



## **MISSION STATEMENT**

*The Catholic Education Foundation is an independent charitable trust committed primarily to providing tuition assistance to the most financially deserving students attending Parish elementary schools in the Archdiocese or Catholic high schools within the Archdiocese that particularly assist a financially deserving population. The Foundation believes that an excellent education in a Catholic school is an “Advantage for Life”, especially for the poor and underserved children in the Archdiocesan schools.*

## **RESTATED DECLARATION OF TRUST**

### **CATHOLIC EDUCATION FOUNDATION**

Pursuant to the authority granted in Section 1.7 of Article I of the Declaration of Trust dated November 10, 1987 establishing the Catholic Education Foundation to the Archdiocese of Los Angeles, the Declaration of Trust is hereby amended and restated as follows:

This Restated Declaration of Trust continues the CATHOLIC EDUCATION FOUNDATION ("Foundation"), a trust created by the Roman Catholic Archbishop of Los Angeles, a Corporation Sole, ("Settlor") in the Declaration of Trust dated November 10, 1987 ("Original Trust") as an independent trust for charitable purposes. The Foundation shall continue to hold the property transferred to the Foundation since its founding in 1987, along with all additions, earnings and unearned appreciation on such Property ("Property"). The Property and all other contributions to the Foundation after the date hereof shall continue to be held, administered and distributed as hereinafter provided.

## **ARTICLE I**

### **Purposes**

Section 1.01 Purposes. The purpose of the Foundation is to apply all Property of the Foundation for religious and/or education purposes as those terms are described in Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended; ("Code"). The Foundation shall provide tuition assistance to the most financially deserving students attending Parish elementary schools in the Archdiocese and Catholic high schools within the Archdiocese that particularly assist a financially deserving population; and, as available, may provide tuition assistance for qualified teachers and administrators within the Archdiocese who participate in approved leadership programs to enhance their contributions as educators. The Foundation may also administer otherwise restricted funds accepted by the Foundation pursuant to Section 7.03 of this Declaration of Trust.

Section 1.02 Charitable Limitations of Activities. No part of the activities of the Foundation shall consist of carrying on propaganda or otherwise attempting to influence legislation. The Foundation shall not participate in, or intervene in (including through the publication or distribution of statements), any political campaign on behalf of any candidate for public office. Notwithstanding any other provision hereof, the Foundation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization described in Section 501(c) (3) of the Code or the Regulations thereunder in effect from time to time, or not permitted to be conducted or carried on by an organization, contributions to which are deductible under Section 170(c) (2) of the Code or the Regulations thereunder, in effect from time to time.

Section 1.03 Prohibitions Against Inurement. The property of the Foundation is irrevocably dedicated to charitable purposes and no part of the net income or assets of the Foundation shall ever inure to the benefit of any Trustee thereof or to the benefit of any private person.

Section 1.04 Distribution on Dissolution. Upon the dissolution or winding up of the Foundation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this Foundation shall be distributed to the Settlor, for application in accordance with Section 1.11 of this Declaration of Trust.

Section 1.05 Additions to Trust. Property may be added to this Trust from time to time from any source, to be held, administered, and distributed in accordance with and pursuant to the provisions of this Declaration of Trust; but no gift shall be received and accepted if it is conditioned or limited in such manner as to require any action prohibited under the limitations prescribed in this Declaration of Trust.

Section 1.06 Definition of Charitable Organizations. In this Declaration of Trust and any amendments to it, references to "charitable organizations" mean organizations described in Section 501(c)(3) of the Code.

Section 1.07 Definition of Charitable Purposes. In this Declaration of Trust and in any amendments to it, the term "charitable purposes" shall be limited to and shall include only religious and educational purposes within the meaning of those terms as used in Section 501(c)(3) of the Code.

Section 1.08 Payments from the Trust. The principal and income of the Trust estate shall be distributed to or applied only for the charitable purposes set forth in Section 1.01 above and only in such amounts as the Trustees shall determine. Subject to the limitations set forth in this Declaration of Trust and established by the Trustees, donors to the Foundation shall have the right to designate the specific entity to be benefited by the gift and the specific uses to which the gift is to be put.

