



GREATER SALINA
**community
foundation**

POLICIES AND PROCEDURES FOR ESTABLISHMENT AND OPERATION OF COMPONENT FUNDS

Policies and Procedures for All Funds

Establishment of Funds

A donor may establish any one or more types of separate named funds with the Greater Salina Community Foundation ("Foundation") or one of its regional affiliates. Because each fund is a component fund within the Foundation, the Internal Revenue Code requires that the Foundation be vested with the ultimate authority and control over the property of each fund. Requests to establish funds are subject to approval by the Foundation's Board of Directors, and must align with the Foundation's charitable purpose.

Timeline and Minimum to Establish a Fund

The Foundation requires that minimum size levels be attained in order to establish a particular type of fund. Donors have five years to reach the minimum size level, with interim growth and earnings in the fund counting toward the minimum. If the minimum is not reached within five years, the fund balance is transferred to an existing fund in the Foundation, generally the Foundation's unrestricted community grant fund.

Funds must be opened with a donation equal to at least 10% of the fund minimum, with a commitment to meet at least 20% of the fund minimum each year, up to five years or until the fund minimum is met. Below is an example of a funding schedule for a designated fund with a \$10,000 minimum.

- Year 1 Total Balance: \$2,000 total w/ a \$1,000 establishing gift
- Year 2 Total Balance: \$4,000
- Year 3 Total Balance: \$6,000
- Year 4 Total Balance: \$8,000
- Year 5 Total Balance: \$10,000

Funds are subject to market gain/loss and an annual administrative fee which could impact the amount needed each year to achieve the designated minimum balance.

Fund Descriptions and Minimums

- **Donor Advised Funds** (\$10,000 minimum) allow the donor/advisor to request and recommend charitable grant recipients to the Foundation, without incurring any administrative responsibility. Although Donor Advised Funds are designed with permanently endowed giving in mind, donors may also request grants that would invade principal, so long as the minimum

remains in the fund. All such requests are advisory only, and the Foundation retains the ultimate authority to determine grant recipients and amounts.

- **Designated Funds** (\$10,000 minimum) are created by a donor exclusively for one or more specific charitable organizations. The Foundation makes annual grants to specified recipients, according to the fund agreement, as long as the fund maintains the minimum. If the minimum is not reached within five years, the balance of the fund is transferred to the pertinent Organization Fund held at the Foundation (if one exists), or to the Foundation's unrestricted community grant fund.
- **Organization Funds** (\$10,000 minimum) are created by or for charitable organizations exclusively for the benefit of those organizations. Individuals, businesses, and other third parties may establish or contribute to an Organization Fund.

Every Organization Fund is comprised of a minimum of two separately maintained funds within the Foundation. All donations contributed by the organization are placed in the organization's named (non-endowed) fund. All donations made to the fund by third-party donors are placed in the organization's endowed fund.

The total of both funds is combined to achieve the minimum balance. If the minimum fund balance is maintained, organizations can request grants that invade the principal of the organization's named (non-endowed) fund, but not the endowed fund. All grant requests from the endowed fund are limited to the current Spending Policy. All such requests are advisory only, and the Foundation retains the ultimate authority to determine grant amounts.

Upon request, an organization may request to establish a third fund, an organization restricted fund. This fund is money contributed by the organization to be permanently restricted and the organization can only request grants up to the spending policy rate as outlined in the current Spending Policy.

- **Scholarship Funds**

The Foundation offers two different scholarship funds options for donors to support student education based on their interest and budget. Designated Scholarship Funds partner with schools and other nonprofits to facilitate the process, whereas the Foundation manages the process start to finish for Traditional Scholarship Funds.

 - **Designated Scholarship Funds** (\$10,000 minimum) are funds created to provide scholarships for students that meet a set criterion established by the donor. A third-party charitable organization (ex: school or church) administers the application and award process on behalf of the Foundation. Scholarships are paid out according to their individual fund agreement.
 - **Traditional Scholarship Funds** (\$100,000 minimum) are funds created to provide scholarships for students that meet a set criterion established by the donor. The Foundation administers the application and award process and works with a selection committee to determine scholarship recipients. Scholarships are paid out according to the individual fund agreement.
- **Field of Interest Funds** (\$25,000 minimum) are funds with a restricted charitable purpose to a certain field of interest or geographic area and specific criterion by the donor—not to a specific organization. Examples include funds to support early childhood education, arts, or

charitable grants to the betterment of a specific community or region. The Foundation accepts grant applications based on the fund criteria and an advisory committee determines the grant recipients.

