

## **EXHIBIT A**

### **GLOSSARY OF TERMS**

#### **True Endowment**

True endowments are established by donor-restricted gifts and bequests to provide a permanent source of funding. The portion of a true endowment that must be maintained permanently (invested in perpetuity), not used up, expended, or otherwise exhausted is the sum total of the historical contributions.

The source of funding derived from investment performance may be used in accordance with the purpose of the endowment or it may be allowed to grow for future needs.

#### **Quasi Endowment**

Quasi endowments, often referred to as funds functioning as an endowment, represent funds invested to provide funding for a long but unspecified period. These funds may be derived from donor-restricted gifts and bequests or from internally designated funds.

The source of funding derived from investment performance as well as the historical contributions may be used in accordance with the purpose of the endowment or it may be allowed to grow for future needs.

Quasi endowments are not to be established as a substitute for regular savings accounts.

#### **Term Endowment**

Term endowments are established by donor-restricted gifts and bequests to provide a permanent source of funding for a specified period of time.

These funds must be treated in accordance with any restrictions placed on the fund by the donor. Upon the expiration of the term, the endowment should be treated as either a true or quasi endowment, according to donor wishes.

#### **Historical Contribution Amount**

Historical contributions are defined as the initial gift or bequest plus the accumulation of all subsequent gifts and bequests. Investment performance is not considered a part of historical contributions.

## **Donor-Restricted Gifts and Bequests**

Donor restricted gifts and bequests are those where the donor has specifically restricted the use of the gift (quasi or term endowment.) Donors may further restrict the gifts or bequests such that they must be invested in perpetuity (true endowment.)

## **Internal Designations**

Internal designations result from unrestricted gifts, bequests or internally designated funds, which have been internally earmarked for a specific purpose.

## **Signature Authority**

The Endowment Fund Operating Policy (Exhibit B) and the Endowment Fund Participation Agreement (Exhibit C), when completed and submitted for review and approval by the diocese, require signatures, as indicated:

- Pastor will sign for any parish or school endowments.
- Superintendent of Catholic schools will sign on behalf of all diocesan high schools.
- Agency director or entity officer will sign for all diocesan agencies or entities.

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