



# Terms and Definitions

## **TYPES OF FUNDS**

### **Donor Advised Endowed Fund**

*\$5,000 minimum contribution is required, \$5000.00 minimum balance must be maintained at all times once fully funded*

A Donor Advised Endowed Fund provides the donor with the privilege of naming the fund and can be established to honor or memorialize a loved one. The Donor Advisor can name successor advisors and can recommend grants to non-profit charitable organizations. All recommendations must be in accordance with IRS Regulations and the RCF Grant Disbursement Rules as set forth in this agreement. Donor Advisors of Endowed Funds may make non-compulsory suggestions regarding investments to their Fund's assets, where practical. A Donor Advised Fund is a permanent charitable fund which is a component fund in the Foundation. The donor of an endowment fund may include an explicit spending limitation in the gift instrument and/or limit the expenditure so as not to expend funds below the original dollar value of the gift, in accordance with the New York Prudent Management of Institutional Funds Act. (NYPMIFA).

*You may elect to finance your fund incrementally to the minimum of \$5000.00 within five (5) years of origination. No grants can be recommended or made from a Donor Advised Endowed Fund until the minimum balance of \$5000.00 has been reached.*

### **Donor Advised Non-Endowed Fund**

*\$5,000 minimum contribution is required; a \$1,000 minimum balance is required until such time as the donor advises in writing that the fund is to be spent down to zero.*

A Donor Advised Non-Endowed Fund offers the same benefits as an endowed fund but does not allow for longevity as the fund may eventually be spent down to zero. As a result, it does not offer the same investment benefits as an endowed fund since monies must be more readily accessible if the intent of the donor is to eventually spend it down. Unlike an endowed fund, a non-endowed fund cannot be funded incrementally.

### **Scholarship**

*\$1,000 minimum contribution is required; \$1000.00 minimum balance is required.*

Donations to these types of funds can benefit students at any education level, particular field of study, or specific situation, and can be established to honor or memorialize a loved one. For all scholarship funds established with the RCF, the scholarship selection committee must be appointed by the RCF; however members may be recommended by the donor. The donor and parties related to the donor may serve on the selection committee but they cannot directly or indirectly control the decisions of the committee. The RCF generally disburses scholarship funds to the institution the recipient attends and not to the individual.

### **Agency Designated Fund – Endowed and Non-Endowed**

*\$5,000 minimum contribution is required to establish a Designated Endowed Fund - it may be incrementally funded similar to the terms of our Donor Advised Endowed Funds; however the agency has three years to fully finance the fund, and must retain a minimum balance of \$5,000 once fully funded.*

*\$2,000 minimum contribution is required to establish a Designated Non-endowed Fund; a \$1,000 minimum balance is required until such time as the donor advises in writing the fund is to be spent down to zero.*

This type of fund supports one or more specific charitable organizations. The designated organization must be a 501(c)(3) non-profit. It cannot be a private foundation. A Designated Fund may be an endowed or non-endowed ("pass through") fund. There are many advantages to creating this type of fund. Smaller non-profits that do not want to expend valuable and limited staff energy on fund administration can create this type of fund and leave the task of fund management to the Foundation. Any non-profit wanting to maximize the opportunity to grow their assets for the purpose of providing a source of income to meet both current and future needs can do this through the RCF instead through their general accounting systems. Giving through Foundation allows donors more flexibility in types of contributions, such gifts of stocks and real estate. Another very important advantage worth mentioning is the increased visibility through the Foundation's own marketing efforts can drive more contributions to this type of fund from the general public.

In the event a designated organization ceases to exist, the Rockland Community Foundation will direct the payout of funds to another 501 (c) (3) non-profit organization with a similar purpose.

