

### **l'On Assembly Policy Governing Financial Support for The l'On Trust**

The l'On Assembly and the l'On Trust are both committed to keeping the l'On neighborhood a high quality planned community with unique amenities and activities for its neighbors. The Board of Trustees of the l'On Assembly wants to assure that the quality of the neighborhood activities provided by the l'On Trust is maintained. The Assembly Board recognizes that the Trust is a valuable asset to the community and, consequently, is committed to providing annual financial support to the Trust if so required to maintain a full calendar of activities.

The l'On Trust Board, in keeping with nonprofit best practices, has established an "operating reserve account" to hold one year of average operating expenses in the event that annual revenue generated would not cover annual expenses. This operating reserve account would allow the Trust to continue to provide a full range of community activities during a difficult economic period. Assembly support shall include assurance that the operating reserve account would be maintained at a level agreed upon by the Trust and the Assembly Boards. This level would be defined as the average of the current and prior two years of l'On Trust operating expenses.

In August of each calendar year, the Trust Board will provide calculations to include the updated average operating expense total for the current year (*operating reserve account target*) and whether a surplus or deficit will exist at year end in that account. If a deficit is projected, the Trust will inform the Assembly as to the amount in time for the Assembly to include that amount in its budget for the following year. The Assembly Finance Committee will review the calculations provided and make a recommendation to the Assembly Board to include the amount in the succeeding year's budget. Payment from the Assembly for this amount, in order to return the Trust's operating reserve account to its defined level, will be made to the Trust no later than January 31<sup>st</sup> of the succeeding year.

In the event that the Trust does not require the full payment budgeted by the Assembly to maintain the Trust reserves at the defined level, the remaining budgeted funding will be placed in an l'On Trust Reserve Fund, held by the Assembly, to be available for the Trust at a future date. This fund will be capped at \$30,000, and the intent is to keep the Fund at the \$30,000 level in perpetuity. Funds will be replaced when the Trust has the need to withdraw money from this reserve. This fund will be maintained by the l'On Assembly solely for the use of the l'On Trust. Withdrawals may be made upon a written request made to the Treasurer of the l'On Assembly.

Should the Trust generate and accumulate excess reserves, it is anticipated that these funds would be reinvested in the neighborhood in a manner determined by the Trust Board based on its mission and in agreement with the Assembly Board. The Assembly Board Liaison with the Trust will be responsible for updating the Board on the Trust's financial position on a regular basis.

This is to certify that the Board of Trustees adopted the I'On Trust Funding Policy by unanimous consent on March 26, 2015. It is effective immediately and will be in place until such date as it may be modified, rescinded or revoked.

Attached: Background Information on the I'On Trust, including its funding history

## **Background Information on The I'On Trust**

**The mission of The I'On Trust is to connect neighbors with their community by providing cultural and civic activities and promoting volunteerism.**

The TRUST produces events to bring neighbors together and to create community by providing various opportunities for residents in I'On and the greater community to come together for cultural, educational, and civic occasions as well as special observances and celebrations of holiday traditions.

- Annual programming features an Oyster Roast, the Cooper River Bridge Run Concert, an Easter Egg Hunt, Memorial Day Weekend Picnic, July 4<sup>th</sup> Celebrat'I'On, Halloween in the 'Hood, a Veteran's Day Concert, Giving Lights of I'On, and the Holiday Festival. In addition, Women's Coffees are held each month, Screen on the Green (outdoor movies) are planned several times a year, and Educational Lectures are held.

The TRUST is the keeper of the spirit of I'On dedicated to quality experiences that bring people together, including families. People have the chance to learn and to have fun and to help their community.

The TRUST helps foster grassroots activities through its grants program. Our funding for neighborhood entities has encouraged neighbors' interests and passions to flourish and involve others. Included among our funded organizations have been the I'Onissimo music groups, the Community of I'On Artists, the Conservati'on Corps of I'On, the Community Garden, and programs at Holy Ascension Orthodox Church.

The TRUST collaborates with community groups to bring a variety of offerings to our neighbors. Among our partners have been the Charleston Symphony, the Charleston Ballet Theater, Creative Spark Center for the Arts, Fort Moultrie, the College of Charleston, the Halsey Institute, the Gibbes Museum, the Charleston Jazz Society, the Village Theater, Adopt-A-Highway, and Chamber Music Charleston.

Having an organization like the TRUST adds value to property in I'On. The creators of I'On founded the Trust to serve as the "vision keeper" for the advancement of neighborhood principles and traditions, i.e. to create community! Our friends and our volunteers have made this a part of what living in I'On is all about.

### **Evolution of The I'On Trust's Financial Support**

Created in 1998 as a nonprofit 501(c)(3), the Trust was instituted as a separate organization from The I'On Assembly to serve the civic and cultural activities of the community. Because a community-based institute needs a source of revenue, a property transfer fee was created by the Founders of I'On and is called for in the Assembly's covenants, conditions and restrictions (CCR's) that apply to every property owner. The Trust receives one-tenth of one percent of the proceeds of every property sale in I'On. In addition, other revenue sources have been memberships, corporate sponsorships and ticket sales for special events.

In 2011, the membership component of the Trust was eliminated, and the decision was made to make most outdoor events free. The concept of memberships was never fully understood by many I'On residents, and most events were regularly open for the entire community to enjoy, not just Trust members. In order to replace the lost revenue from memberships, the I'On Assembly

Board of Trustees agreed to make the Trust a regular line item in its annual budget. In the 2011-2014 period, this line item totaled \$20,000. In a sense, this funding from the Assembly meant that every property owner contributed a small amount to the Trust by paying their annual homeowners' assessments. Moreover, all residents were automatically considered to be part of the Trust.

During this four year period, 2011-2014, not all of the funds budgeted for the Trust were paid out. In only one of the four years was the total amount of \$20,000 paid to the Trust. In one of these years, the Trust did not request the final quarterly payment, and in the other two, the Assembly requested that one payment be withheld, to which the Trust agreed.

Transfer fees, as the Trust's only guaranteed revenue source, are subject to variations in the economy and could fluctuate greatly. Revenue from another source, like the Assembly, is vital to ensure community activities provided by the Trust will continue.