

Benefits to our Community

GRAND ISLAND COMMUNITY FOUNDATION FUND ADMINISTRATION POLICY



The Grand Island Community Foundation promotes philanthropy by enabling donors to build a legacy to their name or in honor of a loved one that impacts the community today and forever through diverse charitable interests. Donors may be individuals, businesses, corporations, qualified charitable organizations or geographic affiliates interested in philanthropy.

Your Community Foundation is a true testament to the legacy possible from one donor. A modest gift in 1960 from the estate of E.J. Wolbach started the Grand Island Community Foundation. Mr. Wolbach's legacy has blossomed into an organization that represents hundreds of donors and charitable interests. Decades later, the Grand Island Community Foundation has awarded millions of dollars in grants and scholarships. Gifts of all sizes are leveraged to maximize the collective impact of many donors with a love for their community.

Your Community Foundation works to determine our community's greatest needs, to strengthen nonprofit organizations, and to find new ways for people to join together and enhance the quality of life in our area. The Foundation is a vehicle that makes philanthropy simple and impactful.

~~~~~

With more than 170 funds, the Grand Island Community Foundation demonstrates the commitment of community members to make a difference in their community. To allow donors to focus on philanthropy and charitable interests, the Community Foundation provides the professional staff, office resources and IRS compliance required to facilitate community-wide philanthropy.

Services offered by the Grand Island Community Foundation include:

### Community Foundation Services:

- Professional oversight of charitable funds
- Professional consultation for donors, nonprofit organizations and community groups
- Timely research and knowledge of the community's most pressing needs
- Donor-centered philanthropy that ensures the established purpose of each fund is carried out from generation to generation.
- Gift administration services to include: donor acknowledgement, scholarship and grant management
- Fiscal oversight to include: accounting, investment management, investment performance, annual independent audit and IRS tax reporting
- Promotion of named funds and recognition of the legacy of each donor
- Quarterly activity statements
- Planned giving services
- Manage assets within an endowment and is expected to make funds grow and last forever

Grand Island is a great place to live. What makes Grand Island special is the strong sense of community from citizens who care about others, want every neighborhood to prosper, every school to thrive, every child to flourish . . .

# Grand Island Community Foundation

## ***Fund Administration Policy***

*Funds are customized for each donor. Below are some basic fund guidelines.*

---

### **Designated Funds (Individual and Corporate)**

- These funds are designated for a specific qualified charitable organization
- \$5,000 recommended minimum to establish individual funds/\$10,000 for corporate funds
- Minimum annual balance required to maintain expendable funds is \$1,000

### **Donor Advised Funds (Individual and Corporate)**

- Donors may recommend grant distributions to any qualified charitable organization by using the form going through the office or using the Foundation website
- \$5,000 recommended minimum to establish individual funds/\$10,000 for corporate funds
- Minimum annual balance required to maintain expendable funds is \$1,000
- The IRS prohibits the use of donor advised funds for scholarships, grants to individuals, pledges/pledge payments, event/raffle tickets, and the purchase of event auction items. Grants cannot provide any direct benefit to the donor, advisors or related parties using the fund
- One successor donor advisor may be named for funds totaling \$250,000 - \$499,999, two successor advisors for funds totaling \$500,000 - \$999,999 and unlimited successor donor advisors may be named for funds totaling \$1,000,000 or more

### **Field of Interest Funds (Individual and Corporate)**

- Funds designated for particular fields of interest rather than specific organizations (i.e. arts & culture, basic needs, children & youth, community enrichment, community health, and education)
- \$5,000 recommended minimum to establish individual funds/\$10,000 for corporate funds
- Minimum annual balance required to maintain an expendable fund is \$1,000

### **Scholarship Funds (Individual and Corporate)**

- For the purpose of study for students at a technical/trade school, community college or university
- \$5,000 recommended minimum to establish individual funds/\$10,000 for corporate funds
- Minimum annual balance required to maintain an expendable fund is \$250
- Scholarships exceeding 2 per fund will be assessed a \$25 administrative cost per scholarship
- One fund representative may participate in the online scholarship review process if the review group consists of four or more reviewers. The IRS prohibits donors from exclusively choosing recipients
- Included: School, community and website promotion, on-line application, selection process, board approval, enrollment and grade verification, student/family correspondence, check disbursements, donor recognition
- New funds must be established by October of the year prior to graduation
- A fund must be invested for 12 months for a scholarship to be awarded unless funds are added above the initially endowed amount to allow for an immediate scholarship distribution
- Pass-through scholarships are administered under the pass through-fund guidelines
- Non-fund holders may establish scholarships (\$150 set up fee and \$75 per scholarship awarded)

### **Administrative Cost for Designated, Donor Advised, Field of Interest and Scholarship Funds**

- Endowed Funds
  - Tier 1: 1.5% for funds up to \$249,999
  - Tier 2: 1.25% for funds that are \$250,000 - \$499,999
  - Tier 3: 1.0% for funds that are \$500,000 and above
- Expendable Funds
  - Tier 1: 1.75% for funds up to \$249,999
  - Tier 2: 1.5% for funds that are \$250,000 - \$499,999
  - Tier 3: 1.25% for funds that are \$500,000 and above

### **Agency Funds**

- Must be established by a charitable 501(c)(3) organization
- \$5,000 minimum to establish an agency fund
- Minimum annual balance required to maintain the fund is \$5,000