### **Field of Interest Funds**

*\$2000 minimum contribution is required; \$1000 minimum balance is required.*

This type of fund is created to support an area of particular interest to the founder of the fund. This type of fund can also be started to support the interest of someone you wish to honor or memorialize. You have the privilege of naming your fund. The founder of a Field of Interest Fund may refer non-profit organizations that are engaged in charitable work in the fund's field of interest to the RCF. All recommendations must be in accordance with IRS Regulations and the RCF Grant Disbursement rules as set forth in this agreement. The RCF Grants Committee reviews all funding requests received for these funds and determines what awards and grants are made to organizations that further the expressed mission of the fund.

## **Committee Advised Funds**

*\$2,000 minimum contribution is required; \$1,000 minimum balance is required.*

This type of fund is established by groups of like-minded individuals who wish to pool their resources to maximize the impact of their charitable giving and make grants to the causes that are important to them. You have the privilege of naming your fund. The committee identifies the charitable causes it wishes to support and collectively determines and makes recommendations to where the funds can be directed. All recommendations must be in accordance with IRS Regulations and the RCF Grant Disbursement rules as set forth in this agreement. The RCF Gifts and Grants Committee reviews all funding requests received for these funds and determines what awards and grants are made to organizations that further the expressed mission of the fund. Grants are distributed from fund income, principal or a combination of the two.

## **Project Funds**

*No minimum contribution is required.*

In certain situations the RCF may establish a Project Fund to serve as the 501(c)(3) organization for a charitable cause so individuals or groups can avoid the time and expense of creating one. Also, this type of arrangement is often used by organizations who are becoming active and are in the process of filing for 501(c)(3) status and wish to begin collecting donations for their cause. An outline of the Project must be provided for review and approved by the RCF and all related fundraising activities must adhere to RCF Fundraising Policy and are subject to approval by the RCF. Additional fees are dependent on the type of activities and administration involved. There may also be separate and additional Banking Institution fees that may be imposed, such as checking account service fees. Please contact us for more information.

## **ADMINISTRATIVE AND ANNUAL MANAGEMENT FEES**

The Rockland Community Foundation (RCF) sets minimum contribution amounts for all funds and assesses fees to cover costs of administration and may from time to time change these amounts. Fees provide the resources needed for the RCF to operate and to continue its work in our community. Fund Management Fees are assessed quarterly and are based on the average monthly balance in the fund. Administrative fees vary based on the activity occurring within the account and are billed quarterly.

### **New Fund Application Fee**

New funds will be assessed a one-time application fee of \$200 to be used towards the administrative time necessary for opening and processing new funds, and setting up online donation capabilities.

### **Annual Fund Management Fees are as follows:**

#### **Donor Advised Endowed Fund\***

#### **Donor Advised Non-Endowed Fund**

#### **Agency Designated Endowed Fund**

#### **Project Fund**

Minimum annual fee is \$250.00

1.25% on amounts of \$25 thousand to \$1 million

0.75% on amounts over \$1 million

0.50% on amounts over \$2 million

0.25% on amounts over \$3 million

#### **Scholarship Fund**

#### **Agency Designated Non-Endowed Fund**

#### **Field of Interest Fund**

#### **Committee Advised Fund**

Minimum annual fee is \$150.00

1.25% on amounts of \$25 thousand to \$1 million

0.75% on amounts over \$1 million

0.50% on amounts over \$2 million

0.25% on amounts over \$3 million

Above management fees are for transaction-based funds. Investment funds will be assessed an additional .75% fee.

*\*Should you elect the incremental five year funding plan for your Donor Advised Fund the Annual Fund Management fee shall be discounted to \$150.00 minimum per year for the first four years or until the fund reaches \$5000.00, at which time the minimum fee shall be increased to \$250.00.*

## **Bank Fees, Credit Card and PayPal Processing Fees and Legal Fees**

Returned check fees (donor bounced checks) are billed @ \$20.00 per returned check in addition to any fees charged directly by the banking institution. Credit Card companies and PayPal charge fees for processing payments. These fees, between 2.8% and 3% approximately, are deducted directly by those companies from any donations processed by them. Legal fees that may result from the processing of donations and transfer of stock or real property would be quoted and subject to your approval.

