



## **Administrative Fee Policy and Minimum Fund Balance Requirements**

The Hendricks County Community Foundation (HCCF) offers a carefully designed fee structure and minimum balance policy for our funds that is both cost effective and competitive. Administrative Fees from our funds are the key revenue source for HCCF that support and sustain our offerings of high-quality philanthropic services to our community.

Funds may be opened that are either endowed (or permanent) where the principal of the gift is preserved forever and income is used for grantmaking; or pass-through (or non-permanent) where all assets can be spent on the charitable purpose of the fund. Our goal is to continue to grow the number and size of our endowed funds to forever benefit our community, but pass-through funds are appropriate tools for some limited situations.

### **ENDOWED FUNDS**

**Minimum fund balances for endowed funds:** A new endowed fund named for a donor, a person, a purpose, or an institution of the donor’s choosing may be established by a pledge of the minimum fund balance for that type of fund (as detailed below). The pledge must be fulfilled within two (2) years of the date that the fund is established. Endowed Funds will be subject to approval by HCCF’s Board of Directors, and gifts may be reviewed by the Community Foundation’s legal advisor. All grants from the Endowed Fund shall be approved by the Board of Directors. Grants shall follow HCCF’s *Spending Policy for Endowed Funds*. If an Endowed Fund fails to meet the minimum fund balance within two (2) years of the date that the fund is established, the balance in that Endowed Fund account shall be placed in the Opportunity Fund, unless otherwise specified by the donor in the fund agreement.

<u>Fund Type</u>	<u>Minimum Balance</u>
Charitable Organization	\$5,000
Community Enhancement	\$5,000
Designated	\$5,000
Donor Advised	\$10,000
Family Legacy	\$5,000
Field of Interest	\$5,000
Scholarship	\$200,000

**Administrative Fees for endowed funds:** HCCF is responsible for administration of each fund’s investment management, grantmaking, check writing, bookkeeping, tax reporting, auditing, and evaluation. HCCF makes available to the Fund Representative reports of fund income, expenses and grantmaking, as appropriate. To make charitable giving a rewarding experience, HCCF provides a wide range of personalized donor and financial services, tailored to the needs of donors and their families. Administrative fees support these services and HCCF’s

other activities with its role as a philanthropic leader in the community.

**Fee Schedules for Endowed Funds:** These funds are permanent assets of the Community Foundation and a percentage of the fund balance is distributed for grantmaking on an annual basis in accordance with the Community Foundation’s Spending Policy. These funds are pooled for investment purposes. *See HCCF Spending Policy for Endowed Funds.*

Fees are charged quarterly, based on the balance of each fund at the end of the quarter. The fees listed are provided as a guideline. Individual funds may be charged fees that differ from this schedule based on the level of fund services required. Fees vary by fund type and decline as fund balances grow.

- Donor Advised Funds – *Funds that allow donors ongoing involvement by making recommendations for grants to fund charitable projects and organizations*
- Designated Funds – *Funds established to support a specific 501 (c)(3) and any 509(a) supporting organizations, governmental/public and religious organization*
- Charitable Organization Funds – *A nonprofit organization or agency contributes to a fund to support its ongoing mission or operations*

Through these funds, HCCF works closely with donors to identify and support cherished causes.

Fee	Assets Assessed
2.00%	First \$1,000,000
1.50%	Next \$1.5 million
1.00%	Next \$2.5 million
0.70%	Over \$5 million

- Scholarship Funds – *Funds that offer scholarships to graduating high school senior assist with college tuition, or other direct support of individual educational attainment*

Minimum fund balance to allow recurring grants for all four years of college is \$200,000 for new funds. These funds carry a very high workload that is reflected in the fee structure. Minimum annual fee for any endowed scholarship fund: \$200.00.

