



ENDOWMENT FUND  
TERMS AND CONDITIONS

The following describes the terms and conditions for establishing and maintaining an endowment at the CATHOLIC COMMUNITY FOUNDATION ("THE FOUNDATION"), a nonprofit corporation established under the law of the State of Arizona, with its principal office located at 400 East Monroe Street, Phoenix, Arizona 85004.

1. THE FOUNDATION. THE FOUNDATION is organized exclusively for charitable purposes as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), including the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code. Its tax exempt purposes include the solicitation, receiving, holding, investing, administering of donated unrestricted or donor restricted funds or property, and the contribution from time to time, in the manner, at the time and to the extent authorized by the Board of Directors of THE FOUNDATION, the income received by THE FOUNDATION on such funds or property, to aid in the operation of any program of the Roman Catholic Church of the Diocese of Phoenix and of charitable programs not in conflict with the values and teachings of the Roman Catholic Church. Nothing herein will affect the status of THE FOUNDATION as an organization described herein.

2. Establishing the Endowment. A donor (also referred to herein as "SPONSOR") may establish an endowment fund (the "ENDOWMENT") by submitting to THE FOUNDATION a completed Agency/Endowment Fund Agreement Form and related attachments (the "AGREEMENT"), which SPONSOR certifies to THE FOUNDATION, to the best of SPONSOR'S knowledge, contains true and accurate information, and donor will notify THE FOUNDATION

\_\_\_\_\_  
Initials

promptly of any changes thereto. The ENDOWMENT is permanent and cannot be closed. The ENDOWMENT will be managed in accordance with these terms and conditions and applicable law.

3. Transfer and Acceptance of Assets. Contributions may be made to the ENDOWMENT at any time using the Endowment Deposit Form or other form as prescribed by THE FOUNDATION from time to time.

SPONSOR may direct gifts from other donors to the ENDOWMENT subject to these terms and conditions. SPONSOR is responsible for determining if any donor restrictions differ from the restrictions of the ENDOWMENT and should be held in a different fund under different terms and conditions.

4. Property of the ENDOWMENT. The ENDOWMENT shall include such property as may from time to time be transferred to THE FOUNDATION for inclusion in the ENDOWMENT, and, except as provided in paragraph 5(B) hereof, income of the ENDOWMENT. All contributions to the ENDOWMENT are irrevocable and such assets shall be the property of THE FOUNDATION held by it in its corporate capacity and shall not be deemed a trust fund held by it in a trustee capacity. THE FOUNDATION shall have the ultimate authority and legal control over all property in the ENDOWMENT, and the income derived therefrom, in accordance with the Articles of Incorporation and Bylaws of THE FOUNDATION (as they may be amended from time to time), and these terms and conditions applied in a manner not inconsistent with said Articles and Bylaws.

5. Terms and Conditions of the ENDOWMENT.

(A) Organizational Recipient. The ENDOWMENT shall be used exclusively for the benefit of the activities/organization described in the AGREEMENT (the "BENEFICIARY").

(B) Manner of Distribution. The annual net earnings of the ENDOWMENT shall be determined by THE FOUNDATION as of the close of THE FOUNDATION's fiscal year and shall be distributed to the BENEFICIARY in THE FOUNDATION's normal course of business. For the purpose of this Agreement, income, net income, assets and principal shall be determined in

---

Initials

accordance with THE FOUNDATION's spending policy as adopted by THE FOUNDATION's Board of Directors from time to time (the "SPENDING POLICY").

(C) No Other Distribution. Except as provided in the preceding paragraph (B), no other distribution will be made from the ENDOWMENT without compliance with the SPENDING POLICY.

(D) Preservation of Assets. The assets of the ENDOWMENT shall not be subject to the claims of creditors of SPONSOR or BENEFICIARY.

(E) Investment of Assets. Funds of THE FOUNDATION are professionally managed to safeguard principal and achieve a competitive rate of return through THE FOUNDATION's investment pools. The ENDOWMENT may be managed by THE FOUNDATION pursuant to the recommendation for investment set forth in the AGREEMENT or the Endowment Fund Investment Recommendation Form delivered by SPONSOR, which may be updated from time to time by SPONSOR, but not more than once per quarter. Income, investment gains or losses, and fees are allocated to the ENDOWMENT on a monthly basis. Investment pool performance is not a measurement of the ENDOWMENT's specific performance but is a representation of the ENDOWMENT's fractional interest in the investment pool activities on a consolidated basis.