## **Service and Administrative Fees**

There may be other fees associated with the management of your Fund depending on your fundraising and grant activities.

Administrative work is billed @ \$50.00 per hour.

Services include but are not limited to:

- Receiving, processing and depositing donations
- Cataloging donor data
- Grant and scholarship application administration

Generating thank you/acknowledgement letters are billed @ \$1.25 per letter plus first class postage.

Checks drawn for reimbursements of charitable expenses or award of grants or scholarships are billed @ \$25.00 per check.

Custom marketing support and materials creation is billed @ \$75.00 per hour. All printing of custom materials is billed at cost.

We can also provide other services such as assistance with event planning and coordination as well as staffing welcome tables at events. Since events are very different from one another costs of these types of services are very individualized. We can meet with you to discuss the most efficient and cost effective ways to make sure that the services you need are delivered at a cost that always maximizes contributions to your cause.

### **Funds Falling Below the Minimum Balance**

Funds are required to maintain minimum balances as indicated by type of fund above. The purpose is to ensure the health of both the fund and the Rockland Community Foundation. If fund balance falls below the required minimum, you will be given 60 days' notice to correct. No grants will be awarded from the fund until the minimum is re-established.

Failure to maintain the minimum or fully finance the fund in the time allotted will cause forfeiture of all privileges to advise the fund. The remainder of the funds, principal and interest will transfer to the Rockland Community Foundation General Fund and the Board of Directors of the RCF shall distribute the income and principal in accordance with the purposes set forth in the RCF bylaws.

With regard to Scholarship funds, contributions to the fund must be sufficient to cover the established annual scholarship award and all annual and administrative fees.

### **ADDITIONAL INFORMATION**

The RCF shall assume responsibility for check writing, bookkeeping, investment management, tax reporting, auditing and evaluation of projects, and for making available to the advisor reports of fund income, expenses and grant-making, as appropriate.

### **TAX STATUS OF CONTRIBUTION**

Funds established at the Rockland Community Foundation (RCF) are component funds of the RCF, a Section 501(c)(3) non-profit organization. Contributions other than cash or marketable securities must first be approved by the Board of Directors of the RCF. All contributions to the RCF funds are treated as gifts to a public charity and are generally tax deductible, subject to individual limitations. There are a variety of funding options available to donors under the umbrella of the RCF. Please contact your financial advisor for assistance in finding those that best suit your philanthropic endeavors.

### **VARIANCE POWER**

All assets contributed to funds become irrevocable gifts to the RCF and legal control and responsibility for the funds rest with the RCF. All funds established at the RCF are subject to the RCF's "variance power," as set forth in the RCF bylaws. Variance power gives the RCF the authority to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if, in the sole judgment of the RCF Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

### **INVESTMENT OF ASSETS**

In making a gift to the RCF, donors give up all right, title and interest to the assets contributed. In particular, donors give up the right to choose investments, investment managers, brokers, or to veto investment choices for their gifts. Therefore, the board and investment committee of the RCF have the right to make any or all investment decisions regarding gifts received. However, Fund Advisors of Donor Advised Endowed Funds may give non-compulsory advice or recommendations on investment of their Fund's assets where practical. All assets contributed to funds will be managed in the RCF investment pools. Investment allocations among the RCF investment pools can be changed no more than once per calendar year, unless a significant change to grant-making or fund balance occurs and prudence requires a change. The RCF may hold up to five percent (5%) of fund assets in non-interest bearing cash at any time. All income and capital gains or losses will be allocated to the fund on a monthly basis. *Presently, the RCF maintains the position that in order to protect and preserve capital, investments should be of a conservative nature with no investment in equities occurring unless overall fund reaches a minimum of \$250,000.00. Our Investment Policy Statement is available upon request.*

The Following factors are considered in managing and investing RCF funds:

- (1) general economic conditions;
- (2) the possible effect of inflation or deflation;
- (3) the expected tax consequences, if any, of investment decisions or strategies;
- (4) the role that each investment or course of action plays within the overall investment portfolio of the fund;
- (5) the expected total return from income and the appreciation of investments;
- (6) other resources of the institution;
- (7) the needs of the institution and the fund to make distributions and to preserve capital; and
- (8) an asset's special relationship or special value, if any, to the purposes of the institution.