Section 1.09 Amendment of Trust. This Declaration of Trust may be amended by the Settlor at any time; provided, no amendment shall authorize the Foundation to conduct its affairs

in any manner or for any purpose contrary to either the provisions of Section 501(c)(3) of the Code or the Regulations thereunder in effect from time to time, the California Probate Code or the other applicable provisions of state law and all such amendments shall be consistent with the purposes of the Foundation set forth in Section 1.01.

Section 1.10 Revocation of Trust. The Trust may be revoked at any time by the written declaration of the Settlor filed with the Trustees. Upon revocation of the Trust, the undistributed Trust estate then remaining, after payment of, or provision for payment of, all debts and liabilities of the Foundation, shall be distributed to the Settlor to be used exclusively for purposes set forth in Section 1.01 above. Notwithstanding the foregoing, gifts to the Foundation designated for a specific purpose shall be held by the Settlor in further trust to carry out such specific purpose and any portion of the corpus of the trust theretofore designated by the Trustees for a specific purpose shall be held by the Settlor in further trust to carry out such specific purpose.

Section 1.11 Settlor's Continuity of Existence. The Foundation is created and the Trust estate shall be held and administered in reliance on California law under which The Roman Catholic Archbishop of Los Angeles, a corporation sole, has perpetual existence and perpetual continuity of existence, notwithstanding vacancies in the incumbency thereof. The rights, duties and powers of the Settlor expressed in this instrument shall not be terminated, cancelled, diminished, or otherwise affected by any vacancy in the incumbency of the Settlor. The provisions of Section 10008 of the Corporations Code of California are incorporated herein by reference as though fully set forth with the intention that said provisions, and the force and effect of said provisions, shall be and become an integral part of this Declaration of Trust.

Section 1.12 Settlor's Supervening Power. Notwithstanding anything to the contrary herein set forth, the Settlor shall have and retain the power to rescind, in whole or in part, any contemplated act of the Trustees, or of any officer or agent of the Foundation, and to direct such action, as the Settlor deems proper, provided however, that no direction of the Settlor shall require the Foundation to conduct its affairs in any manner prohibited in this Declaration of Trust or to contravene a donor's wishes in regard to a designated gift.

## ARTICLE II

### Trustees

Section 2.01 Definitions. In this Declaration of Trust, references to "Trustees" or "Board of Trustees" mean one or more Trustees for the time they are in office in such capacity as such individuals are appointed from time to time by the Settlor in accordance with the terms of this Declaration of Trust.

Section 2.02 Trustees. The Trustees shall consist of not less than twenty (20) nor more than forty (40), including, as ex-officio members, the Ordinary of the Archdiocese, the Moderator of the Curia-Vicar General, the Chancellor and the Chief Financial Officer, and the

other individual persons, each selected and appointed by the Settlor. As of the date of this Reinstatement of the Declaration of Trust, the Trustees are:

Cardinal Roger Mahony, ex-officio	David Allen Lund
Kathleen H. Aikenhead	Kathleen McCarthy
Thomas H. Barron	Peter W. Mullin
Ronald F. Boeddeker	Honorable Richard J. Riordan
Jane Castruccio	Dr. Frank M. Sanchez
William M. Close	Dorothy Shea
Richard M. Ferry	William E. B. Siart
Sr. Mary Elizabeth Galt, BVM, ex-officio	Robert A. Smith, III
George Gibbs, Jr.	Timothy J. Smith
Richard A. Grant, Jr.	Randolph E. Steiner, ex-officio
Stanley D. Hayden	Monsignor Royale M. Vadakin, ex-officio
William T. Huston	John F. Watkins
Stephen F. Keller	Nicholas N. Weber
Thomas E. Larkin	Susan Wegleitner

Section 2.03 Status of Trustees. The authority of the Trustees is such as is conferred upon them by this Declaration of Trust and any amendments thereto. Successor Trustees shall have the same rights, powers and duties as their predecessors. All Trustees, including ex-officio members, shall be voting members.

