



# Operation Jump Start Gift Acceptance and Endowment Policy

**Mission:** Operation Jump Start helps low-resourced, high potential first-generation students get in, stay in and graduate from a four-year college. We do this by providing academic support, mentoring, and exposure to a broader world.

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## I. INTRODUCTION

Operation Jump Start encourages the solicitation and acceptance of gifts from individuals, foundations, and corporations to help the organization fulfill its mission and to grow. The Board of Directors is responsible for the enhancement of philanthropy at Operation Jump Start.

The goal of this Gift Acceptance and Endowment Policy is to ensure Operation Jump Start's values of transparency and gratitude are carried out, and to provide guidelines for the acceptance and stewardship of gifts. This policy applies to all gifts received by Operation Jump Start for any of its programs or services. Specific gifts are considered on their merits and final action is taken on those as authorized by the Board of Directors.

## II. LEGAL & ETHICAL CONSIDERATIONS

Operation Jump Start does not give accounting, tax, or legal advice but works closely with the donor's advisors. It is strongly encouraged that each donor consult with a qualified advisor. It is the donor's responsibility to secure independent legal counsel for all gifts made to Operation Jump Start.

Where appropriate, Operation Jump Start seeks the advice of legal counsel in matters relating to the acceptance of gifts.

Operation Jump Start does not pay fees to any person as consideration for directing a gift to Operation Jump Start. Operation Jump Start does not pay commissions or percentages associated with negotiation and acceptance of any form of gift. In accordance with the Association of Fundraising Professionals' *Code of Ethical Principles & Standards of Professional Practice*, no fundraiser is compensated based on a percentage of funds raised or on a contingent basis.

## III. POLICY ADMINISTRATION

### A. The Gift Acceptance Task Force

The gift acceptance task force consists, at a minimum, of the following individuals: President of the Board of Directors, Treasurer, Chair of the Fund Development Committee, Chair of the Finance Committee, and Executive Director. The Gift Acceptance Task Force is charged with the following responsibilities:

- Reviewing this policy on an annual basis;
- Recommending any changes to this policy to the Board of Directors;

- Reviewing specified gifts made to Operation Jump Start;
- Determining when legal counsel is required for the review of a gift;
- Determining when an independent appraisal is required for a gift;
- Approving exceptions to this policy; and
- Other appropriate matters that relate to the acceptance of gifts.

## B. Authority for Fund Development

The Board of Directors has the ultimate responsibility for fund development, including fostering a culture of stewardship and philanthropy.

The Executive Director is responsible for day-to-day management of all fundraising activities.

Active staff and volunteer participation in fund development is essential to its success. A volunteer recognition program is provided to honor the service given by those who lead and assist Operation Jump Start.

## C. Public Solicitation Procedures

All charitable contributions, regardless of value, form, or designated use, are solicited only for Operation Jump Start, using the proper legal name of this corporation.

All restricted and unrestricted monies received by Operation Jump Start are put to immediate use or invested under the guidelines of the investment policy adopted by the Board of Directors.

Operation Jump Start's gift accounting policies and procedures are in accordance with generally accepted accounting principles (GAAP) as prescribed by the Financial Accounting Standards Board, including Statements of Financial Accounting Standards Nos. 116 and 117.

No refunds of donations are permitted.

# IV. DONOR CONSIDERATION & RECOGNITION

In keeping with its values of gratitude and transparency, Operation Jump Start prizes appropriate and individualized consideration, recognition, and appreciation for its donors.

## A. Donor's Interests

Operation Jump Start considers the needs of the donor with regard to all contributions. A charitable gift that benefits Operation Jump Start to the detriment of the donor should not be encouraged or accepted.

## B. No interference with Investment Policy

A donor may not restrict how funds are invested by Operation Jump Start. All donors of major gifts and endowment funds are notified prior to the gift being made that investment of their gift is in accordance with the investment policy adopted by the Board of Directors. Such notice informs the donor that the gift or endowment fund is not required to be segregated and may be commingled with Operation Jump Start's other investments.

## C. Honoring/Memorial Gifts

Any gift may be made in honor of or in memory of another. Notice of the person to be honored or memorialized must be provided in writing at the time the gift is made. Upon request, notification of the gift is mailed to the person honored although the gift amount is not disclosed.

