



CENTRAL CAROLINA

Community Foundation

Foundation Background

Central Carolina Community Foundation (CCCF) is a tax-exempt public charity, 501(c)(3), created in 1984 by and for the people of the Midlands. Community foundations are designed to serve specific communities by helping individuals and businesses establish funds to benefit nonprofit organizations and programs.

CCCF connects donors in the Midlands with the full spectrum of charitable and nonprofit organizations; organizations that range from churches and colleges to food pantries and homeless shelters. CCCF manages more than \$100 million in assets. In 2013, we awarded more than \$13.1 million to deserving organizations in the region and across the U.S. The Foundation houses more than 375 funds of varying types and purposes.

What is a Donor-Advised Fund

A Donor-Advised Fund (DAF) offers the opportunity to create an easy-to-establish, low cost, flexible vehicle for charitable giving as an alternative to direct giving or creating a private foundation. Annually, income from the fund (if the fund is endowed) is used to provide grants to organizations you select. The Foundation offers a number of flexible models:

- **Endowed/Invested:** You may choose to permanently endow your fund. This ensures that the principal balance of the fund will stay intact in perpetuity. The distributions from the fund are subject to the Foundation's spending policy.
- **Non-Endowed/Invested:** This option provides you with the opportunity to gain the benefits of investing the fund's principal while allowing for grant distributions up to the current value of the fund.
- **Non-Endowed/Non-Invested:** This type of fund is not invested and does not earn investment income. The distribution of the entire fund balance is permitted.

Establishing a Donor-Advised Fund

When you establish a fund at the Foundation, you decide what charitable organizations will be funded, how the gifts will be made and when they will be distributed.

By establishing a partnership with CCCF, you can be confident that our Foundation has the infrastructure to handle fiscal issues including, but not limited to, financial management and oversight, fund audits, IRS regulations, and Directors and Officers Insurance.

The funds you contribute to your fund will be pooled into a much larger investment corpus offering the potential for higher returns and lower management costs. The reduction in cost will allow a higher percentage of your monies to be used for charitable purposes.

Eligible Donors

Individuals, families, corporations, nonprofit organizations, trusts and estates are eligible to open funds.

Naming Your Fund

You may name your fund for your family or other loved ones. If you would like for your fund to remain anonymous, you may name your fund accordingly.

Types of Assets

You may contribute many types of assets to open a fund including: cash, securities, bonds, real estate, life insurance, retirement assets, business interests, trust and estate assets. Gift acceptance is subject to Board approval and must meet criteria outlined in CCCF Gift Acceptance Policy. We strongly encourage you to consult your financial advisor to make the most of the tax advantages of a charitable donation.

Donor-Advised Fund Agreement

The purpose of the fund agreement is to clearly define the relationship between you and CCCF.

Gift Acknowledgements

All contributions of \$250 and above will be acknowledged in writing. An itemized tax receipt will be issued for all donations with a tax-deductible component. For contributions of private securities, business interests, real property and other assets valued at more than \$5,000, the acknowledgement will be sent after the Foundation has received a copy of an independent, qualified appraisal of the asset.

Minimum Fund Balance

The minimum fund balance for a Donor-Advised Fund is \$10,000.

Gifts are Irrevocable

In order to meet IRS guidelines, your contribution becomes irrevocable once it is accepted. It is owned and held under the direction of the Foundation's Board. Contributions to the Foundation are not refundable.

Variance Power

Variance power is a distinctive feature of community foundations. The IRS requires that the Foundation have absolute discretion over all funds in order to provide maximum tax benefits to you. However, the Foundation will carefully consider your recommendations regarding preferences and distributions.

Professional and Financial Advisors

The Foundation regularly works with professional and financial advisors to assist donors in the philanthropic process. To provide the best service possible to your advisors, the Foundation asks you to share their contact information on your fund agreement.

Anonymity

Privacy is another potential benefit for our donors. The public forms filed by CCCF do not list individual funds.

You may wish to remain anonymous with regard to our publications and some or all of your distributions. The Foundation offers three degrees of anonymity:

- Indicate total anonymity on your fund agreement. Distributions made from your fund, no matter what you name it, will be anonymous.
- Give your fund an anonymous name (e.g., ABC Fund). Distributions will be made in the name of your fund without reference to you.
- Designate your distribution as anonymous on the distribution recommendation form. The Foundation staff will mark that specific distribution as anonymous when the distribution check is processed.

Asset Management

A Donor-Advised Fund will be administered and invested according to the type of Donor-Advised Fund selected

in the Fund Agreement. There are three types designed to give the donor the most flexibility; a) endowed/invested, b) non-endowed/invested, c) non-endowed/non-invested. The following information applies to the invested funds.