Fee	Assets Assessed
3.0%	First \$1,000,000
2.0%	Next \$1.5 million
1.0%	Above \$2.5 million

- Community Enhancement Funds – *Fund that addresses ever-changing community needs by allowing foundation program experts to evaluate and respond to those needs*
- Family Legacy Funds – *Named Community Enhancement Funds that allow a family to leave a lasting legacy to benefit our community forever*
- Field of Interest Funds – *Funds that address needs in a single important area of community life (like poverty, parks, or the arts) by allowing foundation program experts to evaluate and respond to those needs*

These funds support HCCF’s community leadership activities, including competitive grant cycles, programmatic initiatives and activities, community research and needs assessment, convenings and leadership around key issues.

Fee	Assets Assessed
2.00%	First \$1,000,000
1.50%	Next \$1.5 million
1.00%	Next \$2.5 million
0.70%	Over \$5 million

Other types of funds will have competitive fees negotiated separately. These include Trust and Private Foundation rollovers and deferred gift funds such as Charitable Gift Annuity and Charitable Gift Lead Trusts. Please inquire.

**PASS-THROUGH FUNDS**

**Minimum fund balances for pass-through funds:** Pass-through (or non-permanent) funds are started at the Community Foundation for a number of reasons. These funds are excellent vehicles for specific, short-term charitable projects, for efforts to develop a new nonprofit organization, longer-term projects to impact a charitable goal or field of interest, partnerships with local nonprofit organizations, short-term scholarships, and fiscal sponsorships. All assets in a pass-through funds are available for spending on the charitable purpose of the fund at any time. Pass-through funds will be subject to approval by HCCF’s Board of Directors, and gifts may be reviewed by the Community Foundation’s legal advisor. All grants from pass-through funds shall be approved by the Board of Directors. Most assets of pass-through funds are invested in low-risk, near-cash investment vehicles.

A new pass-through fund named for a project, a donor, a person, or an institution may be established by a pledge of the minimum fund balance for that type of fund (as detailed below), which must be fulfilled within one (1) year of the date that the fund is established. If a pass-through fund fails to meet the minimum fund balance within one (1) year of the date that the fund is established, the balance in that pass-through fund account shall be granted out to benefit the project, field or interest or organizations, or placed in the Opportunity Fund, unless otherwise specified by the donor in the fund agreement.

Fund Type	Minimum Balance
Charitable Organization	\$1,000
Community Project	\$500
Fiscal Sponsorship	\$500

**Administrative Fees for pass-through funds:** HCCF is responsible for administration of each fund’s check writing, bookkeeping, investment management, tax reporting, auditing, and evaluation, and makes available to the Fund Representative reports of fund income, expenses and grantmaking, as appropriate. Administrative fees support these services and HCCF’s other activities with its role as a philanthropic leader in the community. Fees vary by fund type and activity level. The fees listed are provided as a guideline. Individual funds may be charged fees that differ from this schedule based on the level of fund services required. Minimum annual fee for any pass-through fund: \$200.00. Transaction fees are based on all transactions (gifts, grants or other items) for a month.

- Community Project Funds – *A concerned group contributes to a single fund, with grants recommended by a representative committee, to support a time-limited program or project*

Through these funds, HCCF works closely with donors to complete a project that benefits the community.

Fee	Assets Assessed
4.0%	Funds deposited, assessed on a monthly basis

- Charitable Organization Funds – *A nonprofit organization or agency contributes to a fund to support its ongoing mission or operations*

Through these funds, HCCF works closely with local nonprofits to further their missions.

Fee	Assets Assessed
4.0%	Funds deposited, assessed on a monthly basis

- Fiscal Sponsorship Funds – *Funds where HCCF assumes all responsibility for administration and fiscal liability for the activities of the fund. Fees may be negotiated on a fund by fund basis, based on the following minimum fees*

Fee	Assets Assessed
6.0%	Funds deposited, assessed on a monthly basis

In addition, all pass-through funds will be subject to a carryover fee of 3% for any assets that remain in the fund for a full calendar year. Funds with no activity for two calendar years will be closed and the assets distributed to appropriate projects or other funds at HCCF. HCCF reserves the right to time limit any pass-through fund.

**Expenses:** Any direct expenses attributable to an endowed or a pass-through fund shall be charged to the fund on a monthly basis. Examples might include credit card merchant service fees, printing or other outside office services, specific investment-related fees such as wire transfers or stock transfer fees.