Section 2.04 Appointment of Trustees. Trustees shall be appointed by the Settlor after such consultation with the Trustees as it may consider appropriate. Appointments shall be made by a written notice to the appointed Trustee and such appointment shall become effective generally at the annual meeting.

Section 2.05 Tenure of Trustees. The Trustees shall be appointed by the Settlor effective at the annual meeting and shall serve for three (3) years and until their successors have been appointed and qualified, unless before such time the Trustee shall have vacated the office under Section 2.06, except for Trustees serving as of the date hereof, who have served more than nine years, who shall continue until they resign or vacate their office pursuant to Section 2.06. Trustees shall be appointed for a three year term, and may be reappointed for up to two (2) additional consecutive terms, unless the Settlor shall extend the term. Ex-officio members shall serve as long as they hold the specified office in the Archdiocese.

Section 2.06 When Office Vacated. The office of a Trustee is vacated by a Trustee's removal, resignation or death, in the event of the appointment of a conservator or guardian of the person or estate of a Trustee, or if the Trustee shall file a voluntarily petition in bankruptcy and the court shall approve of the filing or the filling of an involuntary petition for the adjudication of bankruptcy of the Trustee, or for approval of an arrangement, composition or other extension under the applicable state and federal bankruptcy laws with respect to the Trustee. Any Trustee can be removed from office at any time with or without cause by a writing signed by the Settlor. Notice of the removal of any Trustee shall be delivered to the remaining Trustees.

Section 2.07 No Bond Required. No Trustee shall be required to furnish any bond or surety.

Section 2.08 Expenses of Trustees. A Trustee shall be entitled to the repayment of all expenses actually and properly incurred by him or her in the performance of his or her trust.

Section 2.09 Liability of Trustees. Each of the Trustees shall be severally held to the faithful performance of his or her own acts, but shall not be liable for the acts of any other Trustee.

Section 2.10 Trustees Act in Fiduciary Capacity. All Trustee powers are exercisable solely in a fiduciary capacity consistent with and in furtherance of the charitable purposes of the Foundation and not otherwise.

Section 2.11 Conflict of Interest. No Trustee shall receive any compensation solely for acting as a Trustee, but a Trustee may receive reasonable compensation for other services actually rendered to the Foundation, if the same have been approved by a majority of the Trustees.

Section 2.12 Action by Majority of Trustees. The powers vested in the Trustees shall be exercised by a majority of the Trustees.

### **ARTICLE III**

#### **Powers of Trustees**

Section 3.01 Powers. In addition to powers granted to Trustees in Part 4, Chapter 2 of the Probate Code of the state of California commencing with section 16.200 and following, the Trustees shall have the following powers with respect to their actions on behalf of the Foundation:

(a) To continue to hold and operate or participate in the operation of any real property, or interest that the Trustees receive or acquire, as long as the Trustees deem advisable, at the risk of the Trust estate.

(b) To manage, control, grant options on, sell, convey, exchange, partition, divide, improve, and repair Trust property; sales may be for cash or on deferred payments for credit, or for any combination of cash and credit, or for any other consideration, and at such price and on such terms, conditions and in such manner as the Trustees shall deem advisable.

(c) To have all the rights, powers, and privileges of an owner with respect to any securities held in Trust, including, but not limited to, the power to vote, give proxies, and pay assessments; to participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations, and incident to such participation to deposit securities

with and transfer title to any protective or other committee on such terms as the Trustees may deem advisable; and to exercise or sell stock subscription or conversion rights.

(d) To hold securities or other Property in the Trustees' name as Trustees under this Trust, or in the name of a nominee, or the Trustees may hold securities unregistered in such condition that ownership will pass by delivery.