### **Administrative Cost for Agency Funds**

- Endowed Funds
  - Tier 1: 1.0% for funds up to \$249,999
  - Tier 2: .75% for funds that are \$250,000 - \$499,999
  - Tier 3: .50% for funds that are \$500,000 and above
- Expendable Funds
  - Tier 1: 1.50% for funds up to \$249,999
  - Tier 2: 1.25% for funds that are \$250,000 - \$499,999
  - Tier 3: 1.0% for funds that are \$500,000 and above

### **Special Projects/Pass-Through/Fiscal Sponsorship Funds**

- These funds are used for pass through funds, fiscal sponsorships and start-up organizations who do not have an IRS 501(c)(3) designation and require legal status, fiscal management and support for the project
- Formal approval is required from the projects authorized leadership
- \$1,000 minimum to establish a fund and \$500 minimum balance to maintain an expendable fund
- Up to two advisory committee members may be designated to manage transactions with the Foundation
- Checks are disbursed 1-4 times per month, depending on the amount of the grant. All requests must be submitted in writing with the original receipt, documentation and approval
- Administrative fee is 5% of all incoming funds
- Urgent requests will be honored when possible (fee may be assessed to accommodate urgent requests)
- Events, grants and fundraising campaigns are considered outside of the fund agreement and are charged 2% of incoming gifts

### **Incubation Funds (Individual and Corporate)**

- An initial gift opens an “incubation” fund to build into an endowed or expendable fund
- No administration cost is charged until \$5,000 is obtained
- \$1,000 minimum to establish a fund; no distributions permitted until a \$5,000 balance is attained

Must accumulate \$5,000 in five years or funds revert to a previously selected field of interest or discretionary grant making fund

### **Unrestricted Funds (Individual and Corporate)**

- These funds address the greatest needs of the community at any given moment
- \$5,000 minimum to establish individual funds/\$10,000 for corporate funds
- Minimum annual balance required to maintain an expendable fund is \$1,000

### **Administrative Cost for Unrestricted Funds**

- Endowed Funds
  - Tier 1: 1.25% for funds up to \$249,999
  - Tier 2: 1.0% for funds that are \$250,000 - \$499,999
  - Tier 3: .75% for funds that are \$500,000 and above
- Expendable Funds
  - Tier 1: 1.50% for funds up to \$249,999
  - Tier 2: 1.25% for funds that are \$250,000 - \$499,999
  - Tier 3: 1.0% for funds that are \$500,000 and above

## Affiliate Funds

- An affiliate fund is led by a broad group of representatives raising funds from multiple donors for purposes focused on a specific geographic area that utilizes the formal structure and expertise of the community foundation to maximize efficiency and resources
- \$500,000 minimum to establish an affiliate fund unless otherwise determined
- Services covered: annual independent audit; annual IRS 990; accounting services for all deposits, disbursements and transactions; quarterly reporting; promotion and recognition; professional staff, software and equipment; and investment management in a larger pool of funds
- Funds may be invested in with pooled funds even though they are not permanent
- The Foundation Board and geographic affiliate representatives will determine the spending policy, dormant fund guidelines and minimum amounts required to establish a fund

### Administrative Cost for Affiliate Funds

- Tier 1: 1.5% for funds up to \$499,999
- Tier 2: 1.25% for funds that are \$500,000 - \$999,999
- Tier 3: 1.0% for funds that are \$1,000,000 – 1,999,999
- Tier 4: .75% for funds that are \$2,000,000 and above

## Applicable to all funds

- The Grand Island Community Foundation governs all funds and has authority over distributions
- Funds must be used toward qualified charitable activity in accordance with IRS guidelines
- No cash is accepted and funds are not accepted under terms that permit the return of assets
- Funds falling below the minimum annual balance will be granted based on the donors interests
- Fund statements will be sent quarterly unless requested at a different interval
- Individual investment advisor options are available upon request for endowed funds with a required minimum balance or additional cost for administration
- Additional advertising may be provided at the expense of the fund
- Fund Administration:
  - \$150 one-time administrative cost to establish a new fund
  - All administrative costs are charged based on the average of the fund market value, drawn out every three months with a minimum administrative cost of \$150
  - Dormant funds for 24 months or more have an additional tiered administrative cost (\$150 minimum) for inactivity on the carry forward balance as of December 31<sup>st</sup>
- Expendable funds are invested in a money market account unless otherwise arranged
- Endowed funds:
  - Funds established with less than the minimum required amount will start as an incubation fund and may award grants after becoming a fully-funded, active fund
  - Must be invested for a year prior to grant distributions unless additional funds are added for immediate grantmaking
  - The principal balance of endowed funds is protected and may not be invaded
  - Funds that fall below the principal endowed amount are put into abeyance and no distributions will be made until the fund is restored to the original endowed amount. Once the fund is restored, distributions can be made above the endowed balance
  - Funds are invested in the market based on the Foundation's Investment Policy of a 60/40 split of equities and fixed income assets
  - A spending rate is set annually by the Board of Trustees using a rolling 12-quarter average of the fund market value. The IRS recommends a spending rate up to 5% when the market allows. This allows donors to give while preserving the principal balance of the fund over the long-term, increase the fund size, have consistent grant making dollars available during various economic times and strategically balance the community's short and long-term needs for grant support. New funds will use the total historical fund balances that it has until such time it has a 12-quarter history. Any unused spending amount shall be added to the fund for distribution at a later date.

*Thank you for your commitment to enhancing the quality of life in our community.*