### **INVESTMENT ALLOCATION**

Allocation strategy should match risk tolerance and long-term objectives for your fund. Information contained herein is for informational purposes only and is not intended to be investment advice. Contact your financial advisor for assistance.

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risk and rewards of market behavior, the following asset classes were selected to achieve the objectives of Rockland Community Foundation's portfolio.

Asset Class	Minimum	Maximum	Preferred
Equities	52%	72%	62%
Bonds	18%	38%	28%
Alternative Investments	0%	10%	5%
Cash & Cash Equivalents	5%	15%	5%

The maximum allowable allocation of the aggregate portfolio to liquid securities is 10%.

The Investment Committee Asset Allocation Option percentages may change from time to time upon Investment Committee review. Such reallocations would occur on the first business day of the month. Please refer to our Investment Policy Statement for a more detailed description of the investment portfolio. Please contact the Rockland Community Foundation at [info@rocklandgives.org](mailto:info@rocklandgives.org) or call 845-947-2868 if you have questions or need additional information.

## RECOMMENDED SPENDING POLICY & EXPENDITURE OF ENDOWMENT FUNDS

Although not required, the RCF recommends a minimum five percent (5%) annual distribution rate for all funds. For ENDOWED FUNDS, the RCF's Board of Directors sets and monitors a required annual distribution rate that is calculated as a percentage of fund assets. This rate is currently five percent (5%) unless otherwise instructed by the donor. This recommendation is subject to change based on: community needs, investment performance and in situations where the donor has instructed that the original dollar amount of their ENDOWED FUND be perpetually maintained.

In accordance with the New York Prudent Management of Institutional Funds Act (NYPMIFA) effective 9/17/10 donors who have elected to place an ENDOWED FUND with the Foundation may select between two choices in regard to expenditures from such funds. Donors may select to allow the Foundation to spend below the original dollar amount of the ENDOWED FUND. In doing so the Foundation must act "in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances," and must consider, if relevant, the following factors:

- (1) the duration and preservation of the endowment fund;
- (2) the purposes of the institution and the endowment fund;
- (3) general economic conditions;
- (4) the possible effect of inflation or deflation;
- (5) the expected total return from income and the appreciation of investments;
- (6) other resources of the institution;
- (7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution; and
- (8) the investment policy of the institution.

Alternatively, a donor may instruct that the original dollar amount of their gift to their ENDOWED FUND be perpetually maintained.

## GRANT DISBURSEMENT

Grants must be for charitable purposes, and those grants may be recommended to any 501(c)(3) organization or verified charitable entity (e.g., schools, religious institutions) located in the United States or any nongovernmental organization having a verifiable charitable purpose in Rockland County. Grants may also be given for charitable purposes to non-501(c)(3) organizations if they can be verified through a process called *charitable expenditure responsibility*. Expenditure responsibility is required for any organization not described in IRS Section 170(b)(1)(A), including for-profit companies, private operating foundations and new public charities that do not yet have 501(c)(3) status and qualifying supporting organizations.

Grants given to all 501(c)(3) public charities within the United States must be for a minimum of \$200. Grant checks sent to organizations are accompanied by a RCF letter specifying the name of the fund and the advisor's name(s) unless requested otherwise, by the donor or fund advisor and as approved by the RCF. The advisor's address may also be included on all letters if requested by the advisor. Mail that the RCF receives for the fund can be forwarded, fees apply. Approved grants are typically sent within 20 working days of the recommendation being received. Grants made from funds at the RCF are issued on checks with the name and logo of the RCF.

