



THE COMMUNITY FOUNDATION
of Shelby County
Build Today...Dream for Tomorrow

Unrestricted Charitable Funds

Information to guide the establishment and operation of unrestricted-purpose charitable funds.

Unrestricted Funds provide a great opportunity to the board of trustees regarding the disbursement of grants within the service area of the Community Foundation of Shelby County. Unrestricted Funds are the most flexible form of charitable funds enabling grants to support varying organizations meeting the needs of our residents.

How to Establish a Charitable Fund

The Charitable Fund is established with two basic items: a signed fund agreement and a gift, both of which must be accepted by the Board of Trustees. The Community Foundation has available a template fund agreement that may be used as a starting point for determining the purpose and any criteria for awarding grants.

Each charitable fund is named by the establishing donor. Often it carries the name of the donor, but the charitable fund may have a name that keeps the donor's name confidential. For instance, the name of the Right Hand Fund was selected by the donor and it refers to a Biblical passage.

Establishing the Fund Today or Tomorrow

A charitable fund can be established during or after life. A Fund Agreement may be developed now, even if the gift will not be received until later. In this way, the Community Foundation has a clear understanding of how the charitable fund is to operate.

Awarding Grants

Because the fund donor(s) have not limited the scope of grants, awards are typically made through a competitive process to a wide, ever-changing range of organizations serving the community. The Foundation's Distribution Committee reviews and recommends grant proposals twice each year. The process enables the Board of Trustees to award grants to organizations who have demonstrated a reasonable request and who have good operational standards.

Charitable Fund Operational Items

- **Minimum Asset:** The minimum asset size for a charitable fund is \$25,000 which may be accumulated through a single or several gifts and over a period of 60 months. The initial gift must be at least \$5,000. The minimum asset size requirement may be waived if there is an indication from the establishing donor that a deferred or planned gift will raise the asset level above the minimum at some time in the future. Funds that do not achieve or maintain the asset minimum within 60 consecutive months may be incorporated into another scholarship fund or 'spent down' to deplete the principal.

- **Gifts:** Several types of gifts may be used to create a charitable fund. Please see the Foundation's Gift Acceptance Policy for information.
- **Investment:** Assets of a charitable fund are co-mingled and invested by the Foundation. The Foundation shall separately account for each charitable fund. A donor may provide input into the investment of a charitable fund's assets. An Investment Request Letter may be signed and submitted, giving our Investment Committee and Board insight into the donor's wishes.
- **Fees:** Administrative and investment fees are assessed according to the Foundation's Fee Schedule.
- **Fund Acceptance:** The Board of Trustees retains the right to refuse to accept any charitable fund for any reason.
- **Endowed Funds:** To be considered an endowed fund, the principal shall not be invaded and the fund will be expected to grow at a minimum rate of 50% of the annual cost of living. Granting will be deferred if the fund's value either falls below its endowed principal or it fails to meet the Foundation's requirement for a minimum asset size. Charitable funds that enable the spending of income and principal are not required to abide by this item.
- **Governing Documents:** Each charitable fund is a component of the Community Foundation and shall be subject to its Articles of Incorporation and Code of Regulations, each as amended and restated from time to time. The governing documents are subject to amendment by the Board of Trustees to comply with any relevant Federal or State statute or regulation.