- **Hardship Field of Interest Funds** (\$100,000 minimum) are funds designed to provide short-term assistance to individuals experiencing financial hardship due to unexpected and unavoidable emergencies. Assistance can also be provided to economically disadvantaged individuals for a charitable purpose. Grants are awarded through an application process and Foundation staff and/or an advisory committee are used to determine grant recipients. Grant checks are typically made payable and mailed directly to the vendor.
- **Provisional Funds** are established by organizations or community members with a specific fundraising need or campaign. Donors can contribute to the specified charitable cause until the end of the fundraising campaign, and once it is completed, a grant will be made to a fiscal agent approved by the Foundation. If the campaign fails, the Foundation will disburse the balance of the fund to other qualified charitable entities with a similar purpose. Donors who make a significant gift to the fund have the option to redirect their gift to another charitable entity of their choice if the campaign fails. Fees are assessed on the gift when it is made in accordance with the current Administrative Fee Schedule.
- **Pass Through Funds** are created by donors who desire the Foundation to administer their charitable grants, but who do not wish to maintain a permanent endowed fund. Pass through funds can be classified as one of the following fund types—Designated, Donor Advised, Field of Interest, Hardship Field of Interest, Scholarship, and Unrestricted. Fees are assessed on the gift when it is made in accordance with the current Administrative Fee Schedule.
- **Unrestricted Funds** (\$25,000 minimum) are created by donors who want to support charitable projects in their community with no restrictions. These funds are meant to be flexible to support the needs of today and tomorrow. The Foundation accepts grant applications based on a set of grant guidelines and an advisory committee determines the grant recipients. Donors may also contribute directly to the Foundation's unrestricted community grant fund rather than establishing their own unrestricted fund.

Contributions and Additions to the Foundation.

Donors may contribute cash or property to the Foundation at any time during the year. A contribution is deemed made at the time of its "delivery" to the Foundation, in accordance with applicable law. For more information, see the Foundation's Gift and Fund Acceptance Policy.

Undesignated contributions to the Foundation will be designated by Foundation staff and/or Board of Directors.

Investment Policy

The Foundation believes the best long-term performance will be achieved through a passive investment approach with a balanced portfolio consisting of equities, fixed income and cash. It shall follow standards for prudent investing as outlined in its Statement of Investment Policy and that is consistent with the Uniform Prudent Management of Institutional Funds Act (adopted in 2008 in Kansas as SB433).

For more information, see the Foundation's Statement of Investment Policy.

Outside Fund Management

Donors and organizations may continue their relationships with their trusted financial advisors and may make a request to the Foundation to consider the fund established by them be managed by an outside (meaning outside the investment pool) investment manager separately from the investment pool.

All requests must be presented and approved by the Board of Directors and the fund balance must maintain a minimum \$25,000 balance. All outside investment managers must acknowledge and agree to comply with the Foundation's Statement of Investment Policy and meet the Standard for Investment Managers.

For more information, see the Foundation's Statement of Investment Policy.

Spending Policy

The Foundation strives to preserve capital for long-term charitable endowment purposes. The Foundation's general Spending Policy for grants and scholarships is as follows:

- The Foundation will make grants and scholarships from each fund according to the individual fund agreement.
- Primarily, fund agreements for endowed funds are written to allow the Foundation to pay out up to a specified percentage of the fund balance annually, calculated on a specified rolling quarter average, after the fund has been invested for a period of at least one year. See the Foundation's current Spending Policy for further information.

Grant Requests

Fund advisors may make grant recommendations from their funds to the Foundation through the Foundation's online donor portal or by filling out a grant recommendation form and submitting it to the Foundation office. The Foundation will do its best to honor all requests so long as they meet the applicable charitable requirements.

- Grant requests must be a minimum \$250.
- Grants are usually processed within 10 business days. Unusual circumstances may delay grant processing in some instances.
- Grants may not be made from a fund if the balance therein has fallen below (or would thereby fall below) the minimum size level required for that type of fund, or if the fund agreement specifies that the principal gift shall be permanently endowed and the fund has fallen below that principal fund balance.

Identification vs. Anonymity

The Foundation values a donor's right to anonymity and honors any such requests. Unless otherwise requested by the donor, any grant shall identify the name of the fund from which it is made.

Administrative 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 enables the Foundation to keep fees to a minimum, the Foundation reserves the right to annually assess a fee against each component fund. Administrative fees support the mission of the community foundation and help cover grant processing, gift processing and receipts, fund statements, and the annual audit

to assure financial accountability. See the current Administrative Fee Schedule for current fees for each fund type.

In addition, each specific component fund can 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.

Monitoring Function and Variance Power

The Foundation will monitor and periodically evaluate all funds to determine that payments therefrom are being used for charitable purposes consistent with the donor's intent and Foundation's purposes.

The Foundation and its Board of Directors have sole discretion to exercise variance power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organization if such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

The Foundation will use its best efforts to give affected donors and organizations advance written notice of its intent to exercise the variance power outlined above.

Fund Closure

At times, it may be necessary to close a fund. Refer to the Fund Closure Policy for more information.

Miscellaneous Provisions

Definition of "Charitable Purpose"

As used herein, the term "charitable purpose" is an educational, scientific, literary, public, religious, or other purpose permitted to be carried on by an organization described in Section 170(c)(2) of the Internal Revenue Code of 1986, as amended.

Affiliate Funds

The Foundation has a regional affiliate program comprised of component funds serving rural Kansas. All affiliates are unincorporated and shall operate under the governing instruments of the Foundation, including all policies and guidelines.