

**OPERATION FOOD SEARCH  
SUNNY DAY ENDOWMENT FUND  
OPERATING POLICY**

This Endowment Fund Operating Policy (“Operating Policy”) is made this \_\_\_\_ day of \_\_\_\_\_, 2020, by Operation Food Search, Inc. (“OFS”), a Missouri nonprofit corporation, and shall become effective upon approval of its Board of Directors (“Board”). This Operating Policy incorporates by reference the Endowment Agreement.

**I. NAME**

The name of the endowment fund to which this Operating Policy shall apply shall be “Sunny Day Endowment Fund,” hereinafter referred to as the “Fund.”

The Fund is established by the Board for the purpose of receiving, managing, and administering assets restricted by donors as endowment gifts and assets transferred by the Board to the Fund.

**II. CHARITABLE PURPOSES**

The purpose of the Fund shall be to provide financial stability and support for the general mission, operation, and activities of OFS, including primary purposes of which are distributing food and necessities to community partners and providing nutrition education, advocacy, and outreach programs, as well as to ensure the long-term viability of OFS. In the event that future circumstances change so that the purpose for which the Fund is established, or a restriction contained in a gift instrument on the use of the Fund’s payout, becomes illegal, impracticable, or no longer able to be carried out to meet the needs for which the Fund was established, the Board may designate an alternative use for the Fund payout in accordance with applicable state law (including Missouri Revised Statutes Sections 402.130 through 402.148 (the “Missouri Uniform Prudent Management of Institutional Funds Act” or the “Act”)) to further the objective of OFS in the spirit of the original charitable purpose. Any such alternative use shall be for the purpose that most closely coincides with the donor’s stated intent, if any. OFS shall notify the Missouri Attorney General of the application if required under the Act and, specifically, Missouri Revised Statutes Section 402.138.

### III. FUND

**Types of Gifts Accepted.** The Fund shall be tracked separately within the accounting records of OFS. OFS welcomes contributions and gifts of financial support from any interested person or organization. The staff of OFS is pleased to meet with prospective donors and their advisors to explore their interests, the purposes of the Fund, the various gift options, and the related tax consequences. OFS will advise all donors to seek their own tax and legal counsel and will in no event render tax, legal, or financial advice. OFS is not required to accept all gifts offered to it. Any questions that may arise in the review and acceptance of gifts to the Fund will be referred to the Board prior to acceptance.

**Gifts for Restricted Use.** The Board may, in its discretion, accept donations whose payouts are restricted as to uses and purposes as defined in Section II, and that limit the time, manner, amount, or other terms of distribution; provided, however, that no donation shall be received and accepted that is conditioned or limited in such manner as to require the disposition of income or principal to any person or organization other than OFS or for other than the charitable purposes as set forth above in Section II.

If OFS determines that a donor-imposed restriction contained in a gift instrument on the management, investment, investment earning distribution or purpose of the Fund is unlawful, impracticable, impossible to achieve, or wasteful, OFS, 60 days after notification to the Missouri Attorney General (only to the extent required by the Act), may release or modify the restrictions in whole or in part if (i) the Fund subject to the restriction has a total value of less than \$50,000; (ii) more than 10 years have lapsed since the Fund was established; and (iii) OFS uses the property in a manner consistent with the charitable purposes expressed in Section II of this Operating Policy. A Fund may also be released or modified in accordance with the Act, and Board-designated funds without donor restrictions may be released or modified by the Board.

**Commingled Funds.** For investment purposes, the Fund assets, including restricted funds, may be commingled with other investment assets of OFS, so long as OFS separately identifies (or causes to be identified) the Fund assets and all restricted funds and returns in its accounting records. The Fund shall be the property of OFS. The Fund shall not be a separate trust.

### IV. ADMINISTRATION & RESPONSIBILITIES

OFS shall maintain the Fund as a commingled Board-designated and donor-restricted endowment fund, with each of the Board-designated and donor-restricted endowment funds tracked

separately within its books and records. The Fund shall be held in accordance with the specific endowment terms set forth in this Operating Policy. The Fund shall include all donor-restricted contributions to the Fund (“Fund Contributions”) and all income and other earnings (including realized and unrealized gains and losses) earned by the Fund (“Fund Income”) as described herein and shall be reduced by expenses allocated to the Fund (“Fund Expenses”) and appropriations of the Fund for spending by the OFS Board (“Fund Spending”). The Fund shall be managed by the Board in a prudent and reasonable manner and in accordance with the Act. Within a reasonable time after receiving non-negotiable securities, the Board shall make and carry out decisions concerning the retention or disposition of the gifts or to rebalance a portfolio in order to bring the Fund into compliance with the purposes, terms, and distribution requirements of OFS as necessary to meet other circumstances of OFS and the requirements of the Act.

