



THE COMMUNITY FOUNDATION  
*of Shelby County*

*Build Today...Dream for Tomorrow*

## Designated Charitable Funds

Information to guide the establishment and operation of charitable funds to support a designated charity.

*Designated Funds name within the Fund Agreement one or more organizations to receive grants. The Fund can also establish a 'back up plan' to award grants should the originally benefiting organization(s) cease to exist.*

### **How to Establish a Charitable Fund**

The Charitable Fund is established with two basic items: a signed fund agreement and a gift, both 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**

The fund donor(s) names within the fund agreement one or more charitable organizations that may receive disbursements from the charitable fund. Typically, the named charities automatically receive a percentage of the Total Return of the fund's investments without the need to submit requests or grant proposals. The donor may also provide guidance in the Fund Agreement regarding the causes or charities to receive grants should the named charity(ies) cease to exist.

### **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 an unrestricted fund.

- **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 Statements:** Monthly reports for the charitable fund are provided for those who are authorized. An online portal is also available, which allows viewing of the fund's activity at any time.
- **Fund Acceptance:** The Board of Trustees retains the right to refuse to accept any charitable fund for any reason.
- **Endowed Funds:** Endowed charitable funds follow Uniform Prudent Management of Institutional Funds Act (UPMIFA). Disbursements from such charitable funds shall be governed according to the Spending Policy of the Community Foundation. 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.