Gifts made by a donor on behalf of another individual are credited to the actual donor's record.

## D. Donor Privacy

All information concerning donors or prospective donors, including their names, the names of their beneficiaries, the exact amount of the gift, size of the estate, or any other information for which there is a reasonable expectation of privacy and/or confidentiality is kept strictly confidential by Operation Jump Start, its Board of Directors, volunteers, and staff, unless written permission is obtained from the donor to release such information.

Donors who wish to remain anonymous and not be included in published lists of donors must state so at the time of the gift. Completion of the donation remittance envelope or mention of name on any correspondence accompanying the donation is deemed written permission to be included in published lists of donors.

Donor files remain onsite at Operation Jump Start. Donors are welcome to request and receive a complete copy of their records. Only authorized Operation Jump Start staff and members of the Board of Directors are permitted to view donor files.

Operation Jump Start does not sell or share its donor and mailing lists with other organizations.

## E. Giving Clubs

Operation Jump Start encourages the recognition of donors through giving clubs. These include a recognition club for recurring giving (for example, "Giving Circle"), and for other forms of giving (for example, the "Donor Wall").

## F. Legacy Society

All planned giving donors, including those who have named Operation Jump Start in their wills, are recognized, according to their wishes, as members of the Legacy Society in published donor lists. Membership in the Legacy Society is granted to individuals who have provided for Operation Jump Start in their will or through irrevocable or revocable deferred gift arrangements, any of which can be confirmed in writing with a letter of intent. Donors who have designated Operation Jump Start as a beneficiary of retirement plan assets (e.g. IRA, 401(k)) or life insurance are also eligible to join the Legacy Society. The exact value of the gift does not have to be discernable or disclosed to Operation Jump Start to qualify for membership in the Legacy Society.

## G. Honors & Recognition

Operation Jump Start appropriately recognizes all donors, regardless of monetary level and regardless of whether the gift is of time or money. Additional honors may be conferred where appropriate to recognize outstanding support of the organization. Various forms of recognition are available in accordance with the wishes of the donor. Forms of recognition include: formal dinners, receptions, plaques, gifts to donors and honorees, reports in Operation Jump Start publications, or naming of funds, programs, events, buildings and rooms.

# V. GENERAL GIFT ACCEPTANCE

## A. Processing Gifts

Gifts are recorded promptly upon receipt. Gifts in any form received near the date ending the fiscal year may be credited to the prior or next reporting period if there is evidence the donor intended to make the gift within this period and the gift is received and processed within 10 days of the closing date for the fiscal year-end.

## B. Corporate Matching Gifts

Corporate matching gifts are encouraged, and the donor receives recognition credit for the match.

## C. Pledges

Pledges are considered on a case-by-case basis. Pledges may be fulfilled on a schedule established by the donor over a specified period, up to a maximum of five years from the date of the pledge. Irrevocable deferred gift arrangements are exceptions and are governed by the terms of the trust. Pledges are considered accounts payable.

## D. Use of Grant Funds

All grant funds given to Operation Jump Start are to be spent in accordance with the funding agreement as specified by each grant.

Prior to submission of a grant proposal, the grant writer is responsible for verifying that Operation Jump Start can use the funds as requested.

## E. Gift Acknowledgement and Substantiation

All donors are furnished gift acknowledgement letters as soon as possible after the receipt of a gift but no later than 10 days after receipt of the gift. Overall responsibility for assuring compliance with the Internal Revenue Service (IRS) requirements and this policy's guidelines regarding gift acknowledgement and substantiation belongs to the Executive Director and staff.

Acknowledgement letters for gifts of all sizes and types are signed by the Executive Director. In the Executive Director's absence, appropriate staff may sign the letters. Gift receipts for in-kind donations may be signed by any member of the staff.

## F. Ownership of Gifts

Title to property donated to Operation Jump Start is held by the organization, not by a single department or program.

## G. Appraisals and Required IRS Forms

Legal and ethical requirements designed to protect both the donor and Operation Jump Start prohibit Operation Jump Start, as an interested party, from appraising gifts. Such appraisals, if required by law or particular circumstances, are conducted by "qualified appraisers" as defined under IRS regulations. The cost of such an appraisal is the donor's responsibility. In instances where Operation Jump Start elects to request an independent appraisal, Operation Jump Start is responsible for the fee.

