

# Designated Fund Agreement

## Helping Passionate Donors Leave Permanent Legacies

**Welcome to the Community Foundation!** Thank you for choosing the Athens Area Community Foundation. Our staff is available to assist you with a wide variety of services, from fund creation to ongoing grant making and charitable giving services.

Having a Designated Fund at the Athens Area Community Foundation provides planned gift expertise and a wide range of giving options for donors. Individuals and Nonprofits use these types of funds to support the operating expenses, programs, and other needs of a specific organization.

### 1 Donor Information

All correspondence will be sent to both donors unless otherwise noted.

Quarterly Fund Statements will be mailed to the address listed and posted to the online Donor Portal.

#### Donor 1

_____	_____	_____	_____
First Name	MI	Last Name	Suffix
_____			
Preferred Salutation (e.g. Mr. James L. Smith or Jim Smith)			
_____	_____	_____	_____
Home Address	City	State	Zip
_____	_____		
Work Organization	Work Title		
_____	_____		
Date of Birth	_____		
_____	_____		
Preferred Email	Preferred Phone		

#### Donor 2

_____	_____	_____	_____
First Name	MI	Last Name	Suffix
_____			
Preferred Salutation (e.g. Mr. James L. Smith or Jim Smith)			
_____	_____	_____	_____
Home Address	City	State	Zip
_____	_____		
Work Organization	Work Title		
_____	_____		
Date of Birth	_____		
_____	_____		
Preferred Email	Preferred Phone		



Designated Funds may be endowed or fully spendable. Such funds are earmarked for one or more charitable organizations, and all grants made will be made to (or for the use of) the designated recipient organization(s). When establishing a Designated Fund, donors specify one or more organizations to receive a regular distribution from the fund in perpetuity. A donor may establish a Designated Fund for the benefit of XYZ Charity and name the executive director of the charity as the fund's advisor. The executive director would have the customary advisory privileges associated with the fund.

\_\_\_\_\_

Charitable Organization Name

\_\_\_\_\_

Federal EIN

**Primary Contact for Organization** (NOTE: All correspondence will be sent to the Primary Contact unless otherwise specified.)

\_\_\_\_\_

Salutation

\_\_\_\_\_

First Name

\_\_\_\_\_

MI

\_\_\_\_\_

Last Name

\_\_\_\_\_

Suffix

\_\_\_\_\_

Address

\_\_\_\_\_

City

\_\_\_\_\_

State

\_\_\_\_\_

Zip

\_\_\_\_\_

Position

\_\_\_\_\_

Business Phone

\_\_\_\_\_

Mobile Phone

\_\_\_\_\_

Preferred Email

If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation's Board of Directors may exercise its variance power, selecting an alternate use for the fund compatible with its original charitable purpose. If the designated organization merges with another organization, the entity resulting from such a merger shall succeed to the rights, powers, and privileges of the organization under this Agreement, but only if such resulting entity is a 501(c)(3) organization. If the resulting entity is not a 501(c)(3) organization, the Foundation shall proceed as if the designated organization was dissolved.

Please choose a name for your fund. Grants made to charities are accompanied by a letter which includes the fund name and the name and address of the donor. However, you may recommend that specific grants be sent anonymously. Your fund name will appear in Foundation materials, including our annual report and on our website. If you wish your fund to be anonymous, please name it accordingly.

Fund Name: \_\_\_\_\_

Check here if you would like all grants to be sent anonymously.



#### 4 Organization Mission and Fund Purpose

The Mission of the Agency is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The purpose of this fund is to:

Provide general support for the Agency

Provide support for the following programs or projects of the Agency:

Current operating expenses

Operating shortfall

Capital expansion

Capital improvements

Building maintenance

Other: \_\_\_\_\_

#### 5 Contributions to the Fund

All contributions to the fund represent an irrevocable gift to the Foundation, are not refundable, and are under the exclusive legal control of the Foundation. Please indicate the amount of the initial contribution and how it is being paid. Additional gifts can be made at any time by the agency. If making a contribution of multiple securities or assets, please attach pages as needed.

**Estimated Value of Initial Gift: \$** \_\_\_\_\_

Check for \_\_\_\_\_ *(Please make payable to the Athens Area Community Foundation, identifying your fund in the memo line)*

Securities valued at \_\_\_\_\_ Publicly Traded      Privately Held

Other \_\_\_\_\_

All contributions to this fund are subject to the Foundation's most recently adopted Gift Acceptance Policy and with the understanding and agreement that all contributions are governed by all terms and conditions of this Agreement, including the variance power as described in Section 10. All contributions, both initial and subsequent, must be acceptable to the Foundation, and the Foundation may elect in its sole discretion whether to accept or refuse an asset.

