

**Birse Community Trust**  
**Scottish Charity Number SC028220**

**Endowment Fund – Policy Statement**

The Trustees of Birse Community Trust (“BCT”) have resolved to establish a specific Endowment Fund principally to hold donations and legacies which are unrestricted in nature and other funds not immediately required to meet the Trust’s undertakings, commitments and costs, but which may or are likely to be so required in the medium to longer term.

To regulate the setting up and running of an Endowment Fund (“the Fund”), the Trustees have agreed to set out a specific policy within this Policy Statement as follows:

1. The Fund is to be treated for accounting and other purposes as a restricted fund of BCT.
2. The purpose of the Fund is to promote the Charitable Purposes of BCT by ensuring careful financial planning by the Trustees for periods of financial stability and instability, thereby enabling BCT to make sustainable financial contributions and commitments in the longer term.
3. The Fund will receive any legacies received by BCT which are unrestricted in nature, together with other donations and income not considered by the Trustees to be required to meet the needs of BCT’s anticipated operations in its current and subsequent two financial years.
4. Subject to the likelihood of Clauses 6 and 7 being invoked within the following 12 month period, the Trustees may invest the Fund, or the remainder thereof beyond such likelihood, in line with specific professional advice.
5. The Trustees will be able to draw upon the annual income and interest accrued by the Fund as a primary source of contribution towards meeting BCT’s needs for unrestricted funds in carrying out its day-to-day operations.
6. The Trustees will be able, by a decision of 75% or more of them, to draw on the capital invested in the Fund, but only for specific capital investment projects in line with its Charitable Purposes, or for revenue funding in exceptional circumstances.
7. The Trustees will be able, by a decision of 75% or more of them, to borrow money from the Fund interest-free, for the general purposes of BCT, subject to:
  - (a) any such loans at any time being worth no more than one-third of the total capital invested in the Fund;

- (b) the maintenance in the Fund of a minimum of £50,000 as an amount that cannot be so borrowed by BCT; and
  - (c) the maintenance intact within the Fund of any legacies which were given as endowment-only, from which only income would be available to BCT.
- 8. The Trustees may, particularly if they receive a number of endowment-only legacies, agree to sub-divide the Fund into a True Endowment Fund (in respect of which only the income and interest can be used) and a Flexible Endowment Fund (in respect of which the income and interest can be used and, but only in terms of Clauses 6 and 7 hereof, the capital also).
- 9. The Trustees will report on the Fund in each of BCT's Annual Accounts from now on, including:
  - (a) the total capital in the Fund at the beginning and end of the relevant accounting period;
  - (b) any legacies received during the relevant accounting period, and whether restricted or unrestricted, and whether for endowment only or not;
  - (c) the income and interest received on the Fund during the relevant accounting period;
  - (d) the total amount invested in the Fund at the end of the relevant accounting period;
  - (e) the total amount withdrawn from the Fund, excluding income and interest during the relevant accounting period; and
  - (f) any existing loans (whenever established) and any new loans made to BCT from the Fund during the relevant accounting period.
- 10. The Trustees will also report on the Fund in its Board Report to each Annual General Meeting of BCT, to include, with reference to the relative accounting period:
  - (a) the total capital in the Fund at the beginning and end of the relevant accounting period;
  - (b) the total income and interest received on the Fund during the relevant accounting period;
  - (c) the total amount invested in the Fund at the end of the relevant accounting period;
  - (d) the total amount withdrawn from the Fund, excluding income and interest during the relevant accounting period; and
  - (e) the total of any existing loans (whenever established) and any new loans made to BCT from the Fund during the relevant accounting period, and the reasons therefor.
- 11. This Policy Statement cannot be amended or cancelled unless 75% of the Trustees at the time agree to do so.