The IRS requires that non-cash gifts, including marketable securities, with a fair market value of over \$500 be documented by the filing of Form 8283 with the donor's federal income tax return. For gifts with a total value of \$5,000 or more, an appraisal from a qualified appraiser must be attached to Form 8283. The Executive Director and Treasurer are authorized to sign the Form 8283 to acknowledge Operation Jump Start's receipt of the gift. Operation Jump Start staff may not attest to the value the donor places on the item.

When gifts with a total value of \$5,000 or more are sold by Operation Jump Start within two years of receipt, the Treasurer is responsible for filing Form 8282 within 125 days of disposition.

## H. Declining Gifts

Gifts may have to be declined under certain conditions including, but not limited to, when the gift is restricted and requires support from other resources that are unavailable, inadequate, or may be needed for other institutional purposes, or when the gift injures the reputation or standing of Operation Jump Start or may generate controversy.

### I. Gifts Requiring Financial Commitment from the Organization

Sometimes gifts require a present or future financial commitment from Operation Jump Start over and above the amount pledged. Before soliciting or accepting any gift that requires a present or future financial commitment from Operation Jump Start, approval must be obtained from the Executive Director. Examples of some gift-related commitments include the following:

- To provide matching funds
- To continue a project after the gift has terminated or been exhausted
- To establish a permanent, interest-bearing fund when the gift amount is not large enough to carry out its specified purpose
- To finance and/or administer a project outside the routine functioning and operation of the organization

### J. Non-Endowed Named Funds

Donors may establish non-endowed named funds (for example, “the Tang Family Scholarship fund”). Such funds may be unrestricted or designated for a specific program or purpose. Designated funds initiated by a donor will require a written fund agreement. The minimum gift to establish a non-endowed named fund is \$10,000. This amount must be received in full within one year of the establishment of the fund. Upon approval of the Gift Acceptance Task Force, exceptions to the minimum non-endowed named funds size may be made.

## VI. OUTRIGHT GIFTS

Unrestricted, outright gifts are acceptable in any amount.

### A. Cash

Operation Jump Start accepts cash, checks, money orders, and credit or debit cards.

All checks should be made payable to Operation Jump Start and should not be made payable to an employee or volunteer for credit to Operation Jump Start.

All checks are deposited in the ordinary course of business. No employee is authorized to delay deposit.

## B. Publicly-Traded Securities

Securities, which are traded on readily available markets are accepted by Operation Jump Start. The gift of any securities with market restrictions must be approved by the Gift Acceptance Task Force.

Securities accepted by Operation Jump Start are generally sold as soon as practicable.

To maximize tax-saving benefits to the donor, it is advised that donors transfer appreciated securities directly to Operation Jump Start instead of selling the securities and giving the proceeds. To maximize their capital loss deductions, donors are advised to sell depreciated securities and give the proceeds to Operation Jump Start.

The donor is responsible for contacting his/her financial professional to inform him/her of the desire to transfer shares of securities to Operation Jump Start. Operation Jump Start staff may assist in the gift process by contacting the financial professional to ensure the transaction takes place in as short a time period as possible.

Securities are recorded and valued the date they are deposited in Operation Jump Start's account.

Valuation of a gift of a security is derived from the mean of the high and low prices per share on the date of the gift.

For bonds donated, accrued interest is also included in the gift amount.

## C. Closely-Held Securities and Ownership Interests

Non-publicly traded securities, including limited partnership and similar ownership interests, are accepted only upon prior approval of the Gift Acceptance Task Force

## D. Real Property

Gifts of real property are only accepted if approved in advance by the Board of Directors.

## E. Personal Property (In-Kind Gifts)

"In-kind gifts" refers to the donation of goods and services. In-kind gifts are accepted on a case by case basis. The Executive Director has authority to accept or reject in-kind donations valued at less than \$5,000. In-kind donations valued at greater than \$5,000 are subject to approval by the Gift Acceptance Task Force.