Additional gifts can be made at any time. If making a contribution of multiple securities or assets, please attach pages as needed.



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Fund Type

**Endowed**

An Endowed Fund is a permanent legacy fund. Its assets are irrevocably held by the Foundation and are managed to accomplish the designated charitable purpose. Endowed Funds are designed to preserve the gift in perpetuity, so spending from a fund should not exceed the expected long-term real total net return.

Determination of the amount available to grant from Endowed Funds is based upon the spending policy of the Foundation as established by the Board of Directors from time to time. The current spending policy is that five percent (5%) of the Fund's value as of June 30 each year shall be available the following year. (For example, the payout for fiscal year beginning July 1, 2020 would be 5% of the market value at June 30, 2020). Any income, dividends, interest, and capital spending appropriation will be reinvested for growth and to preserve the purchasing power of the distributions against inflation. The reinvested income will be identified as a Spending Reserve.

**Quasi-endowed**

A Quasi-endowed Fund is treated like an endowment fund for investment purposes, though all of the income and principal of the fund are available for distribution. The Agency is required to have a Spending Policy to determine who can access what and when (See Schedule A-Sample Agency Fund Spending Policy).

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Distributions

Please choose a distribution method to the Agency for the Fund.

Automatically distribute the spendable amount to the Agency

Quarterly

Annually

Other: \_\_\_\_\_

Distribute spendable amount upon written request by the Agency

Distribute amount requested by Agency

Special Provisions: (e.g. No distributions may be made until the corpus of the Endowment Fund balance reaches \$\_\_\_\_\_ or if quasi-endowed, a request in excess of the determined spending amount that will invade the fund's corpus must be approved by a majority vote of the full board of directors of the agency)

\_\_\_\_\_  
\_\_\_\_\_



## 8 Investment Allocation

The assets of the fund shall be invested according to the Foundation's investment policy, as it may be amended from time to time by the Foundation's Investment Committee. Please select your preferred investment allocation.

95% Invested and 5% Cash (*Default*)

100% Invested

100% Cash

Other: \_\_\_\_\_

## 9 Legacy Society

Your values today can reflect your giving forever. Your planned gift (Bequest, IRA/Retirement Plan, Life Insurance, Property) is invested with us, growing over time to make an even greater difference in organizations you support and bestowed at timing you control through your planned gift. Our experts can help you and your financial advisors identify the best way to reduce estate and income taxes or produce retirement income.

I/we have named the Athens Area Community Foundation in my/our will or trust.

I would like to learn more about the Legacy Society and how to create a Planned Gift.

## 10 Acknowledgement and Signatures

### **POLICIES AND PROCEDURES**

The undersigned have received and reviewed the Guidelines for Designated and Agency Funds and agree to its terms and conditions described therein. The undersigned understand that any contribution represents an irrevocable gift to the Foundation and is not refundable. All persons and organizations making contributions to this fund shall be bound by the terms of this agreement. The undersigned hereby certify that all information presented in connection with this agreement is accurate, and the undersigned will promptly notify the Foundation in writing of any changes. It is understood that as and when the Guidelines for Designated and Agency Funds change from time to time, they are automatically deemed to be amendments to this fund agreement.

### **FEES AND EXPENSES**

The Foundation charges an administrative fee as outlined in its published fee schedule. A copy of the most current fee schedule is provided with this agreement. This fee may be changed from time to time with 60 days advance notice to the donor. In addition to these administrative fees, an investment management fee will be assessed on your fund to pay the investment managers for related services. Investment management fees vary depending upon your fund's investment pool and will be allocated across all funds in the pool. All fees and expenses will be charged directly to your fund.



### INVESTMENTS

The undersigned understand that investments will be administered in accordance with the policies of the Foundation. The undersigned acknowledge that investments are subject to market and interest rate fluctuation risks, and that any gain or loss generated by the investments described in this agreement will be credited or charged to the fund.

### INDEMNITY

In consideration of the Foundation's creation of a fund at the request of the individual(s) or entity named and for good and valuable consideration, such individual or entity hereby agrees to indemnify and hold harmless the Foundation against any liability, cost, or expense which the Foundation may incur by reason of their respective acting upon instructions or recommendations given to the Foundation by any of the authorized persons named.

### VARIANCE POWER

Distributions from all funds are subject to the Foundation's variance power which gives the Foundation the power to modify any restriction or condition on the distribution from a fund for any specified charitable purpose or to any specified charitable organization if, in the sole judgement of the Foundation, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

The undersigned have received and reviewed the *Guidelines for Designated and Agency Funds* and agree to its terms and conditions described therein.