(F) Administrative Provisions. In consideration of its acceptance, administration, accounting and distribution of the ENDOWMENT, THE FOUNDATION shall receive an annual fee, payable in quarterly installments, in such amounts in accordance with THE FOUNDATION's fee schedule from time to time in effect. SPONSOR acknowledges that the ENDOWMENT may also be charged amounts incurred by THE FOUNDATION for investment fees and legal, investment advisory and other services and that such charges may be allocated to the ENDOWMENT on a fractional interest basis, taking into consideration all funds administered by THE FOUNDATION, despite the fact that such fees and services may not benefit the ENDOWMENT directly. All fees shall be charged against the income of the ENDOWMENT and, to the extent the

income of the ENDOWMENT is insufficient, against the principal of the ENDOWMENT. THE FOUNDATION shall notify SPONSOR in advance of any changes in fees which are enacted by the Board of Directors of THE FOUNDATION. Such fee shall at all times be reasonable and proper.

(G) Limitation of Liability. THE FOUNDATION is not liable for any loss of any kind that may arise in connection with the establishment and maintenance of the ENDOWMENT and the performance of its obligations under these terms and conditions, except for cases of its gross negligence or willful misconduct. THE FOUNDATION is not liable for any losses directly or indirectly caused by acts of war, acts of terrorism, labor disputes, exchange or market decisions including the suspension of trading, market volatility, trade volume or by government restriction. SPONSOR agrees not to sue THE FOUNDATION and shall duly indemnify and hold harmless THE FOUNDATION from any liability that may arise hereunder except liability arising from the gross negligence or willful misconduct of THE FOUNDATION.

6. Disposition upon Termination. In the event that BENEFICIARY shall cease to exist or its status as an organization exempt from federal income tax under Section 501(c)(3) of the Code terminates, the assets of the ENDOWMENT shall be retained by THE FOUNDATION and added to its general fund to be used for its general purposes as the Board of Directors of THE FOUNDATION shall in its sole discretion determine to be in the best interest of the Roman Catholic Diocese of Phoenix, or its successor.

7. Representation of THE FOUNDATION and SPONSOR. THE FOUNDATION represents that it is a nonprofit corporation, is exempt from federal income tax under the provisions of Section 501(c)(3) of the Code, and is not a private foundation under Section 509(a) of the Code (a “qualified charitable organization”). Furthermore, THE FOUNDATION is listed in the official Catholic Directory, published annually by P.J. Kenedy & Sons.

SPONSOR represents that BENEFICIARY is a nonprofit organization, is exempt from federal income tax under the provisions of Section 501(c)(3) of the Code, and is not private

---

Initials

foundation under Section 509(a) of the Code, or is a parish or school of the Roman Catholic Diocese of Phoenix (a “qualified charitable organization”).

Nothing in this Agreement will affect the status of THE FOUNDATION as a qualified charitable organization.

8. Variance Power.

(A) General. SPONSOR acknowledges that the ENDOWMENT is subject to THE FOUNDATION’s “variance power” granting THE FOUNDATION’s Board of Directors the power to modify any restriction related to the funds in the ENDOWMENT for any specified charitable, educational, literary, religious or scientific purposes or to specified organizations if, in the sole judgment of THE FOUNDATION’s Board of Directors (without the necessity of the approval of any other party), such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with charitable, educational, literary, religious or scientific needs.

(B) Notice of Exercise. THE FOUNDATION agrees that if its Board of Directors proposes to exercise the foregoing variance power, the exercise of such power shall not be effective earlier than at least thirty (30) days after THE FOUNDATION notifies SPONSOR in writing of (1) its intent to exercise such power and (2) the manner in which THE FOUNDATION proposes to vary the purposes, uses or methods of administration of the ENDOWMENT; provided, however, that such notice shall not be required if BENEFCIARY ceases to be a qualified charitable organization. During the notice period, SPONSOR may advise THE FOUNDATION of its views regarding the proposed exercise of the variance power. If THE FOUNDATION becomes aware of any other action instituted or proposed by any person to vary the purposes, uses or method of administration of the ENDOWMENT, it will promptly notify SPONSOR.

(C) Disqualified Charity. If THE FOUNDATION ceases to be a qualified charitable organization or if THE FOUNDATION proposes to dissolve, the assets of the ENDOWMENT shall, after payment or making provision for payment of any liabilities properly

\_\_\_\_\_  
Initials

chargeable to the ENDOWMENT, be distributed to BENEICIARY. If BENEficiARY is not then a qualified charitable organization, such assets shall be distributed to the Roman Catholic Diocese of Phoenix or another charitable organization as determined by the THE FOUNDATION Board of Directors.

9. Conflict of Terms. In the event of an inconsistency between these terms and conditions and any terms and conditions appearing elsewhere in connection with endowment funds held at THE FOUNDATION, these terms and conditions shall govern. THE FOUNDATION reserves the right to take any actions at any time which, in its discretion, it deems reasonably necessary or desirable for the proper administration of any fund to comply with applicable law.

ATTACHMENTS:  AGENCY/ENDOWMENT FUND AGREEMENT FORM  
 ENDOWMENT DEPOSIT FORM  
 ENDOWMENT FUND INVESTMENT RECOMMENDATION FORM

2446012

\_\_\_\_\_  
Initials