

# Terms & Conditions:

## Non-Endowed Funds



### NON-ENDOWED FUNDS AT WHATCOM COMMUNITY FOUNDATION

A non-endowed fund is like a long-term charitable savings account held by the Community Foundation that can grow through strategic investing and financial contributions. Non-endowed funds have no permanent principal balance and are immediately available for grant distribution in relation to their fund purpose (donor advised, field of interest, designated, etc.)

### TAX STATUS OF CONTRIBUTIONS

Donations to non-endowed funds are tax deductible. Donors often set up funds so they can receive charitable tax benefits immediately upon making their donation, while maintaining the social-good grantmaking power for an extended amount of time.

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 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.

### MINIMUMS AND FEES

To establish a non-endowed fund at the Community Foundation, the initial gift minimum should be met. Fund minimums vary based on the type of fund:

FUND TYPE	MINIMUM
Donor Advised Fund	\$5,000
Grantmaking Fund	\$5,000
Designated Funds:	
Nonprofit Support Fund	\$5,000
Nonprofit Agency Fund	\$5,000
Scholarship Fund	\$1,000
Fiscal Sponsorship Fund	\$5,000

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

Non-endowed funds will be charged a stepped administrative fee of 1.00% - 2.00% annually, based on the total amount under management by the Whatcom Community Foundation. This fee will be assessed monthly, 1/12<sup>th</sup> of the total annual fund rate, based on the fund balance at the end of the month. In addition, all gifts to a non-endowed funds will be charged an initial administrative service fee at the time the gift is made, based on the same on the stepped scale:

RATE	FUND BALANCE
2.00 %	on first \$499,999.99 of fund(s)
1.50 %	on fund(s) between \$500K - \$999,999
1.25 %	on fund(s) between \$1M - \$4,999,999
1.00 %	on fund(s) over \$5M



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## MINIMUMS AND FEES (continued)

Review the Community Foundation's full [Administrative Fee Policy - Non-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 and 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

Non-Endowed Funds are normally invested in our Short-Term Investment Pool, as they may be disbursed at any time. For Funds with a minimum balance for \$25,000 the Community Foundation is pleased to consider the donor's investment preference from among the options listed below:

**Short-Term Investment Pool:** The Short-Term Pool's investment objective is to preserve capital until funds are disbursed; intended to be disbursed within one year.

**Mid-Term Investment Pool:** The Mid-Term Pool's investment objective is to minimize short-term volatility in order to fund distributions, and to enhance the longer-term returns in recognition that funds may not be expended for several years but may be totally expended without prior notice at any time.

**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.

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

## 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>](#)



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### **TYPES OF NON-ENDOWED FUNDS**

The Whatcom Community Foundation offers a variety of non-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.

**Fiscal Sponsorship Fund:** These are most commonly used for a finite project that conforms with the Community Foundation's mission and values. For example, a fundraising effort for a capital project, or the start of a valuable community program/project.

