

Terms & Conditions:

Endowed Funds



ENDOWED FUNDS AT WHATCOM COMMUNITY FOUNDATION

The principal value of an endowment fund is kept intact, while the investment earnings are distributable dollars used for charitable grants to nonprofits (Endowed Donor Advised Fund or Endowed Field of Interest Funds) or provided annually to an assigned nonprofit (Endowed Agency Funds). Thus, an endowment fund can be held permanently, allowing donors to support causes they care about in perpetuity.

Review the Whatcom Community Foundation's full [Endowment Policy HERE](#)>

TAX STATUS OF CONTRIBUTIONS

Donations to endowment funds are tax deductible. Donors often set up endowment funds so they can receive charitable tax benefits immediately upon making their donation, while maintaining the social-good grantmaking power for the long-term.

All contributions to Community Foundation funds are treated as gifts to a Section 501(c)3 public charity and are generally tax-deductible, subject to individual limitations. Whatcom Community Foundation does not provide tax or legal advice; we recommend consulting a professional advisor with questions about a gift to the Community Foundation.

VARIANCE POWER

A Community Foundation is required under federal tax law to have the ability to vary from the terms of a fund agreement ("variance power"). This allows the Whatcom Community Foundation to have a unique ability to protect a donor's interests/charitable wishes after their lifetime. This protection falls under the ability of Whatcom Community Foundation's Board, made up of community leaders, to use its variance power to ensure that the donor's intent is fulfilled at the time their estate gift is realized and/or in perpetuity.

The Board will use variance power if one of the following circumstances arises: gift is no longer, necessary, the gift if incapable of fulfillment, or the gift is no longer in the best interest of the community.

Created: 12/12/2022

Last Updated: 01/20/2023

MINIMUMS AND FEES

There is no set-up fee to open an endowed fund at the Community Foundation, with certain exceptions; however, specific initial gift minimums must be met.

FUND TYPE	MINIMUM
Donor Advised Fund	\$10,000
Grantmaking Fund	\$10,000
Designated Fund	\$10,000
Scholarship Fund	\$25,000

The Community Foundation reserves the right to change its fee or minimum policies at any time.

Endowed funds will be charged a stepped administrative fee of 0.50% - 1.50% annually, based on the total amount under management by the Whatcom Community Foundation. This fee will be assessed monthly, 1/12th of the total annual fund rate, based on the fund balance at the end of the month.

RATE	FUND BALANCE
1.50 %	on first \$499,999.99 of fund(s)
1.00 %	on fund(s) between \$500K - \$999,999
.75 %	on fund(s) between \$1M - \$4,999,999
.50 %	on fund(s) over \$5M

Review the Community Foundation's full [Administrative Fee Policy - Endowed Funds HERE](#)>



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Endowed Funds (*continued*)



SPENDING POLICY

In January of each year, the spendable amount (annual distribution) will be calculated for each endowed fund that has *been established for a minimum of 12 quarters*. The Average Fair Market Value of the fund, calculated by using the average of the fund's balance at the end of the past 12 quarters, will be multiplied by the spending rate to determine the spendable amount for that fiscal year.

Spending Rate: The spending rate is set annually by the Community Foundation's Board of Directors via recommendation from the Investment & Finance Committee.

Exceptions: There will be no annual distribution available if the fund's balance is less than the fund's principal balance.

Review the Community Foundation's full [Spending Policy - Endowed Funds HERE>](#)

INVESTMENT OF ASSETS

The Whatcom Community Foundation manages separate, commingled pools of assets with different objectives and time horizons. The Community Foundation's [Investment Policy](#) is intended to establish the roles and responsibilities of all parties involved with these pools, objectives of the different pools, investment guidelines, investment manager selection criteria and reporting requirements.

The management and oversight of all assets held by the Foundation will be done with care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims.

The Board of Directors, members of the Investment & Finance Committee, and any contracted third parties shall discharge their duties solely in the interest of the Foundation. Any potential conflicts of interest with this sole interest shall be immediately disclosed to both the Board and the Investment and Finance Committee.

Review the Community Foundation's full [Investment Policy HERE>](#)

INVESTMENT OPTIONS

All endowed funds of less than \$25,000 will be invested in the Community Foundation's Long-Term Investment Pool. Donors establishing new endowed funds with gifts of \$25,000 or more will have the option of investing in the Socially Screened Investment Pool. This choice can be made only at the time the gifts are made, and they cannot be changed.

Long-Term Investment Pool: The Long-Term Pool's investment objective is to assure a long-term rate of growth sufficient to offset normal inflation, administrative fees, and management fees (if applicable), plus reasonable, regular distributions.

Socially Screened Investment Pool: The Socially Responsible Long-Term Pool has the same objective as the long-term pool, but replaces the small, medium, large, and international index fund investments with an index fund that has been screened for certain environmental, social, and governance (ESG) criteria.

Review the Community Foundation's full [Investment Options for Endowed Funds HERE>](#)



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Endowed Funds (*continued*)



FINANCIAL REPORTS

The Community Foundation will post its most current annual and quarterly financial reports on its website.

Review the Community Foundation's current [**FINANCIAL REPORTS HERE>**](#)

TYPES OF ENDOWED FUNDS

The Whatcom Community Foundation offers a variety of endowed funds:

Donor Advised Fund: Provides a simple, flexible, and tax-efficient way to streamline individual, family, or corporate charitable giving.

Please see the [Whatcom Community Foundation's DAF Policy](#) to review the specific Terms & Conditions that apply to Donor Advised Funds.

Grantmaking – Field of Interest Fund: Awards grants to support a specific area of interest. For example: arts, health, environment, children, or education.

Grantmaking – Unrestricted Fund: Award grants to support the communities' most pressing needs and opportunities.

Designated – Nonprofit Support Fund: Donor initiated and provides a steady stream of financial support (annual distribution) for a specific nonprofit organization.

Designated – Nonprofit Agency Fund: Nonprofit initiated and provides a steady stream of financial support (annual distribution) for a specific nonprofit organization.

Scholarship Fund: Provides support to graduating high school seniors in Whatcom County to pursue higher education.

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Last Updated: 01/20/2023