(e) To lease Trust property for terms within or beyond the term of the Trust and for any purpose, including exploration for and removal of gas, oil and other minerals; and to enter into community oil leases and pooling and unitization agreements.

(f) To borrow money, and to encumber or hypothecate trust property by mortgage, deed of trust, pledge, or otherwise, to secure the indebtedness of the trust including, without limitation, the power to establish and maintain any margin account or accounts with securities dealers or brokers.

(g) To raze or move existing buildings, and to erect new buildings, from or upon any Trust real property; and to make ordinary or extraordinary repairs, alterations, or additions to any buildings over which the Trustees have management.

(h) To invest and reinvest the Trust estate in every kind of property, real, personal, or mixed, and every kind of investment, specifically including, but not by way of limitation, corporate obligations of every kind, stocks, preferred or common, shares of investment trusts, investment companies, and mutual funds, mortgage participations, market funds, and index funds, options and other securities and evidences of indebtedness which persons of prudence, discretion, and intelligence acquire for their own account, including any common trust funds. The investments need not be diversified.

(i) Except as herein otherwise set forth, to purchase life insurance policies on the life of any person and to exercise all rights of ownership and control contained in such policies.

(j) To place, replace, renew, or extend any encumbrance upon any real property when due, or at any time when the Trustees shall deem it advisable or necessary, in such amounts, upon such conditions, and by such means, as the Trustees deem proper.

(k) To pay all taxes which are properly chargeable against the Trust estate.

(l) To employ any custodian, investment advisor, attorney, accountant, or other agent to assist the Trustees in the administration of the Foundation. Reasonable compensation for all services performed by these agents shall be paid from the trust estate out of either income or principal as the Trustees shall determine in the exercise of reasonable discretion.

(m) Except as herein otherwise set forth, in any case in which the Trustees are required to divide any Trust Property into parts or shares for the purpose of distribution, or otherwise, the Trustees are authorized, in the Trustees' sole discretion, to make the divisions and distributions in kind, including undivided interests in any Property, or partly in kind and partly in money, and for

this purpose to make sales of the Trust Property on such terms and conditions as the Trustees shall see fit.

(n) In any case hereunder where the Trustees are required or authorized to make any payments to a beneficiary for a specified purpose, the Trustees shall not be liable to see to the proper application of such payment, or for the failure of the beneficiary to make such application.

(o) The Trustees shall have the power to release or restrict the scope of any power that the Trustees may hold under this instrument whether such power is expressly granted or implied by law. The Trustees shall exercise this power in a written instrument executed by the Trustees, specifying the powers to be released or restricted and the nature of the restriction.

(p) The Trustees shall have the power to commence or defend litigation with respect to the Foundation or any Property of the Foundation as the Trustees deem advisable, at the expense of the Foundation.

(q) The Trustees shall have the power to compromise or otherwise adjust any claims or litigation against or in favor of the Foundation.

(r) The Trustees shall have the power to carry, at the expense of the Foundation, insurance of such kinds and in such amounts, as the Trustees deem advisable to protect the Foundation and the Trustees against any reasonably insurable risks.

(s) The Trustees shall have the power to open and maintain bank accounts, both savings and checking; savings and loan accounts; thrift accounts; to deposit and withdraw funds from any account; and to endorse and deposit checks in any account. Any two Trustees and the Settlor may be authorized to do and perform any of the following acts: deposit funds; endorse checks for deposit; open and close accounts; and purchase or redeem certificates of deposit. The within provisions expressly supersede the provisions of Section 15620 of the Probate Code of California.

(t) The Trustee shall have the power to designate offices and committees to carry out the work of the Board, all of which shall be subject to the Governance Document approved by the Board.

(u) The Board of Trustees, with the approval of Settlor, shall appoint an Executive Director. Subject to such supervisory powers as may be given by the Board of Trustees, the Executive Director shall supervise, direct and control the business of the Foundation.

## **ARTICLE IV**

### **Fund Management and Audits**

Section 4.01 Management of Funds. The management of all Foundation Funds shall be the sole responsibility of the Board of Trustees. All gifts shall be placed in Foundation accounts. There shall be no commingling of funds except for investment purposes.

