

GIFT TO ESTABLISH FUND

The minimum to establish a scholarship fund is \$25,000. See also Fees and Fund Minima in Fund Terms and Conditions.

- Check for \$ _____ payable to Sacramento Region Community Foundation
 - Marketable securities: _____ shares of _____ stock
 - Mutual funds
 - Real estate
 - IRA/retirement plan/insurance policy
 - Other (please describe) _____
- I have included a gift to this Fund at the Sacramento Region Community Foundation in my estate plans.**
(Please provide a copy of the relevant portion of the document.)

INVESTMENTS

*Please refer to **Fund Terms and Conditions** for more information on Investment policies.*

This Fund is an:

- ENDOWED FUND** – fund will be permanent; it will be invested to provide an annual amount that will be spent to carry out the fund’s charitable purpose in perpetuity.
- EXPENDABLE FUND** – fund may make grant distributions until all fund assets are exhausted. A minimum balance of \$500 is required to keep this fund open.

If you checked Expendable Fund, please choose one of the options below. You may select the investment option that closely matches your timing for making grants.

- SHORT TERM PORTFOLIO** – provides a high level of liquidity for funds with short-term grantmaking strategies (spending horizon of 1-3 years)
- INTERMEDIATE TERM PORTFOLIO** – balances mild liquidity needs with a reasonable level of expected appreciation over full market cycles (spending horizon of 3-5 years)
- LONG TERM PORTFOLIO** – mirrors the endowment investment strategy as closely as possible with the intention of maintaining assets within the pool for a longer time frame (over 5 years)

PROFESSIONAL ADVISORS

Many donors open funds with the Foundation with advice from an attorney, accountant, financial advisor, or other professional. These individuals may also be involved in the transfer of assets into your Fund. It is helpful to know who these advisors are. (Contact information is not shared outside the Foundation.)

ADVISOR 1

 Name

Type of Advisor (check one)

Attorney CPA Financial Planner Other

 Name of Firm

 Business Address

 City

 State

 ZIP

 Business Phone

 Business FAX

 Email Address

ADVISOR 2

 Name

Type of Advisor (check one)

Attorney CPA Financial Planner Other

 Name of Firm

 Business Address

 City

 State

 ZIP

 Business Phone

 Business FAX

 Email Address

SUPPORT FEES

Please refer to **Fund Terms and Conditions** for more information on Fee policies.

Support fees are determined by the level of service required to administer this Fund as well as by the amount in the Fund, and are initially set at the time the agreement is signed. Fees reflect whether the funds are assessed on a per-grant basis or annually on a percentage of the annual fund balance. If the annual percentage applies to the Fund, the fee is calculated monthly and paid directly to the Foundation from the Fund on a monthly basis. The minimum annual Support Fee on Scholarship Funds is \$500.00.

To be completed by the Foundation:

The annual Support Fee for the _____ Fund shall be the greater of \$500.00 or
 [_____ % of the fair market value of the Fund per annum/ _____ % of distributions from the Fund.]

SUPPORTING THE FOUNDATION

The Foundation’s operating expenses are covered by modest Support Fees and the generosity of caring donors. We invite you to consider a contribution to the *Friends of the Foundation Endowment* to support the Foundation’s operations. Your gift will ensure that the Foundation will continue to be responsive to community needs and work toward expanding philanthropy in this region. If you would like to support *Friends of the Foundation Endowment*, please select one of these two options:

- _____ % or \$ _____ annually
- One-time gift of \$ _____

PLEASE TELL US HOW YOU LEARNED ABOUT THE FOUNDATION

- My Advisor _____
- Current Fundholder _____
- Foundation Board/Former Board _____
- Foundation Staff / Visibility _____
- Website _____
- Mailing _____
- Capital Public Radio
- KVIE Public Television
- Lodi Community Foundation
- Yolo Community Foundation
- Other _____

TERMS AND CONDITIONS

IRS RULES OF INDIVIDUAL GRANTMAKING AS THEY PERTAIN TO SCHOLARSHIPS

Because a scholarship award benefits an individual and not an organization, the Sacramento Region Community Foundation (“Foundation”) refers to the awarding of scholarships as “individual grantmaking.” The Internal Revenue Service has certain regulations pertaining to individual grantmaking with which the Foundation and its affiliates must comply. The Internal Revenue Service also details rules that apply to the role of “advisors” in recommending grants from the Foundation.

In summary:

- All awards must be given for charitable purposes.
- The applicant pool should be large enough to make scholarship awards competitive. Ideally, there should be at least four applicants for every scholarship award.
- Selection of recipients must be made on an objective, nondiscriminatory basis.
- There must be no benefit to a donor, relative of a donor, or an individual selected solely by the donor. Members of a selection committee must disclose any family or personal relationship with an applicant.
- There must be broad dissemination of eligibility requirements and deadlines for each scholarship fund.
- Each applicant must be ranked against stated selection criteria.
- Donors and/or family members cannot make up the majority of any advisory committee.
- Scholarship awards should only be applied toward tuition, books, and educational expenses. Scholarship awards used for other purposes, such as room and board, may be considered taxable income.
- Scholarship payments are issued to the institution the student is attending.