Unless there are countervailing circumstances, the policy is to sell or otherwise dispose of, within one year after the date of gift, any item of personal property that is gifted to Operation Jump Start and for which Operation Jump Start has no use.

All donors making in-kind gifts are asked to complete an in-kind donation form so donations are correctly recorded and acknowledged.

Only new and gently used items are accepted.

All in-kind gifts are acknowledged in writing with a thank you letter and a receipt describing the item.

The following language is included in the receipt provided for the donation of in-kind gifts with an estimated value greater than \$5,000:

“Your gift may require you to complete IRS Form 8283 together with an appraisal of the donated property. Please consult your tax advisor. The deduction you receive from this gift may be limited to the lower of the cost or the market value of the goods donated. Please consult your tax advisor.”

#### F. Gifts of Service

Gifts of service are generally considered volunteering and are not issued gift receipts. All gifts of service, particularly gifts of professional services (graphic design, accounting, printing, etc.) should be appropriately acknowledged.

#### G. Other Property & Considerations

Operation Jump Start always gives consideration to the nature of a gift and whether it fits with the mission and values of Operation Jump Start prior to acceptance of the gift. Gifts that do not fit with the Operation Jump Start mission and values should be rejected.

Other types of gifts not mentioned in this policy may be acceptable, within reason and subject to the Gift Acceptance Task Force approval.

## VII. RESTRICTED GIFTS

### A. Restricted Gift Policies

Operation Jump Start accepts restricted gifts for specific programs and purposes. Operation Jump Start accepts restricted gifts provided that they are not inconsistent with its mission, purposes, and priorities. Operation Jump Start does not accept gifts that are excessively restrictive in purpose. Gifts that are overly restrictive include those too difficult to administer. All final decisions regarding acceptance or refusal of restricted gifts are made by the Gift Acceptance Task Force.

### B. Gift Agreement Letters

When a donor offers to make a restricted gift, the donor should be actively engaged to ensure the donor's intentions are clearly understood and recorded. Any restricted gift should be accompanied by a gift agreement letter to be signed by the donor specifying the nature of the restrictions and circumstances under which the restrictions can be released. Generally, the gift agreement for restricted gifts that extend beyond three years should include provisions that the gift restriction can be modified if the program or purpose of the restriction is no longer relevant to allow the gift to be used for a similar program or purpose. Gift agreements for restricted gifts should also include provisions that the restriction can be lifted with the written consent of the donor, or if the donor is unavailable due to death or incapacity, with approval of the Board of Directors. Any gift restricted to a specific purpose or program is presumed to allow use of a percentage of the gift for overhead and operating expenses associated with administration of the purpose or program unless otherwise stated by the donor.

### C. Scholarships

Operation Jump Start accepts restricted gifts to support academic scholarships for its student participants.

## VIII. DEFERRED/PLANNED GIFTS

The negotiation and execution of deferred giving plans is done only through staff and the Gift Acceptance Task Force has the ultimate authority in this process. Not all gifts are accepted.

When property other than cash, listed securities, or securities traded over-the-counter is involved, final approval of the Board of Directors is required to accept or decline the gift.

The following planned giving/life income agreements are acceptable when in compliance with the Internal Revenue Code at the time the gift is established and are subject to reformation as tax laws change: Charitable remainder trust (annuity and unitrust), Charitable lead trust (annuity and unitrust), Life insurance. Operation Jump Start may, upon

approval of the Board of Directors, establish a charitable gift annuity program if a donor is interested.

### A. Charitable Remainder Trusts

Operation Jump Start accepts designation as a charitable beneficiary in both charitable remainder unitrusts (CRUTs) and charitable remainder annuity trusts (CRATs). If Operation Jump Start is not named the trustee of the trust, there is no minimum funding requirement.

For CRUTs, the fixed percentage to be paid to non-charitable beneficiaries must be no less than 5 percent and not more than 50 percent of the trust's fair market value.

For CRATs, the fixed dollar amount to be paid annually to non-charitable beneficiaries must be no less than 5 percent of the initial fair market value of the property placed in the trust. Beneficiaries with lifetime earnings must be 55 years of age or older.

Upon request by a donor, Operation Jump Start can share a draft of a charitable remainder trust agreement with donors. Donors are encouraged to share the draft with their advisor(s).