Section 4.02 Definitions. The form of endowment is defined below and shall dictate how income shall be expended. The endowment principal shall be preserved intact in perpetuity.

(a) Restricted Endowment. Any Endowment which is restricted by the terms of the Donor's gift or gift agreement shall be known as a Restricted Endowment.

(b) Unrestricted Endowment. Any Endowment which is not a Restricted Endowment shall be deemed an Unrestricted Endowment.

(c) Temporarily Restricted Endowment. The Board may wish to allocate an Unrestricted Endowment or general funds to an endowment at any time. These funds shall be known as Temporarily Restricted Endowments and can be withdrawn by the Board at any time for application to other needs of the organization or can expire by the passage of time.

Section 4.03 Audit and Financial Reports.

(a) An independent auditor, appointed by the Board of Trustees, shall prepare at least annually for the Foundation a consolidated financial statement. It shall include a statement of assets and liabilities and a statement of receipts, disbursements and distributions for each separate Fund of the Foundation. The auditor shall prepare such other additional reports or information as may be required by any state or the federal government to be filed by the Foundation and other reports requested by the Board of Trustees.

(b) The Board of Trustees shall, at least annually, publish as the Trustees determine a written report of its financial condition, activities and distributions. The report also shall be made available, upon request, from any current or prospective donor.

## ARTICLE V

### **Application of Funds, Distributions and Disbursements**

Section 5.01 Procedures. Procedures regarding investment, distribution and disbursements of funds shall be set by the Trustees.

Section 5.02 Distribution of Income. All endowment income shall be utilized in accordance with the Foundation's purposes.

Section 5.03 Distribution of Principal.

(a) The invasion of principal of a Restricted Endowment if any, shall be dictated by the terms of a donor's gift or gift agreement.

(b) The invasion of principal of a Temporarily Restricted Endowment shall require the approval of a majority of the Board

(c) All Endowment Funds are governed by the California Uniform Management of Institutional Funds Act set forth in Section 18500 and following of the Probate Code.

## **ARTICLE VI**

### **Indemnification**

Section 6.01 Conditions for Indemnification. The Foundation shall indemnify each Trustee, officer, agent and employee of the Foundation and hold them harmless against any judgment or decree, or amount incurred or paid in settlement, in connection with any past, pending or threatened action, suit or proceeding to which he or she was or is a party by reason of being or having been such Trustee, officer, agent or employee, provided that, with respect to the Foundation's obligation hereunder, a determination is made by the Board of Trustees of this Foundation acting at a meeting at which a quorum consisting of Trustees who neither were nor are parties to or threatened with any such action, suit or proceeding is present, if it is ultimately determined, that:

(a) Such person was not, and has not been adjudicated to have been guilty of intentional misconduct in the performance of his/her duty to the Foundation.

(b) Such person acted in good faith in what he/she reasonably believed to be the best interest of the Foundation; and

(c) Such person had no reasonable cause to believe that such conduct was unlawful. In the event that a quorum cannot be obtained pursuant to the provisions of this Section 8.01, regarding the Foundation's obligation then any Trustee may require the Foundation to petition any court of competent jurisdiction to authorize the indemnification provided hereunder.

Section 6.02 Nonexclusive. The foregoing rights of indemnification shall not be deemed exclusive of any other rights of which such Trustee, officer or employee may be entitled apart from the provisions of this Article VIII.

## **ARTICLE VII**

### **Gifts to the Foundation**

Section 7.01 Method. Gifts to the Foundation shall become property of the Foundation upon receipt and acceptance by the Board of Trustees and the Settlor.

Section 7.02 Gifts in Trust. If a gift is made in trust to make payments to others, followed by payment to the Foundation, or in trust with payment to the Foundation followed

by payment to others, the Board of Trustees may take such actions as it deems necessary to protect the Foundation's right to receive such payments.

