

# 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 or provided annually to an assigned nonprofit. Thus, an endowment fund can be held permanently, allowing donors to support causes they care about in perpetuity.

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

### TAX STATUS OF CONTRIBUTIONS

Donations to 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 is incapable of fulfillment, or the gift is no longer in the best interest of the community.

### FUND MINIMUM 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 Funds:	
Nonprofit Support Fund	\$10,000
Nonprofit Agency Fund	\$10,000
Scholarship Fund	\$25,000

*The Whatcom Community Foundation reserves the right to change its fee or fund establishment minimums 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
0.75%	on fund(s) between \$1M- \$4,999,999
0.50%	on fund(s) over \$5M



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Review the Community Foundation's full [\*\*Administrative Fee Standard for Endowed Funds HERE>\*\*](#)

### 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.

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

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. Fund holders can update their investment options anytime to match their evolving goals.

**Long-Term Investment Pool:** This pool is for funds meant to last forever. It's designed for endowed funds, where annual payouts follow the Foundation's Spending Policy and are set by the Board of Directors. This option focuses on steady growth over time.

**Socially Screened Long-Term Investment Pool:** The pool is managed like the long-term pool; however, investments are screened for environmental, social and human rights criteria.

**Impact Investment Pool:** This pool consists of "evergreen" funds that are continually recycled to support nonprofits and local businesses through loans, loan guarantees, and equity investments in local small businesses. Investments are focused on local impact and community benefit first, rather than market-rate returns.

Review the Community Foundation's full [\*\*Investment Options for Endowed Fund Guidelines HERE>\*\*](#)



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## FINANCIAL REPORTS

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

Review the Community Foundation's full [Financial Reports HERE>](#)

## TYPES OF 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 [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.  
(Pertains to Nonprofit fund holders only.)

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