The Board is responsible for making the decisions that shape the Fund’s investment policy. In managing the Fund, the Board shall comply with the duty of loyalty under applicable laws and will invest and manage the Fund in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances. In managing and investing the Fund, the Board may incur costs that are appropriate and reasonable in relation to the assets, the purpose of OFS, and the skills available to the Board. The Board shall also make a reasonable effort to verify facts relevant to the management and investment of the Fund.

If deemed necessary, the Board may delegate investment decisions using a good faith and prudent decision-making process. The Board will act in good faith with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in (i) selecting an agent; (ii) establishing the scope and terms of the delegation consistent with the purposes of OFS and the Fund; and (iii) periodically reviewing the agent’s actions in order to monitor the agent’s performance and compliance with the scope and terms of the delegation.

The Board sets investment objectives and performance measurement standards and oversees the overall management of the Fund. The Board has the responsibility to ensure that the assets of the Fund are managed in a manner which is consistent with the policies and objectives of the Fund, and the charitable purposes of OFS, subject to restrictions, if any, in a donor’s stated intent. Investment of the Fund shall be in accordance with such investment policies and guidelines as the Board may establish from time to time. In managing the Fund, the Board shall consider the following factors when relevant:

- a. General economic conditions;
- b. The possible effect of inflation or deflation;
- c. The expected tax consequences, if any, of investment decisions or strategies;
- d. The role that each investment or course of action plays within the overall investment portfolio of the Fund;
- e. The expected total return from the income and the appreciation of investments;
- f. Other resources of OFS;
- g. The needs of OFS and the Fund to make the distributions and to preserve capital; and
- h. An asset's special relationship or special value, if any, to the charitable purposes of OFS.

The Board shall make its management and investment decisions regarding the Fund in the context of the portfolio of investments as a whole and as a part of an overall investment strategy, having risk and return objectives reasonably suited to the Fund and to OFS. The Board shall diversify the investments in the Fund unless it reasonably determines that due to special circumstances the purposes of the Fund are better served without diversification.

The assets held in the Fund from time to time shall be invested in a reasonable and prudent manner consistent with sound investment principles and otherwise in such manner as the Board shall determine in its sole discretion. Except as otherwise provided by applicable law and the Act, the Board may invest the assets of the Fund in any kind of property or type of investment, consistent with the Act. The assets held in the Fund from time to time may be commingled and jointly invested by the Board in a common pool together with other funds of OFS held for investment, provided that OFS shall maintain an account of the Fund assets and shall credit the Fund with a proportionate part of the net investment earnings attributable to the Fund.

**Endowment Fund Spending Policy.** The Board recognizes both the short-term need of the Fund for annual income from the investment portfolio and the long-term need for maintenance and growth of the Fund's purchasing power. The Board shall make distributions consistent with its obligations under the Act, and any other applicable law. Under such guidelines, subject to the intent of the donor expressed in the gift instrument, the Board may appropriate for expenditure or accumulate so much of the Fund as it determines is prudent for the uses, benefits, purposes and duration for which the Fund is established. In making a determination to make distributions, the Board shall act in good faith with the care that an ordinary prudent person in a like position would exercise under similar circumstances and shall consider, if and as relevant, the following factors:

- a. The duration and preservation of the Fund;
- b. The purposes of OFS and the Fund;

- c. General economic conditions;
- d. The possible effect of inflation or deflation;
- e. The expected total return from income and the appreciation of investments;
- f. Other resources of OFS; and
- g. The investment policy of OFS.

Accordingly, Fund Spending under the expressed standards may occur in the complete discretion of the Board, without imposing any minimum spending expectations, without imposing any additional prudent spending requirements, and without imposing any other requirements or restrictions regarding Fund Spending, including any limitations pertaining in any way to the risk of exhaustion of the Fund over time.

If the Fund became underwater (i.e. the fair market value of the assets is less than the amount required to be held in perpetuity), the Board shall determine the appropriate distribution, if any, to be taken from the Fund, in accordance with the Board's obligations under the Act.

**Modification of Operating Policy.** This Operating Policy may be modified by a majority vote of the Board.

**Compliance with Missouri Uniform Prudent Management of Institutional Funds Act.** It is the intention of OFS and the Board that this Operating Policy shall comply in all respects with the Missouri Uniform Prudent Management of Institutional Funds Act. All provisions of this Operating Policy shall be construed in accordance with the Missouri Uniform Prudent Management of Institutional Funds Act.

**Termination.** In the event the Board, at its sole discretion, elects to discontinue programs consistent with its mission and dissolve OFS, the Fund shall be transferred by the Board to an organization of like purpose, mission, and tax status. Endowment funds restricted by the donor shall continue to be subject to such restriction.



---

Lisa Pelikan  
Chairman, Board of Directors  
Operation Food Search