**DONOR 1**

\_\_\_\_\_  
Name *(please print)*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**DONOR 2**

\_\_\_\_\_  
Name *(please print)*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**The Athens Area  
Community  
Foundation**

\_\_\_\_\_  
Name *(please print)*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title



## **ADDENDUM A: Procedures for Establishing Designated or Field of Interest Funds**

### **Incorporation of Governing Instruments of the Athens Area Community Foundation**

The Athens Area Community Foundation, Inc. (the "Foundation") is a Section 501(c)(3) public charity. The Foundation's governing instruments include its Articles of Incorporation and Bylaws as amended from time to time, as well as any resolutions and procedures adopted from time to time. All the provisions of such governing instruments and procedures are incorporated in this Agreement and by this reference made part hereof.

### **Nature & Terms of Establishing Funds**

To create a Designated or Field of Interest Fund, you sign a Fund Agreement – a document that conveys your gift to the Athens Area Community Foundation. A donor is the person who establishes the fund and a fund representative(s) is designated by the donor in the Fund Agreement as the only person(s) who can recommend disbursements from the fund.

Each fund shall be the property of the Foundation, owned by it in its normal corporate capacity. In such capacity, the Foundation shall have the ultimate authority and control of all property in the fund, and the income derived therefrom, for the charitable purposes of the Foundation.

Contributions to the Foundation's funds are treated for tax purposes as gifts to a Section 501(c)(3) public charity and are generally tax deductible, subject to individual and corporate limitations. Each fund may be recorded on the books and records of the Foundation as identifiable and separate. Funds will be a component part of the Foundation and shall be subject to the governing instruments of the Foundation, including the Articles of Incorporation and Bylaws, as amended from time to time. Restrictions may not be imposed that prevent the Foundation from effectively employing the contributed assets, or the income generated, to further the charitable purpose of the Foundation.

### **Distributions**

All distributions from funds are subject to the Foundation's variance power and must be ratified by the Foundation's board of directors. Subject to the Foundation's variance power, the Foundation will make distributions from the fund up to the total fund balance except as may otherwise be restricted. Distributions may be made only for charitable purposes and may be made to publicly charitable organizations, schools, churches, or government entities.

### **Investment of Assets**

The funds of the Athens Area Community Foundation are managed by professional investment managers under the supervision of the Finance Committee of our Board of Directors in accordance with our Investment Policy, which may be modified at any time by the Foundation. The Foundation has the responsibility and authority for the investment of the assets of each donor advised fund. Although the assets may be commingled with other assets of the Foundation in investment pools, the fund's separate identity and value will be maintained.

The Foundation does not guarantee that the fund will earn any particular or minimum rate of return with respect to the investment of assets. All income and capital gains or losses of the investment pool(s) in which the assets are invested shall be allocated to the fund on a periodic and pro rata basis, upon the ratio that the value of assets related to the fund invested in the investment pool bears to the aggregate value of all assets in the invested in said pool(s). Regular reviews are conducted to monitor investment performance and activity.

Any decisions with respect to the retention, investment, or reinvestment of assets and with respect to the commingling of assets, shall be made by the Foundation's Board of Directors, in accordance with its regular procedures in accordance with prudent investment standards.

### **Restrictions on Distributions**

The Foundation honors the charitable intentions of donors consistent with community needs and applicable laws and regulations. Grants may not result in benefits, goods, or services to the donor, members of their families, and businesses they control. Failure to observe this restriction can subject the donor to tax penalties. Benefits include the payment of pledges, event tickets, meals, sponsorships, registration fees, discounted merchandise, preferred parking and/or seating, and memberships unless the membership confers nothing of value.



## **Variance Power**

It is understood that all assets contributed to the fund become irrevocable gifts to the Foundation, and the ultimate authority and control of all property in the fund rests with the Foundation. All funds established at the Foundation are subject to the Foundation's variance power, required by Treasury Regulations for the Foundation and its donors to enjoy the more favorable income tax treatment of a community foundation as opposed to the less favorable income tax treatment of a private foundation. Treasury Regulations section 1.170A-9(f)(11)(v)(B)(1) specifically states that the governing body of a community foundation must have the power "to modify any restriction or condition on the distributions of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the governing body (without the necessity of approval by any participating trustee, custodian or agent), such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served."

## **Conflict of Terms**

In the event of an inconsistency between these procedures and any procedures, terms, or conditions appearing elsewhere in connection with any fund, these procedures, as interpreted by the Foundation, shall govern, and the Foundation 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 of the Foundation.