A separate named endowment fund can be established at Operation Jump Start if the present value of Operation Jump Start's future interest in the CRUT or CRAT is at least \$100,000.

Operation Jump Start does not accept appointment as the trustee of a CRUT or CRAT unless both the following conditions are met:

- The initial funding amount is \$250,000 or more
- Operation Jump Start is the sole charitable beneficiary.

Charitable remainder trusts for which Operation Jump Start is a trustee are administered by the investment committee under a separate trust agreement. The investment of trust funds is fully consistent with the objective of each trust. Once the requirements of a trust agreement have been met and the trust is terminated, the assets of the trust are commingled with Operation Jump Start's other investment assets.

### B. Charitable Lead Trusts

Operation Jump Start accepts the designation as income beneficiary of a charitable lead trust but does not accept appointment as trustee of such a trust.

### C. Life Insurance

Operation Jump Start accepts gifts of life insurance policies, including whole life, variable,

and universal life policies, which meet the following criteria:

- Operation Jump Start is designated as the owner and the beneficiary of the policy
- The policy is either paid up or, if not paid up as of the date of the gift, meets the following criteria:
  - Has a minimum face value of \$25,000;
  - Has a payment schedule not to exceed 12 years and which assumes an interest rate not to exceed one percent below the prevailing prime interest rate; and
  - Requires a written pledge of a charitable contribution from the donor to Operation Jump Start in a total amount that equals or exceeds the total premiums due and with pledge payments scheduled that equal or exceed each policy premium payment as that payment becomes due. This written pledge must also acknowledge the resulting right of Operation Jump Start to cash in the policy and apply the proceeds of the same for the benefit of Operation Jump Start as the Board of Directors deems appropriate, giving due consideration to the donor's intent.

Gifts of paid-up life insurance are preferable, as these are completed, non-contingent gifts. However, designations of contingent term life insurance policies are accepted by Operation Jump Start under certain circumstances. Operation Jump Start encourages donors to name Operation Jump Start as the exclusive beneficiary for life insurance policies that have been purchased on their lives. Likewise, Operation Jump Start accepts the naming of Operation Jump Start as a partial interest beneficiary of life insurance policies that donors have purchased on their lives.

Operation Jump Start gives full recognition credit for the face value of a life insurance policy given to Operation Jump Start if the policy is fully paid-up and the insured is age 55 or older. Operation Jump Start reserves the right to determine what constitutes "fully paid-up" policy status.

Operation Jump Start must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its cash surrender value upon receipt. If the donor contributes future premium payments, Operation Jump Start includes the entire amount of the additional premium payment as a gift in the year it is made.

If a policy is not fully paid up and the donor does not elect to continue making gifts to cover premium payments on the life insurance policy, Operation Jump Start may:

- Continue to pay the premiums;
- Convert the policy to paid-up insurance; or
- Surrender the policy for its current cash value.

## D. Bequests

A bequest is a gift of any amount or form made to Operation Jump Start in a donor's will. Bequests may provide for a specific dollar amount in cash, specific securities, or specific articles of tangible personal property.

Operation Jump Start is pleased to be named as a charitable beneficiary in a donor's will. Donors may make bequest provisions that name Operation Jump Start as any of the following:

- Sole beneficiary;
- Beneficiary of a portion of the estate (e.g., 30%, 50%, etc.);
- Beneficiary of the remainder of an estate or a portion of the remainder of an estate after specific needs have been fulfilled;
- Beneficiary of a specific dollar legacy; or
- Contingent beneficiary.

Gifts can be made to Operation Jump Start through the execution of a new will or through a codicil to an existing will. Sample Language:

"I give and bequeath to Operation Jump Start of Long Beach, California, (the sum of \$X) or (Y% of the residue and remainder of my estate) or (property described herein) to be used for general purposes, as determined by the Board of Directors."

Gifts received when Operation Jump Start had no prior knowledge of the amount or nature of the gift are treated as if the language above had been included, unless legally impossible.

