



THE COMMUNITY FOUNDATION

A GUIDE FOR THE CHARITABLE INVESTORSM

WELCOME

Thank you for joining with the hundreds of individuals and organizations that have contributed to Rochester Area Community Foundation, creating new funds or adding to existing funds with gifts of all sizes. Often, donors want to be actively involved in charitable giving. They can do so through Charitable Investor FundsSM, advised funds that allow them to actively suggest grants for charitable purposes and to select the asset allocation ratio of the fund's investment.

We hope that, as a fund advisor, you will put the Community Foundation's experience and professional training to work so that the grants that come from the fund you have established will do what you want them to do.

ESTABLISHING A FUND

A Charitable Investor FundSM is established with a one-page agreement that provides the name of the fund, outlines the agreed-upon options for grantmaking, and identifies the advisors authorized to recommend grants. Many donors use their own name or a family name for the fund. Other names reflect the charitable purpose or other name meaningful to the donor. These names can help protect a donor's anonymity if desired. The agreement also identifies the interest areas (general or broad-purpose) that any remaining funds will support after the advisors' lifetimes.

The agreement is signed by the donor(s) and an officer of the Community Foundation. Funds of \$25,000 or more can be established with cash, readily marketable securities, restricted or closely held stock, a gift of real estate or even income from a charitable lead trust. The Foundation will consider the request of the donor for an investment choice that complements the charitable purposes and expected life expectancy of the fund.

Any asset donated for the purpose of creating or adding to a Charitable Investor FundSM constitutes an irrevocable gift and becomes the property of the Community Foundation. The Community Foundation has exclusive legal control over the contributed assets. All contributions to the fund qualify for the maximum charitable deduction allowed by law.

THE FUND ASSETS

The fund assets are pooled with other Charitable Investor FundsSM to ensure maximum investment return. The investments are divided between an equity pool and a fixed income pool in varying asset allocations selected for aggressive growth, long-term growth, balanced growth, moderate growth, and conservative growth. Each asset allocation includes a five percent cash position for grantmaking liquidity.

Donors may request an initial asset allocation based on their grantmaking plans and expected duration of the fund. They may also request changes in this asset allocation on an annual basis, if desired. Just as with other market investments, the value of the Charitable Investor Fund may fluctuate. It is important to recall that the Community Foundation is required by law to maintain fiduciary responsibility for the Charitable Investor FundsSM, which means that it can alter the investment program if deemed necessary by its Board of Directors. Although every effort is made to preserve and increase the donated funds, the Community Foundation is unable to guarantee the fund principal.

One percent of principal (with a minimum of \$250) is retained annually by the Community Foundation for administration. All remaining investment income is returned to the fund assets. This return, together with periodic additions to the fund, can compound tax free in your Charitable Investor FundSM through the years.

MAKING GRANTS FROM YOUR FUND

Authorized advisors may recommend grants to the Community Foundation in writing on a provided suggestion form or through DonorCentralSM, our online fund center (free registration required). Grants must be made to organizations recognized by the IRS as tax-exempt, publicly supported charities. You may suggest a grant for general support or for a specific project, program, or activity. You may also forward attachments to be included with the grant check. Suggestions must be for grants of \$250 or more. If you are interested in supporting scholarship programs or non-U.S. charities, please contact the Community Foundation prior to establishing the fund about specific legal requirements.

Grant recommendations are reviewed in accordance with IRS procedures, which protect advisors from unknowingly making grants to defunct organizations or for other non-charitable purposes. While the law expressly recognizes the right of living advisors to make grant suggestions, the law also is clear that the Board of Directors of Rochester Area Community Foundation must exercise final discretion concerning the expenditure of those funds. The authority to approve advised grants is delegated to the President and Executive Director.

Staff reviews all grant requests from advised funds to ensure that all legal requirements are met. In keeping with federal provisions, requests for distributions that provide tangible benefits to the donor, fulfill pre-existing personal pledges, are designated for an individual, or support a non-charitable activity will be declined. Grants cannot be made to private foundations or for-profit entities of any kind. Grants for institutional membership may be paid if the benefits are determined to be *de minimus* and if the grant check is marked "benefits waived." Requests for support for events that donors will attend will not be paid from Community Foundation funds, even if a portion of the support would be tax-deductible if paid by the individual.

While the primary objective of our Community Foundation is to serve Monroe, Ontario, Wayne, Livingston, Genesee and Orleans counties, grants from Charitable Investor FundsSM can easily be made to organizations outside the six-county area. For example, many donors choose to periodically support their alma maters through the fund. Approved grants are processed within 5-9 business days of the original request. Grants to out-of-town or lesser-known charities may require additional processing time.

You will receive quarterly fund statements detailing grants and contributions made, investment performance, administrative fees, and balance available to distribute. Registered users of DonorCentralSM may access their fund's activity online 24 hours a day, 7 days a week to monitor gifts, make grant recommendations, track grants and distributions, check fund balances, download hard copies of the grant suggestion forms, confirm fund market value, check balances available for grantmaking, and view copies of quarterly fund statements. You may also authorize us to send a copy of your statement to your professional advisor.

A letter accompanies each grant check, notifying the recipient that the grant is from the "Your Name" Fund of Rochester Area Community Foundation. The letter also indicates the intended purpose of the grant and instructs the grant recipient to whom and at what address to send an acknowledgement or "thank you." You may have that acknowledgement sent to your home or business address or maintain anonymity by having it directed to the Community Foundation, which will then forward it to you. For grants exceeding \$25,000, the recipient may be asked to provide feedback to the Community Foundation on how the grant was used.

The Community Foundation encourages you to make grants on a regular basis. If a fund has remained dormant without grantmaking for five years, the Community Foundation will make every effort to secure

grantmaking advice from the advisor(s) and, if unsuccessful, will redirect the fund assets in accordance with Board-designated priorities for this region.

CONFIDENTIALITY OF RECORDS MAINTAINED

Information on a donor's personal, contribution, and distribution records will be made available only to the board of directors, staff and auditors as needed. Under no circumstances will donor information be given to soliciting groups. Contact information may be provided to grant recipients only with explicit permission from the donor.

MEETING YOUR CHARITABLE GIVING NEEDS

The Community Foundation encourages those with Charitable Investor FundsSM to use our various capabilities to further their philanthropic interests:

- We can serve as your eyes and ears to identify priority needs in your area of interest. Our staff is in constant communication with local organizations devoted to solving community problems.
- We can investigate particular grantmaking opportunities while preserving your anonymity.
- We are accomplished in tailoring philanthropic programs that carry out your specific goals. For larger funds, this can include the use of challenge or matching grants, technical assistance, and other strategic giving techniques.
- We provide grant recommendations and educational workshops to help expand your philanthropic horizons and connect you with others who may share your interests.
- We can perpetuate your charitable giving after your lifetime by working with you to remember the Community Foundation in your will or planned gift.

If you are interested in exploring these opportunities, give us a call.

A TRUE PARTNERSHIP

By establishing a Charitable Investor FundSM, you will receive an immediate income tax deduction, enjoy tax-sheltered fund earnings, and have the satisfaction of efficiently supporting your favorite charitable causes or organizations. The Community Foundation's professional staff will handle all government reporting, bookkeeping, auditing, and other requirements for charitable giving. Moreover, their unique combination of personalized service, local expertise and grantmaking skill is available at any time to help you refine and carry out your charitable giving program.

Thank you for choosing Rochester Area Community Foundation as your partner in philanthropy.

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