

## **Fund Acceptance Policies**

### **Purpose**

These policies are provided to guide staff as well as the Board in determining whether and how funds will be established in the North Star Community Foundation (hereinafter "Foundation") and how they will be utilized to further our mission.

### **Goals**

The Foundation actively solicits support from a broad range of donors to establish funds to further the mission of addressing the needs in the Fairbanks North Star Borough now and in the future and of serving as a charitable vehicle for Interior Alaskans. The Foundation seeks to establish all types of funds to address a wide variety of fields and issues. The types of funds accepted by the Foundation include unrestricted, donor advised, field of interest, designated, organization and project. Although the Foundation does accept some funds in which the Foundation may spend all or part of the principal, the primary goal is to establish endowed funds in which only a percentage of the assets is spent so that the funds will exist in perpetuity. The Board may determine from time to time the percentage of the assets that will be spent from endowed funds to assure the funds maintain their purchasing power over time.

Funds that may not be held in perpetuity are intended to help donors make connections with causes they care about and which they wish to support currently. These include non-endowed funds in which grants may be made from principal but the basic intention is to hold the funds for the long term and project funds in which all principal is intended to be spent over a relatively short time period.

There is a potential that the acceptance of certain funds could compromise the ability of the organization to accomplish its goals or could jeopardize its exempt status. Hence, the following fund acceptance guidelines shall apply to funds offered to the Foundation before acceptance of said funds.

### **Acceptable Funds**

1. Unrestricted General Fund. The Foundation has a general unrestricted fund. Gifts of any size are accepted into this fund.
2. Named Unrestricted Fund. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) for the general benefit of Alaska. A gift of any size will be accepted to establish a named fund but the fund must reach a minimum of

\$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund. Until the fund reaches the minimum, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses, however, until it reaches \$5,000 it will not be subject to management fees.

3. Donor-Advised Funds. A donor or donors who wish to remain involved in the grantmaking process from their fund may establish a donor-advised fund and have the privilege of making non-binding recommendations on grants during their life-time. They also may designate successor advisors including members of the next generation (such as children). If the donor(s) wish to recommend grants from the principal of the fund, they must indicate this when the fund is established. A gift of any size will be accepted to establish an endowed donor-advised fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to receive recommendations from the donor related to grants from the assets of the fund. If the intention is to have the fund endowed, until it reaches the minimum \$5,000, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses; however, until it reaches \$5,000, it will not be subject to management fees. Funds that are not endowed will be accepted at any level but generally should maintain a value of at least \$5,000 if they are not to be paid out within a year. They will be subject to both investment and management fees.
4. Field of Interest. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) and designate as broad or narrow a field of interest as they wish. A donor may establish a field of interest fund that could attract additional gifts from other donors. A gift of any size will be accepted to establish a field of interest fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or may use the entire assets in the fund to make a grant within the designated field of interest. No grants will be made from the fund until the fund reaches the minimum. It will be added to the pool of funds and will be subject to investment fees and any gains/losses, however, until it reaches \$5,000 it will not be subject to management fees. If the field of interest is so narrow that after a reasonable period of time the Board is unable to determine appropriate grantees, the Board

may use the variance power to broaden the purpose as near as possible to the original intent to make meaningful grants.

5. **Scholarship Funds.** The North Star Community Foundation does not anticipate holding scholarship funds.
6. **Designated Funds.** A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) and designate one or more agencies to receive general operating grants from the fund. A gift of any size will be accepted to establish a designated fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to authorize a grant to the agency or grants to multiple agencies from the principal of the fund. Until the fund reaches the minimum, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses; however, until it reaches \$5,000, it will not be subject to management fees.
7. **Organization Funds.** A nonprofit agency may establish a fund in its name or in any name the agency chooses (unless the Board of Directors deems the name would be offensive) for the general charitable purposes of the agency or for any specific charitable purpose. A gift of any size will be accepted to establish an endowed agency fund but the fund must reach a minimum of \$5,000. If the fund does not reach \$5,000 in a reasonable period of time and the Board determines that it is unlikely to ever reach this level, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to authorize a grant to the agency from the principal of the fund. Until the fund reaches the minimum, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses; however, until it reaches \$5,000, it will not be subject to management fees. The major purpose of an agency fund is to build an endowment that will provide operating support for the organization in perpetuity; however, the Foundation will accept non-endowed funds from which an agency may recommend the authorization of grants from principal. Non-endowed funds are charged a higher management fee so at the time the fund is established and whenever gifts are added to the fund, the agency or donors should indicate if the fund is to be endowed or to be non-endowed. Non-endowed funds will be added to the investment pool if the general intent is to invest for the long term and only to invade principal in unusual circumstances. Since withdrawal of principal from long term investment funds

