



THE COMMUNITY FOUNDATION
of Shelby County

Build Today...Dream for Tomorrow

Organization Charitable Funds

Information to guide the establishment and operation of charitable funds benefiting a charitable organization, educational institution, or governmental agency.

Organizational Funds are created by an organization's board to benefit the organization and its programs. The organization's board or its representative committee interact with the Community Foundation regarding the charitable fund.

How to Establish a Charitable Fund

The Charitable Fund is established with two basic items: a signed fund agreement and a gift. The Community Foundation has available a template fund agreement that may be used as a starting point for defining the purpose of the charitable fund. The agreement would be approved and signed by the boards of the establishing organization and the Community Foundation.

Typically, the charitable fund carries the name of the establishing organization. (ie: the Senior Center of Sidney-Shelby County Foundation or the Shelby County Historical Society Fund) It is recommended that the fund agreement includes language about the future of the fund should the organization cease to exist.

Building the Fund

A charitable fund can be established by transferring existing money from the organization's reserves or by soliciting new gifts. Before an organization fund is established, the organization board should discuss how additional gifts will be generated, if necessary, and which staff or volunteer committee will be responsible for solicitation. Reminding organization supporters about the existence and purpose of the organization fund is key to gaining additional gifts.

Organization advisory

The organization board or a committee appointed by the board may serve in an advisory capacity to the charitable fund. The advisory committee can spearhead fundraising efforts, recommend disbursement amounts or become the oversight arm of the organization.

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 a 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 fund.

- **Assets Held in Trust:** Organizations that have a 501(c)(3) status should talk with an accountant who is able to assist with the proper recording of the charitable fund balance. Please see FASB136.

Gifts or transfers to a fund are recorded as assets of the Community Foundation and are reflected in our 990 tax form. This is important information for an organization's accountant and auditor.

- **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.
- **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.