



**BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.**

**THE SHORE LINE TROLLEY MUSEUM**

**POLICY NO.: 304 – FINANCE**

**POLICY: ENDOWMENT FUND**

### **Branford Electric Railway Association, Inc. Mission**

The mission of The Branford Electric Railway Association, Inc. d.b.a. The Shore Line Trolley Museum is to share with a diverse audience the story of the trolley and related forms of public transportation in their historical context.

### **Finance Department Mission**

The Finance Department of the Branford Electric Railway Association, Inc. is committed to timely, accurate and responsible financial management. The Finance Department works with the Executive Director, staff, and board to ensure that all financial matters are managed with care, integrity, and consistency within the best interests of the Branford Electric Railway Association, Inc.

**BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.**

**THE SHORE LINE TROLLEY MUSEUM**

**POLICY NO.: 304 – FINANCE**

**POLICY: ENDOWMENT FUND (CONTINUED)**

**Table of Contents**

1.0 INTRODUCTION..... 3

2.0 ENDOWMENT FUND ..... 3

3.0 ENDOWMENT FUND TYPES..... 3

4.0 PROCEDURES ..... 3

APPENDIX A–DOCUMENT HISTORY ..... 6

**BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.**

**THE SHORE LINE TROLLEY MUSEUM**

**POLICY NO.: 304 – FINANCE**

**POLICY: ENDOWMENT FUND (CONTINUED)**

**1.0 INTRODUCTION**

This statement of Endowment Fund Policy has been adopted by the Board of Trustees of the Branford Electric Railway Association, Inc. to provide guidelines for management of the Endowment Fund.

**2.0 ENDOWMENT FUND**

The purpose of the Endowment Fund, which is a permanently restricted fund, is to provide financial stability to the organization. Endowments may be generally described as assets which have been set aside so that the original assets (known as the “corpus”) grow over time because of the income earned from interest on the underlying invested funds. The corpus may also be added to over time. The establishment of the Endowment Fund is an essential part of the financial management of the Branford Electric Railway Association, Inc. The Endowment Fund provides a financial base for The Branford Electric Railway Association, Inc.

Endowment Funds are not the same as Reserve Funds (whether restricted or unrestricted) which are established by the Museum

**3.0 ENDOWMENT FUND TYPES**

Two distinctive types of Endowment Funds shall be established by the Museum:

1. Restricted Endowment Funds: These funds are used for the purpose or purposes designated by the grantor/donor to the Endowment Fund.
2. Unrestricted Endowment Funds: These funds are used for the general operation of the Museum. The Board of Trustees determines the use of this fund’s distribution based upon the operational needs of the Museum.

**4.0 PROCEDURES**

1. The following procedures will be followed to ensure that the management of the Endowment Fund consistent with the current mission of the Branford Electric Railway Association, Inc. and accurately reflects current financial condition:
  - A. This Endowment Fund policy shall be reviewed annually by the Finance Committee, which will recommend any necessary revisions to the Board of Trustees.
  - B. The Board of Trustees will have final approval on any changes to the policy.
2. The following procedure will be used to determine the dollar amounts to be placed into the Endowment Fund.

**BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.**

**THE SHORE LINE TROLLEY MUSEUM**

**POLICY NO.: 304 – FINANCE**

**POLICY: ENDOWMENT FUND (CONTINUED)**

- A. All bequests and gifts to the museum designated by the grantor/donor to the Endowment Fund.
  - B. All gifts to the museum made with permanent endowment – like language or permanent endowment – like restrictions attached thereto.
  - C. Annually, the Finance Committee and Treasurer will recommend to the Board of Trustees, the dollar amount, if any, of any currently unrestricted funds to be added to the Endowment Fund.
  - D. All additions of the Museum’s unrestricted funds to the Endowment Fund must have prior approval of the Board of Trustees.
  - E. Management of the Endowment Fund will conform to the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIA) § 45a-535a to § 45a-535i
3. Income generated from the Endowment Fund, i.e. interest, dividends, etc. may be transferred to the Operating, Payroll, Restricted Reserve Funds, or Unrestricted Reserve Funds as necessary by the Executive Director, unless prohibited by the donor under the terms of the original gift, and subject to approval by the Board of Trustees.
  4. Investment of the Endowment Fund shall be made in accordance with The Branford Electric Railway, Inc.’s Policy No. 306 – Finance, Investment Policy.
  5. It is the intent of the Branford Electric Railway Association, Inc. not to liquidate any portion of the corpus of the Endowment Fund. However, consistent with statute governing the appropriation of accumulation of an endowment fund,
    - a) Subject to the intent of a donor expressed in a gift instrument, the Board of Trustees of the Branford Electric Railway association, Inc. may, by two-thirds vote to appropriate for expenditure, or by majority vote to accumulate, so much of an endowment fund as the institution determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Unless stated otherwise in a gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Branford Electric Railway Association, Inc. In making a determination to appropriate or accumulate, the Board of Trustees of the Branford Electric Railway Association, Inc. shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and shall consider, if relevant, the following factors:
      - 1) The duration and preservation of the endowment fund;
      - 2) The purposes of the institution and the endowment fund;

**BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.**

**THE SHORE LINE TROLLEY MUSEUM**

**POLICY NO.: 304 – FINANCE**

**POLICY: ENDOWMENT FUND (CONTINUED)**

- 3) General economic conditions;
  - 4) The possible effect of inflation or deflation;
  - 5) The expected total return from income and the appreciation of investments;
  - 6) Other resources of the institution; and
  - 7) The investment policy of the institution.
- b) To limit the authority to appropriate for expenditure or accumulate under subsection (a) of this section, a gift instrument shall specifically state the limitation.
- c) Terms in a gift instrument designating a gift as an endowment or a direction or authorization in the gift instrument to use only “income”, “interest”, “dividends” or “rents, issues or profits”, or “to preserve the principal intact”, or similar words:
- 1) Create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purpose of the fund; and
  - 2) Do not otherwise limit the authority to appropriate for expenditure or accumulate under subsection (a) of this section.
6. An annual report on the Endowment Fund shall be submitted to the Board of Trustees as per The Branford Electric Railway, Inc.’s Policy No. 306 – Finance, Investment Policy.

**BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.**

**THE SHORE LINE TROLLEY MUSEUM**

**POLICY NO.: 304 – FINANCE**

**POLICY: ENDOWMENT FUND (CONTINUED)**

***APPENDIX A—Document History***

03-09-2019      Adopted by The Branford Electric Railway Association, Inc. Board of Trustees