



THE COMMUNITY FOUNDATION

A GUIDE FOR THE DESIGNATED ENDOWMENT FUND DONOR

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 establish a fund to provide a permanent endowment for one or more organizations they wish to support.

We hope that 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 designated endowment fund is established with a one-page agreement that provides the name of the fund, the initial contribution that creates the fund, and identifies the organization(s) designated to receive grants. (Note that once the fund agreement is signed, only the Community Foundation's Board of Directors may make changes.) 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 is signed by the donor(s) and an officer of the Community Foundation. Designated endowment 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. Funds may be established with a current gift or through a testamentary gift.

Any asset donated for the purpose of creating or adding to a designated fund constitutes an irrevocable gift and becomes the property of the Community Foundation. All contributions to the fund qualify for the maximum charitable deduction allowed by law. Should the designated organization cease to be an organization to which contributions are deductible for federal income tax purposes, or should the purposes for which the fund is established ever become obsolete, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community, the Board of Directors of the Foundation shall in its sole judgment select a similar use for the funds which will most nearly fulfill the original charitable intent of the Donor.

INVESTING THE FUND ASSETS FOR GROWTH AND GRANTMAKING

The assets of the fund are pooled with other assets of the Community Foundation to ensure maximum investment return. The funds are invested through a variety of money managers for a diversity of investment styles designed to stimulate growth while protecting the principal. Seventy percent of the funds are invested in stocks and thirty percent in bonds.

The fund generates dollars for grantmaking quarterly. The amount is determined by our annual spending policy, which is 5% of a rolling 20-quarter average market value of your endowment fund and is comprised of interest, dividends, and capital appreciation. Any surplus investment income is returned to your fund. If there is no capital appreciation, only interest and dividends can be spent for grantmaking. This return,

together with periodic additions to the fund, can result in dramatic tax-free growth over time. One percent of principal is retained annually by the Community Foundation for administration.

GRANTS FROM YOUR FUND

Designated endowment funds provide on-going support to organizations recognized by the IRS as tax-exempt, publicly supported charities that are named in the fund agreement. They may not provide support to private foundations or for-profit entities of any kind. The Community Foundation pays out grants from designated funds annually in June after appropriate due diligence to ensure that the organization continues to operate for charitable purposes and after approval by senior staff. (The Board of Directors has ultimate authority to approve all grants but may delegate that authority to staff.) Grants may be for general support or for a specific project, program, or activity of the organization(s) as you may determine at the time the fund is established.

A letter accompanies each grant check, notifying the recipient that the grant is from the "Fund Name" Fund of Rochester Area Community Foundation. The letter also indicates the intended purpose of the grant, informs the recipient organization that it may expect a similar grant annually, 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 you may retain anonymity by having it directed to the Community Foundation, which will then forward it to you.

While the primary objective of our Community Foundation is to serve Monroe, Ontario, Wayne, Livingston, Genesee and Orleans counties, grants can easily be designated to organizations outside the six-county area. For example, some donors choose to include their alma maters as designated recipients.

If desired, you may receive a quarterly fund statement detailing grants and contributions made, investment performance, administrative fees, and balance available to distribute. And, you may register for our free DonorCentralSM service and access your fund's activity online 24 hours a day, 7 days a week to monitor gifts, track grants and distributions, and confirm fund market value.

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

In addition to meeting your interests in supporting specific named organizations, the Community Foundation encourages donors to use its various capabilities to further other philanthropic interests:

- For donors who establish funds to support a particular "Field of Interest," we serve as their eyes and ears to identify priority needs in that area of interest. Our staff is in constant communication with local organizations devoted to solving community problems.
- We can investigate 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 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.

A TRUE PARTNERSHIP

By creating an endowed designated fund at Rochester Area Community Foundation, you will receive an immediate income tax deduction, enjoy tax-sheltered fund growth, and have the satisfaction of efficiently supporting your favorite charitable organizations forever. 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 establishing a fund that will live on forever, continuously addressing the needs of our community. We are proud that you chose Rochester Area Community Foundation as your partner in philanthropy.

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