## RESTRICTIONS ON GRANTS

Grants to individuals are not allowed. In compliance with the Internal Revenue Code, grants are not permitted to private non-operating foundations or 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 the advisor recommending the grant. An advisor is subject to IRS penalties if the advisor receives benefits, goods or services in connection with a grant recommended by the advisor. This includes grants to satisfy pledges and non-deductible (or partially tax deductible) memberships, event tickets, sponsorships, registration fees in tournament and cause-related marketing activities. Please contact the RCF if you have questions about the exclusion of benefits from grant recommendations and/or multiple-year payments.

## EXPENSE REIMBURSEMENT

The RCF does not permit expense reimbursements from a Donor Advised Fund to any donor, fund advisor or related party. All expenses must be paid by the RCF directly after appropriate review of the expenses and their payees and must be pre-approved prior to being incurred. The expense submitted for review must be charitable in nature or support a charitable purpose.

## FUNDRAISING POLICY

All advertising for fundraisers organized by Donors for their Funds must include "**Funds raised will be added to the [insert name] Fund at The Rockland Community Foundation, a 501(c)(3) organization. All checks should be made payable to the [insert name] Fund/Rockland Community Foundation.**" All fundraising activities must adhere to RCF Fundraising Policy and are subject to approval by the RCF. For more information please see the complete RCF Fundraising Policy.

## FUND INACTIVITY

If an advisor is no longer willing or able to advise the fund's distribution, and no successor advisor is named, the RCF board will assume responsibility for grant-making. If grant recommendations are not received for a period of two consecutive years, the RCF staff will attempt to contact the fund advisor at least three times via certified mail and allow 60 days for a response. If contact cannot be made, the RCF board will advise an annual payout to support the community grant-making program in accordance with the RCF spending policies. If two more years pass with no contact from the advisor, the fund in its entirety will be transferred to the RCF General Fund. A fund must have advisor inactivity for a total of four years before being transferred to the RCF General Fund.

## FUND CLOSURE

An advisor may recommend closing a fund by granting up to 100 percent (100%) of the fund balance to a qualified non-profit organization. Such recommendations must be received in writing and, if approved, funds will be disbursed in accordance with the RCF's articles of incorporation and bylaws, current agreements, laws and regulations. Closing a fund by recommending a grant to another non-profit corporation which is approved will occur as follows: 80 percent (80%) of the current balance will be granted within 10 business days of the request date, barring any issues with the organization's status as a qualified public charity or equivalent. The remaining balance of the fund, including any residual net earnings, less any associated fees incurred to facilitate the closure of the fund will be granted within the following 90 days.

Endowed funds, where the donor is no longer available or in circumstances where the funds are valued at less than \$100,000, have been in existence for more than 20 years and an institution determines that the donor restriction is unlawful, impracticable, impossible to achieve, or wasteful may be closed in accordance with "*Provisions for where Release of Donor-Imposed Restrictions on Management, Investment, or Purpose of an Institutional Fund*" (N-PCL § 555).

**CONFLICT OF TERMS**

In the event of an inconsistency between these terms and conditions and any terms and conditions appearing elsewhere in connection with any fund, these terms and conditions, as interpreted by the RCF, shall govern, and the RCF reserves the right to take any actions at any time which, in its discretion, it deems reasonably necessary or desirable for the proper administration of any fund or the RCF or to comply with applicable law.

Further information regarding rules and legal requirements regarding investing, management, closing and releasing restrictions with regard to institutional funds can be obtained from the Charities Bureau at [www.charitiesnys.com](http://www.charitiesnys.com)

In accordance with the New York Prudent Management of Institutional Funds Act (NYPMIFA) effective 9/17/10 donors who have elected to place an ENDOWED FUND with the Foundation may select between two choices in regard to expenditures from such funds. Donors may select to allow the Foundation to spend below the original dollar amount of the ENDOWED FUND. Alternatively, a donor may instruct that the original dollar amount of their ENDOWED FUND be perpetually maintained.

**The RCF does not provide tax or legal advice; we recommend consulting a professional advisor if you have questions about a gift to the RCF.**