



Designated Fund Guidelines

Adopted June, 2016

Designated Funds benefit donors and public charities by providing:

- a vehicle for endowed giving for supporters of public charities
- an immediate tax benefit for donors
- investment management and oversight, accounting, financial reporting and the annual audit of funds held
- access to investment opportunities as part of a larger pool of assets which can lead to greater growth and lower investment fees
- expertise that can be shared with donors for the benefit of the charities
- income to further the charitable work of the charity

Designated Fund are funds created by a donor or donors exclusively for the benefit of named public charities, government, education, or religious entities for public charitable purposes. By establishing a Designated Fund, donors have the satisfaction of providing annual or lump sum gifts from their endowed fund to programs they have designated that reflect their special interests and concerns. Individuals, businesses, and other third parties may establish or contribute to a designated fund.

The following policies and guidelines have been established to govern the handling of Designated Funds in a manner consistent with the purposes of the Foundation and in keeping with applicable tax regulations:

1. Minimum Amount

The minimum amount required to establish a Designated Fund is \$10,000, which is established as endowment. Donors who intend to establish a fund may take up to 5 years to reach the fund minimum. If, at the end of five years, the fund has not reached the minimum, all assets in the fund will become part of the unrestricted grant fund within the Foundation.

2. Investment of Funds

Designated Funds belong to the Foundation and are subject to the terms and conditions of its governing instruments. Designated funds are co-mingled with other Foundation funds to encourage maximum investment performance. The Foundation's portfolio is managed with a view toward maximization of total return considering inflation risk, interest rate risk, and business or economic risk, while at all times being prudently diversified. A copy of the Foundation's investment policy is available on request. An exception may allow a passthrough designated fund which is not endowed. In such case, the funds will NOT be part of the pooled investment fund, and will not earn interest.

3. Outside Investment Managers

Donors may request to use an outside investment manager if the fund maintains a minimum balance of \$25,000. If the request is granted, the fund remains a component fund of the Foundation, but is managed and invested by a bank, trust company or other entity recommended by the Donors. In order to manage component funds for the Foundation, outside fund managers are required to sign an investment management agreement with the Foundation, and maintain an investment performance level that is acceptable to the Foundation's Investment Committee.

4. Statements

Designated funds will pay out annually each May (unless an alternate date is approved by the Foundation), an annual grant equal to 5% of the fund balance, calculated as an average of the previous 20 quarters. Such payout will be distributed to the charity or charities specified in the Designated Fund Agreement, and in case of multiple charities, in the proportion specified.

The Foundation will print a statement for each /Designated Fund at the end of each quarter, showing the beginning fund balance, additions to the fund (if any), earned income, grants awarded, and fund balance at the end of the quarter.

At the end of the Foundation's fiscal year (June 30), the Foundation calculates the spendable balance from each fund. The spendable balance is calculated based on 5% of the average daily balance of the fund from the previous 20 quarters. The available to spend amount will appear on the quarterly statement. If a fund is below the minimum of \$10,000 at the end of the fiscal year, no allocation will be made from the fund to the spendable balance for that year.

5. Subject to Governing Instruments and Variance Power

All funds are subject to the terms and conditions of the Foundation's governing instruments, as amended. Among other things, the governing instruments provide that the Foundation has the power to modify and vary the directions of any Designated Fund in the event it becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes of the Foundation.

6. Administrative Contributions and Special Fees

All component funds are required to share in the administrative costs of operating the Foundation. Although the Foundation has a separate and permanently endowed administrative fund that supports the Foundation's work, the Foundation reserves the right to annually assess from each fund a contribution in an amount not to exceed 1% of its average daily fund balance as of June 30; provided, however, that for funds greater than \$1 million in size, the contribution will be based only on the first \$1 million of their average daily fund balance. The administrative contribution supports the charitable work of the Foundation by assisting in covering administrative costs so the Foundation can achieve its goal of increasing philanthropic giving and improving the quality of life in our community. Administrative contributions are assessed annually in the third quarter of the calendar year.

Each specific component fund will be charged for any extraordinary expenses incurred on behalf of that fund, such as commissions for the sale of contributed securities. Additional fees may be charged for extraordinary services, such as special grant processing, large numbers of transactions, or other non-standard services.

7. Additional Benefits

The Foundation will, from time to time, offer educational programs for the benefit of nonprofit organizations, their staff and board members.

Foundation staff is available for consultation with potential donors and/or staff of nonprofit organizations.

Designated funds are listed in the Foundation's annual report, on our web site, and are sometimes featured in our quarterly newsletter.

8. How to reach us

The Foundation office is open Monday through Friday 8:00 a.m.- 4:30 p.m. The office is located in the United Building at 119 W. Iron Ave, 8th floor, in Downtown Salina. Our office number is 785-823-1800. Our fax number is 785-823-9370. Our website is www.gscf.org.