## E. Retirement Plan Beneficiary Designations

The easiest way for a donor to donate retirement plan assets is to designate Operation Jump Start as a primary beneficiary. Donors can contact the administrator of their plan to receive the correct forms to sign. For 401(k)s, if a donor is married, the spouse must waive his or her right to survivor benefits from the plan. Donors can specify an amount or percentage of the retirement plan assets to be gifted to Operation Jump Start. Donors can also designate Operation Jump Start as the secondary beneficiary. An alternative is to have retirement plan assets transferred at death to a charitable remainder trust.

Retirement plan beneficiary designations and bequests are not recorded as gifts to Operation Jump Start until the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of the gift is recorded at the time the gift becomes irrevocable.

## IX. ENDOWMENT FUNDS

### A. Endowment Policies

Endowment funds are funds in which the donor has stipulated, as a condition of the gift, that the principal of the fund is to be maintained by Operation Jump Start in perpetuity and only investment income and net appreciation (including capital gains, dividend income, interest) may be expended for the general charitable purposes of Operation Jump Start.

Endowment fund income and net appreciation can be unrestricted or restricted by a donor for use in a particular program or interest area of Operation Jump Start.

Donors are encouraged to recognize that over the many years following the establishment of an endowment, the needs, policies, and circumstances of Operation Jump Start can change in unforeseen ways. The Board of Directors must have the flexibility to make use of funds in the best interest of the institution and in accordance with donor interests and specifications. Thus, donors are advised to describe the specific purposes of their gifts as broadly as possible and to avoid detailed limitations and restrictions. Donors considering gifts for a specific purpose are encouraged to consult with the Executive Director.

Donors are encouraged to include descriptive language to the effect, “if the Board of Directors determines that this use is no longer necessary or appropriate, the Board of Directors is authorized to direct the income or principal of the fund for another use agreed upon through a special resolution of the Board, with preference given for another use most in keeping with the original intent of the fund.”

Donors are encouraged to establish endowments that provide funding for areas of ongoing budgetary need. The Executive Director and the Gift Acceptance Task Force reserve the right to decline gifts that do not meet this criterion.

No endowment funds, named or otherwise, can be created for an amount less than \$50,000, unless otherwise approved by the Board of Directors.

Endowment gifts may be commingled in the long-term investment portfolio of Operation Jump Start and adhere to the investment policy of Operation Jump Start, as adopted by the Board of Directors.

There are two existing endowments, the Diann and Walt Zenda Executive Director Endowment, and the OJS Scholarship Endowment, and donors are encouraged to make their endowment gifts to one of these. Any gift of endowment funds that creates a new endowment other than one of these two will require creation of an Endowment Agreement, similar to a Restricted Fund Agreement, to properly capture the donor’s intent.

## B. The Diann and Walt Zenda Executive Director Endowment (“ED Endowment”)

The ED Endowment is a general operating expense endowment first established by Operation Jump Start’s founders, Diann and Walt Zenda, and is intended to ensure the long-term viability of the organization. The principal is maintained in perpetuity and the investment income and appreciation are to be used to support the ongoing mission of Operation Jump Start.

## C. The OJS Scholarship Endowment

The OJS Scholarship Endowment is restricted to funding educational scholarships for Operation Jump Start Graduates who are attending four-year undergraduate colleges and universities. The educational scholarships funded by the OJS Scholarship Endowment can support tuition, books, lab fees, and electronic or other equipment formally required by the institution.

## X. Distribution of Funds Upon Dissolution

In the event Operation Jump Start ceased to exist for some reason, pursuant to California State law, the Articles of Incorporation of Operation Jump Start provide as follows:

Upon the winding up, liquidation, dissolution or abandonment of this organization, its assets, remaining after payment or provision of payment of all debts and liabilities of this organization, shall be distributed to an organization organized and operated exclusively for charitable and educational purposes meeting the requirements of Revenue and Taxation Code section 214.

For restricted funds, including endowments, the nature of the restriction will be honored in any dissolution to the maximum extent allowable by law. For gifts restricted to scholarships, for example, the “debts and liabilities” of Operation Jump Start will include allocating the funds first to fulfill any existing scholarship obligations, then as scholarships to remaining student participants in Operation Jump Start. After such debts and liabilities are provided for, then any remaining funds will be distributed to an appropriate entity pursuant to Code, such as the California State University Long Beach “President’s Scholarship” program.