can have an impact on investment returns, a request for disbursement from principal must be made at least six (6) months in advance. An agency may establish both types of funds. All agency funds including non-endowed funds require a minimum balance of \$5,000. If the fund is less than \$5,000 and it does not appear that it will reach this level in a reasonable period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to authorize a grant to the agency from the principal of the fund.

8. Project Funds. A nonprofit organization or an unincorporated organization established to carry-out a charitable purpose may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) to support a specific charitable activity. Such funds are not usually endowed (but could be for long term projects). The Board does not make a judgment related to the charitable purpose of any project but staff must perform due diligence to determine the following:
  - a. The project must not discriminate on the basis of race, religion, ethnic origin, gender, age, or sexual orientation although the target audience for some projects may benefit individuals that fall in these classes.
  - b. The project is exclusively for a charitable purpose described under sections 501 (c) (3) and 170 (b) (1) (A) of the IRS code.
  - c. No grants from the Fund may be used for lobbying.
  - d. Responsibility for the Foundation is limited solely for the purpose outlined in the project with no commitment for on-going support of the project beyond grants from the Fund.
  - e. All projects must be operated within the best practices and standards adopted by the Community Foundations Leadership Team through the Council on Foundations.
  - f. Staff has the capacity within its current structure and resources to perform all responsibilities related to expenditure responsibility.

If the project requires the Foundation to act as a fiscal sponsor rather than simply as a fiscal agent and, therefore, staff must provide more management oversight of the project, or if the project would otherwise require substantial work by Foundation staff, staff must have prior approval by the Board (or if the Board delegates this to the Grants Committee, than from that committee) to accept the fund.

Fees will be based on the how involved the staff of the Foundation needs to be to provide oversight and management services for the project. Funds that are not endowed will be accepted at any level but generally should maintain a value of at least \$5,000 if they are not to be paid out within a year. They will be subject to both investment and management fees.

### **Sub Funds**

Any of the Funds accepted could have sub funds; however, all sub funds must meet the same minimum fund levels and will be subject to investment and management fees including minimum fees for each sub fund.

### **Authority to Accept Funds**

The President of the Foundation, subject to board policy and specific requirements for Board involvement as noted above, shall have the authority to solicit and accept or decline funds on behalf of the Foundation. If there is a question regarding whether or not the fund is within the foundation policy or there is a special reason why the fund should be accepted or declined, staff will bring the issue to the board. Staff will periodically report all fund acceptances and declines to the board. The Foundation reserves the right to decline any fund without explanation.

### **Fund Acceptance Procedures**

1. Staff generally has the authority to accept or reject Funds within the parameters stated above. Periodic reports shall be submitted to the Board related to both accepted and rejected Funds.
2. The Foundation will pay no commissions or finder's fees as consideration for directing a fund to the Foundation or to any of the Foundation's affiliates.
3. All gifts to establish funds are subject to the Gift Acceptance policies of the Foundation.
4. Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed funds, including tax and estate planning implications of the funds. No representative of the Foundation shall provide legal or tax advice to any donor or prospective donor.

### **Confidentiality**

All information about donors and prospective donors, including but not limited to, the nature and amounts of their gifts and the sizes of their estates will be kept strictly

confidential by the foundation and its representatives, unless the donor grants permission to release such information. Names of donors are generally printed in the Annual Report but all requests by donors for anonymity will be honored, except to the extent that the Foundation is legally required to disclose the identity of donors.

**Amendment to these Policies**

The Board, as deemed necessary, may amend these Fund Acceptance Policies.