

# Terms & Conditions:

## Non-Endowed Funds

### NON-ENDOWED FUNDS AT WHATCOM COMMUNITY FOUNDATION

A non-endowed fund is like a charitable savings account held by the Community Foundation that can grow through strategic investing and/or 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 is incapable of fulfillment, or the gift is no longer in the best interest of the community.

### FUND MINIMUMS

To establish a non-endowed fund at the Community Foundation, the initial gift minimum should be met. Fund minimums may 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
Fiscal Sponsorship Fund	\$5,000

*The Whatcom Community Foundation reserves the right to change its fund establishment minimum at any time.*

### ADMINISTRATIVE & GIFT FEES

Nominal annual fees help fuel our community work and cover normal administrative costs to manage investments. Additional fees may be assessed for required outside consulting, legal work, or the processing of large numbers of gifts or disbursements. Expense ratios associated with our investments are less than 0.3% at present. We do not provide financial benefits of any sort to third-party participants in the gift planning process. Currently, we do not charge a separate investment management fee.



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## ADMINISTRATIVE & GIFT FEES (continued)

### Short-Term Fee Structure

A *Short-Term Non-Endowed Fund* is typically established to support a specific project, campaign, or need within a relatively short time frame – usually one to five years.

Fees are assessed monthly, based on the fund balance on the last day of each month. The fee assessed will be one-twelfth of the appropriate annual fee rate. In addition, a gift fee will be levied on any new gifts when they are received. Both the gift fee and the administrative service fee will follow the progressive scale presented below:

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

[Review the Community Foundation’s full Administrative Fee Standard for Short-Term Non-Endowed Funds HERE>](#)

### Long-Term Fee Structure

A *Long-Term Non-Endowed Fund* is a type of charitable fund designed to support a specific cause or organization over an extended period of time, usually longer than five years, but without the permanence or investment restrictions of an endowed fund.

Fees will be assessed monthly, based on the fund balance on the last day of each month. The fee assessed will be one-twelfth of the appropriate annual fee rate.

Similar to the Short-Term Fee Structure, fees will be assessed monthly, based on the fund balance on the last day of each month; however, no fee will be levied on new gifts to a non-endowed fund invested in long-term investment pools (Long-Term, Socially Screened, or our Impact Investment pool).

[Review the Community Foundation’s full Administrative Fee Standard for Long-Term Non-Endowed Funds HERE>](#)

*The Whatcom Community Foundation reserves the right to adjust its Administrative Fee Standards at any time.*

## 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>](#)



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### INVESTMENT OPTIONS

Non-Endowed Funds are normally invested in our Short-Term Investment Pool, as they may be disbursed at any time. Fund holders can update their investment options anytime to match their evolving goals. For Funds with a minimum balance of \$25,000 the Community Foundation will consider the donor's investment preference from among the options listed below:

**Short-Term Investment Pool:** This pool is for funds that will be spent within a year or when the timing of distribution is uncertain. It's designed for non-endowed funds and donors who plan to grant most of the balance of their fund within a year. This option offers the highest security and easy access to funds.

**Mid-Term Investment Pool:** This pool is for funds that will be spent over several years (3-7 years). It's designed for non-endowed funds and donors who may or may not add more money to their grantmaking fund. This option offers higher returns than the short-term fund while staying more stable through market changes.

**Long-Term Investment Pool:** This pool is meant for funds to be invested/granted over a longer time horizon. It's designed for long-term non-endowed or endowed funds. 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 Non-Endowed Fund Guidelines HERE>](#)

### 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 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 [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.)

**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.