### Description of Fund Types offered by HCCF

One of the strengths of the Community Foundation is the variety of tools we have to help donors achieve their charitable goals. These include our various funds types. We offer both Endowed (or Permanent Funds), where the principal of the gift is preserved forever and income is used to address the charitable goal; and Pass-Through (or Non-Permanent) funds, where all gifts and income are available for spending on the charitable goal. Below is a description of each fund type we offer.

#### Endowed (or Permanent) Funds

**Charitable Organization Fund:** A Charitable Organization Fund typically is established by a nonprofit 501(c)(3) organization or public charity (the “Agency”) to provide support for Agency’s exempt purposes, as recommended by the Agency. The Agency’s recommendations must be advisory only, and the Community Foundation must be free to reject any recommendations.

**Community Enhancement Fund:** Also called a discretionary or unrestricted fund, a Community Enhancement Fund typically is established to provide support for general, unspecified charitable purposes at the discretion of the Community Foundation, with no advice or recommendation from the Donor (or any persons designated by the Donor). Grants are made by the Community Foundation to address priorities in the community. These funds allow HCCF the flexibility to respond to current and future needs and opportunities.

**Designated Fund:** A Designated Fund typically is established to provide support for a specified public charity (e.g., the local women’s shelter, hospital, or arts organization), with no future advice or recommendations from the Donor (or any person designated by the Donor). Grants are made annually, directly to the organization. Can be used by a donor to provide support forever to a cherished organization, church or other nonprofit.

**Donor Advised Fund:** A Donor Advised Fund typically is established to provide support for various charitable and similar exempt purposes recommended by the Donor or persons designated by the Donor to advise the Community Foundation. The recommendations must be advisory only, and the Community Foundation must be

free to reject any or all recommendations. Allows the donor to be involved in grant recommendations and to support a variety of organizations. Due to tax law, no grants from donor advised funds may go to individuals, or to benefit an individual. Please see our current *Donor Advised Funds Handbook* for more information.

**Family Legacy Fund:** A Family Legacy Fund is a special type of Community Enhancement Fund that allows families and other groups to permanently support the community while memorializing the family name. Grantmaking is handled in the same manner as our Community Enhancement Funds, though the donor may be offered a seat on the Program Committee based on empty seats and representation. Please see our *Family Legacy Fund Handbook* for more information.

**Field of Interest Fund:** A Field of Interest Fund typically is established to provide support for a specified charitable purpose (e.g., cancer research, the arts, public schools, impoverished children), with no future advice or recommendations from the Donor (or any persons designated by the Donor). Grants are made by the Community Foundation to address needs within the field of interest, today and tomorrow.

**Scholarship Fund:** A Scholarship Fund typically is established to provide education scholarships to individuals. Please see our current *Scholarship Handbook* for detailed information on scholarship funds.

### **Pass-Through (or Non-Permanent) Funds**

**Charitable Organization Fund:** A Charitable Organization Fund typically is established by a nonprofit 501(c)(3) organization or public charity (the “Agency”) to provide support for Agency’s exempt purposes, as recommended by the Agency. The Agency’s recommendations must be advisory only, and the Community Foundation must be free to reject any recommendations.

**Community Project Fund:** A Community Project Fund typically is established by a group of people or an organization to provide support for a specified, short-term charitable program or project, with grant recommendations made by the group or organization. The recommendations must be advisory only, and the Community Foundation must be free to reject any or all recommendations. Community Project Funds will be reviewed and reapproved every two years by the HCCF Board of Directors until completion of the project.

**Fiscal Sponsorship Fund:** A Fiscal Sponsorship Fund typically is established to provide support for a specified charitable purpose or an emerging organization. In this type of fund, HCCF assumes responsibility for the administration and fiscal activities of the group or organization. Often used for efforts to develop a new nonprofit organization, longer-term projects to impact a charitable goal or field of interest. Grants are made by the Community Foundation upon recommendation of identified individuals to address the identified project or organizational needs. Please see our current *Fiscal Sponsorship Handbook* for more information.