Investment Strategy

The investment policy for an invested DAF is governed by a total return philosophy recognizing that funds under the guidelines of these policies are managed as endowments. The investment objective is to position the Foundation's assets in such a manner as to enable the investment return to (at a minimum) meet or exceed the inflation rate plus the Foundation's investment manager's fees, administration fees and grantmaking program.

Asset Allocation Strategy

	Minimum	Maximum
Equity	50%	70%
Fixed Income	15%	40%
Real Estate	0%	10%
Alternative Investments	0%	10%

Fiduciary Roles and Responsibilities

Under our Investment Policy, CCCF's Asset Management Committee is responsible for managing the Foundation's assets. The Committee has the power to retain/sever relationships with investment managers and consultants, set the spending policy, approve gifts, review the investment policy, and review fees. Eight Board of Trustee members currently serve on the Committee with the Chair also serving on the Executive Committee. All Committee members are successful individuals representing the banking, accounting, law, service, real estate and retail industries.

The Investment Consultant, now Vanguard, has the duties of assisting the Committee in strategic planning, providing quarterly performance measurement, acting as a liaison between investment managers and the Asset Management Committee, providing written analysis of all managers hired, and providing a breakdown of fees paid annually to the managers and consultants.

Investment Managers have the fiduciary responsibility of managing the Foundation's assets in a manner consistent with the investment objectives, guidelines and constraints outlined in our investment policy and in accordance with applicable laws. Each investment manager has been delegated the responsibility for establishing and maintaining the asset allocation strategy for their individual portfolio.

More detailed investment information is available upon request.

Fund Administration

Grant Distributions within the United States

The Foundation makes grants to any qualified, public 501(c)(3) charity, government entity, or faith-based organization in any geographic region in the United States. In addition, the Foundation allows distributions to international organizations through qualified domestic 501(c)(3) affiliates.

Reporting

You will receive a quarterly financial performance report on your fund from the Foundation. Quarterly reports will include beginning and ending balances, contributions, investment returns, and distributions.

Fees and Spending Policy

<u>Fund Type</u>	<u>Fee Structure*</u>	<u>Spending Policy</u>
Endowed/Invested -Market gains/losses	-Investment fee of 0.225% -\$50 Quarterly administration fee -1.25% annually for \$0 to \$999,999 -0.75% annually on next \$500,000 -0.25% on amount over \$1,500,000	Distribution follows CCCF distribution allocation. FY13 – 4%** Example: \$100,000 fund=\$4,000 allocation
Non-Endowed/Invested -Market gains/losses	-Investment fee of 0.225% -\$50 Quarterly administration fee -1.25% annually for \$0 to \$999,999 -0.75% annually on next \$500,000 -0.25% on amount over \$1,500,000	Distributions permitted up to the current value of the fund. Example: \$100,000 fund=\$100,000 allocation
Non-Endowed/Non-Invested -no interest or market activity	-1% of each gift to the fund (\$100 minimum)	Distributions permitted up to the current value of the fund. Example: \$100,000 fund=\$100,000 allocation

*\$250 one time set up fee

**The allowable spending amount for FY14 is calculated using 4% of the average of the fund balance for the previous 20 quarters ending March 31 of the current year. The spending policy is analyzed and reviewed annually by our asset committee. Adjustments to the policy must be approved by CCCF's board.

Benefits and Services

The staff at CCCF works with you to clarify your philanthropic goals, connect you to organizations in your interest areas, and provide due diligence to insure your gifts have the greatest impact possible.

Services

- Fund management and oversight
- Quarterly Financial and Grant Reports
- Fund audits & IRS compliance
- Directors and Officers insurance
- Tax free grant making
- In-depth understanding of charitable and donor intent
- Grant research and oversight
- Grant fulfillment and administration
- Community information – issues and effective organizations
- Acknowledgement / tax receipt letters to the donor

Benefits

- Recommend grants to charities at any time
- Involve family members in giving experience
- Establish a fund alternative to a private foundation without the administrative burden and expense

- Choose between an endowment, ensuring that grants are made in perpetuity, or a spendable fund, enabling advisors to recommend grants of any size
- Access the expertise of the Community Foundation's professional staff
- Receive an immediate tax deduction
- Know that the fees associated with the fund are re-invested back into the Midlands through the work of the Community Foundation

Summary

By partnering with the Central Carolina Community Foundation, you will have the opportunity to make a difference with the knowledge that your funds will be managed wisely for years to come. We look forward to the opportunity to serve your needs.