OVERSIGHT

Scholarship funds established at the Foundation are subject to the Pension Protection Act of 2006, and the Foundation will provide uniform oversight to all scholarship funds.

SCHOLARSHIP SELECTION COMMITTEE

The Pension Protection Act of 2006 (PPA) requires community foundations to follow specific policies and procedures for selecting scholarship recipients. A Founding Donor has the option to participate in the student selection process. If a Founding Donor wishes to participate in the student selection process, he or she must adhere to the following policy regarding committee member appointments and committee composition. If a Founding Donor does not wish to participate in the student selection process, he or she may delegate that responsibility to an outside scholarship committee or to the Foundation.

Scholarship Committees may either be internal to the Foundation or function as an Outside Scholarship Committee. The Foundation shall appoint all members of any selection committee charged with the evaluation of candidates for scholarship grants. Appointments shall be made by designated staff of the Foundation. For Outside Committees, the composition of any selection committee will be reviewed by the Foundation and each person approved or denied. All committee members must be appointed each year in advance of the student selection process.

Founding Donors and Fund Representatives may provide advice with respect to the selection of grant or award recipients solely as members of a selection committee. No combination of Founding Donors, persons recommended

or designated by Founding Donors (or persons related to any of these persons) to a Fund that makes Scholarship Grants or Individual Achievement Awards may, directly or indirectly, control any selection committee established in connection with such Fund. For example, Founding Donors, persons recommended or designated by Founding Donors and persons related to any of these persons shall not constitute a majority of any such selection committee (persons may include individuals, partnerships, corporations, or trusts). Where a Founding Donor recommends a person for appointment to a selection committee based on objective criteria related to the expertise of such person, such person will not be deemed to be appointed or designated by the Founding Donor.

A non-related party Chair will be designated who has no controlling interest in the outcome of the review process. A Conflict of Interest disclosure for all committee review members will be filed prior to any scholarship at the beginning of any scholarship review process. Documentation of the review process will be maintained by the Foundation.

SCHOLARSHIP DISBURSEMENTS

In order to qualify for a scholarship from a Foundation fund, the proposed recipient must be enrolled in a qualified charitable entity (e.g., schools, colleges and universities) located in the United States.

Scholarship checks are sent directly to the organization and are accompanied by a Foundation letter specifying the name of the recipient and the Scholarship Fund. Scholarships made from funds at the Foundation are issued on checks with the name of the Foundation.

TAX STATUS OF CONTRIBUTION

Funds established at the Sacramento Region Community Foundation and its affiliates are component funds of the Foundation, a Section 501(c)(3) public benefit corporation. All contributions to the Foundation's funds are treated as gifts to a Section 501(c)(3) public charity and are tax-deductible, to the extent allowed by law, subject to individual and corporate limitations. Acceptance of all gifts is subject to the provisions of the Foundation's Gift Acceptance Policy. Any assets contributed to funds at the Foundation, once accepted by the Board of Directors of the Foundation, represent unconditional and irrevocable gifts and are not refundable. Legal control and responsibility for the funds rest with the Foundation.

VARIANCE POWER

All funds established at the Foundation are subject to the Foundation's "variance power," as set forth in its Bylaws. Variance power grants the Foundation's Board of Directors the power to modify any condition or restriction on the distribution of funds for any specified charitable purpose or purposes, or to a specified organization or organizations if, in its sole judgment (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served by the Foundation.

INVESTMENT OF ASSETS

All assets contributed to funds established at the Foundation are invested in the Foundation's investment pools and are managed in accordance with the Foundation's Investment Policy Statement (IPS). A copy of the Foundation's current Investment Policy Statement is available upon request.

For the purposes of investments, the Foundation does not segregate the assets of any single fund from the assets of the Foundation's other component funds, but will keep a separate account of the fund's assets, and the fund's proportionate share of all investment earnings and investment fees applied to the fund. In establishing a fund, the donor acknowledges that the investments in the fund are subject to market and interest rate fluctuations. All

investment returns are reported net of all investment fees.

All endowed funds are invested in the Foundation's endowment pool. For expendable funds, the Donor may select from a number of expendable pools. The asset allocation of these pools is geared towards the donor's spending horizon for the fund. Annually, the donor may select to move to a different pool.

SPENDING RULES

Endowed funds: The spending policy for endowed funds, contained in the IPS, utilizes a formula to determine the amount available to grant from a fund each year. It is designed to maintain a level of current spending while preserving the endowment in order to support future spending. The Foundation shall appropriate for expenditure, for the purposes for which the Fund is established, so much of the Fund as the Foundation deems prudent, in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) (as amended from time to time) and the Spending Policy adopted by the Foundation (as amended from time to time).

The amount available to spend (ATS) is determined by calculating the rolling average fair market value of the Fund over the previous 12 quarters (or since inception for funds less than three years old). This rolling average is then multiplied by the current spending percentage to arrive at the amount available to spend from the Fund in the following year. The Board reviews its spending policy annually, and may increase or decrease the percentage available to spend. As of the approval date of this agreement, the spending policy is 4%.

