Joliet Diocese or its designated agent shall be responsible for the preparation of detailed records of receipts and disbursements of the Fund, shall maintain adequate documentation to permit financial reporting in a manner consistent with all applicable accounting standards as determined by the Joliet Diocese, and shall furnish the parish business manager with quarterly reports of the Fund.
- D. The Parish business manager shall be responsible for the preparation of an annual report for the Endowment Fund as part of the Parish's annual report. The Parish business manager is also responsible for maintaining records of donations to the Fund for the purpose of calculating the value of the "Contributed Capital" of the Fund.

The Annual Report shall be made available to individuals deemed appropriate by the Endowment Committee.

VI. DISSOLUTION

In the event of the school dissolving, the assets of the Endowment Fund shall be used in accordance with the Joliet Diocesan Educational Endowment Fund, Article X.

VII. AMENDMENTS

This Operating Policy may be amended from time to time by the Pastor and Principal after consultation with the Endowment Committee and the Parish Finance Committee and School Board and subsequent approval of the Joliet Diocese.

The undersigned Pastor, Principal, School Board President and the Chairperson of the Parish Finance Committee on behalf of the School's Endowment Fund, request the approval of the Joliet Diocese for the Operating Policy as set forth herein, the day and year first above written.

VISITATION SCHOOL

(signed)
Rev. Joseph M. Siegel
Pastor

(signed)
Sr. Thomas Leo, OP
Principal

(signed)
Julie Gihl
School Board President

(signed)
Terese M. Feeney
Chairperson, Parish Finance Committee

The Operating Policy is hereby approved this day 24th of September 2007.

(signed)
Mary Beth Setter
Director of Finance
Diocese of Joliet-in-Illinois