Section 7.03 Donor's Restrictions.

(a) Any donor may, with respect to a gift made to the Foundation, provide, at the time of the gift, restrictions or conditions which are consistent with the purposes of the Foundation set forth in Section 1.01 as to:

- (i) The manner of distribution, and whether from principal and/or income,
- (ii) The specific entity or use of the gift; and
- (iii) The name, as a memorial or otherwise, for a fund given.

Section 7.04 Investments. No gift shall be received which is required to be separately invested. Restrictions involving the naming of a Permanent Endowment Fund as a memorial or otherwise may be satisfied by reflecting through name accounts the interest of such Fund in each common investment.

Section 7.05 Presumption as to Donor's Intent. Each gift to the Foundation shall be presumed to be intended (1) to be used only for religious and/or educational purposes as those terms are defined for purposes of Section 501(c)(3) of the Internal Revenue Code, (2) to be productive of a reasonable return of net income which is to be distributed at least annually, or, if accumulated, is to be accumulated only in a reasonable amount and for a reasonable period for a religious and/or educational purpose or purposes, (3) to be used only for such purposes and in such manner as not to disqualify the gift from deduction as a charitable contribution in computing any federal income, gift or estate tax of the donor, or his estate, and (4) not to affect the Foundation's exemption as a qualified charitable organization and/or from classification as a public charity, and no gift shall be otherwise applied. If a restriction or condition by the donor, however expressed, would, if followed, result in use contrary to the intent so presumed, or if the Board of Trustees is advised by counsel that there is substantial risk of such result, the restriction or condition shall not be followed, but shall be varied by the Board of Trustees so far as necessary to avoid such result. However, if the donor has clearly stated that compliance with the restriction or condition is a condition of the gift, then the gift shall not be accepted unless an appropriate judicial or administrative body first determines that the condition and restriction need not be followed. Reasonable charges and expenses of counsel for such advice and proceedings shall be proper expenses.

Section 7.06 Variance. Whenever the Board of Trustees decides that conditions or circumstances are such or have so changed since a restriction or condition by the donor as to the purpose, manner of distribution, use, or investment of a Fund was made, that literal compliance with any such restriction or condition is unnecessary, undesirable, incapable of fulfillment, or the restriction or condition is inconsistent with the educational needs of the Archdiocese of Los Angeles, it may, by the affirmative vote of a majority of its members, and approval of the Settlor,

apply to the donor, if he or she is capable of agreeing to such variance, or apply to the Court having jurisdiction over such gift to vary or modify such restriction.

## ARTICLE VIII

### Miscellaneous

Section 8.01 Captions. All captions appearing in this instrument are for convenience only and, in construing this instrument, captions shall be disregarded to the end that the same shall not add to, subtract from, or otherwise affect the language of this instrument in any manner.

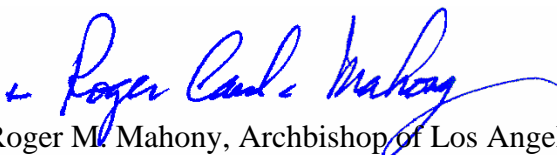
Section 8.02 Gender and Number. As used through this instrument, the masculine gender includes the feminine and neuter genders, the feminine includes the masculine and neuter genders, and the neuter includes the feminine and masculine genders; and the singular and the plural number includes the plural thereof, and the plural number includes the singular thereof.

Section 8.03 Law Governing. This Declaration of Trust is made and executed in California, and this Declaration of Trust, the Trust created hereunder and the administration of the Trust shall be construed under and governed by the laws of the United States and the State of California and in particular the California Probate Code.

Section 8.04 Effective Date. The effective date of this Restated Declaration of Trust is July 1, 2004.

Executed at Los Angeles, California, this 1<sup>st</sup> day of October 2004.

**THE ROMAN CATHOLIC ARCHBISHOP  
OF LOS ANGELES, a corporation sole**

By:   
Roger M. Mahony, Archbishop of Los Angeles