Endowed funds established before the end of the third quarter (September 30) will have an ATS amount as of January immediately following the establishment of the Fund. Endowed funds established during the fourth quarter will not have an available to spend amount in the January immediately following the establishment of the Fund, but they will have an ATS amount the next January.

Expendable funds: The current balance of an expendable fund (excluding uncleared checks and pending stock transfers) must be adequate to cover the distribution amount and any current applicable Support Fees. If the Donor desires to keep the Fund open, the Foundation's required minimum balance of \$500 must remain in the Fund.

RESTRICTIONS ON GRANTS

In compliance with the Internal Revenue Code, grants, including scholarship awards, are not permitted for non-charitable purposes; for political contributions or to support political campaign activities; or for any purpose that would provide benefits, goods or services to a Donor to the Fund, the Fund's Advisor(s) or other related parties. A Fund Advisor is subject to IRS penalties if the Fund's Donor(s), Advisor(s), or other related parties receive benefits, goods or services in connection with a grant recommendation.

FUNDRAISING

Additional gifts may be made directly to a fund at any time. Donors contributing to Foundation funds have the option to donate via credit card. The Foundation reserves the right to deduct the credit card fee from the donation. For liability reasons, fundraising events cannot be held in the name of a Donor Advised Fund, nor can the Foundation pay event vendors out of a charitable fund. A copy of the Foundation document Policies and Guidelines for Promoting Funds of the Community Foundation will be made available on request.

FEES AND FUND MINIMA

As a nonprofit public benefit organization, the Foundation supports its work on behalf of fundholders and the community by charging Support Fees to manage charitable funds. Within the Foundation, the fees cover fund establishment, gift acknowledgement, investment management, grants administration and individualized donor services, such as research on nonprofit organizations and special requests. For the community, the fees are used

strategically to improve lives by initiating or partnering in efforts to address key local issues, paying attention to areas of community need not covered by other organizations. The Foundation's commitment to the local community is what sets the Foundation apart from commercial charitable funds, and all of the fees paid by fundholders stay in the region to support the work that the Foundation does in partnership with fundholders.

The Foundation shall retain reasonable compensation for its services and expenses. Such compensation shall be established by the Board of Directors of the Foundation in the form of annual Support Fees. Fees are determined by the level of service required to administer the fund as well as by the amount in the fund, and are initially set at the time the agreement is signed. Fund agreements shall reflect whether the funds are assessed on a per grant basis or annually on a percentage of the annual fund balance. If the annual percentage applies to the Fund, the fee is calculated monthly and paid directly to the Foundation from the Fund on a monthly basis.

The minimum Support Fee on all funds is \$500.00 for scholarships and \$250.00 for all other types of funds. The minimum Support Fee is effective as of the first full calendar year after the fund's establishment. The Support Fee structure may be amended from time to time by the Foundation board of directors with 45 days' written notice to the Donor. The fee structure for legacy funds, to be established by bequest or charitable trust, will be based on the fee structure in place at the date of funding.

There is no set-up fee to open a fund at the Foundation. Minimum funding amounts are required to establish active funds: currently, these amounts are \$25,000.00 for scholarship funds and \$10,000.00 for all other types of funds. Funds may be established with less than the required minimum provided that the minimum is met within a year of the fund's establishment; grants may not be made from funds until the required minimum is achieved. Fees and minimum fund amounts are not applicable to legacy funds until the funds become active. Expendable funds must maintain a minimum balance of \$500.00 to remain open.

FUND CONTACTS

The **Founding Donor(s)** of a Scholarship Fund may participate on the scholarship selection committee, access fund information, name other **Fund Representatives**, modify scholarship criteria, and conduct other fund administration business. Fund Representatives may access fund information and participate on the scholarship selection committee as approved.

POLICIES

The undersigned have received and agree to the foregoing terms and conditions and to Foundation policies referred to herein.

INDEMNITY

In consideration of the Foundation's creating a Fund at the request of the undersigned individual(s) or entity and for other good and valuable consideration, the undersigned hereby agree to indemnify and hold harmless the Foundation against any liability, cost, or expense which the Foundation may incur by reason of its acting upon instructions or recommendations given to the Foundation by any of the undersigned or by persons authorized to make recommendations with regard to the Fund.

DONOR ACKNOWLEDGEMENT AND SIGNATURES

I acknowledge that I have read the Sacramento Region Community Foundation Terms and Conditions and agree to the fees, terms, and conditions described therein. I understand that any contribution, once accepted by the Foundation's Board of Directors, represents an irrevocable gift to Sacramento Region Community Foundation. The Foundation's Board of Directors has variance power under IRS regulations, and this gift is not refundable to me.

I hereby certify, to the best of my knowledge, all information presented in connection with this form is accurate, and I will notify Sacramento Region Community Foundation promptly of any changes.

FOUNDING DONOR 1

Signature

Print Name

Date

FOUNDING DONOR 2

Signature

Print Name

Date

SACRAMENTO REGION COMMUNITY FOUNDATION SIGNATURE

Authorized Signature

Print Name

Title

Date



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