

### About These Guidelines

These guidelines present the policies of the Foundation which govern its Giving Circle Funds. We want to ensure that a Fund at the Foundation is the right choice for a Giving Circle of philanthropists and their charitable vision. A member of our Donor Development Staff is available to review this document with members of the Giving Circle considering the group's goals, charitable interests and financial situation. These guidelines are not intended to constitute tax or legal advice and should not be relied upon as such. Giving Circle members should discuss the implications and consequences of charitable gifts with legal and tax advisors.

### GIVE

**Fund Agreement** – All Giving Circle Funds will be governed by a written agreement between the Foundation and the donor, of which these guidelines will be a part. The Board of the Foundation reviews these policies and changes may be made from time to time.

**Initial Gift Amount and Fund Balance** – An initial gift and fund balance of \$10,000 or more is recommended to establish a Giving Circle Fund at the Foundation. However, many Giving Circles are not able to start with or maintain that amount and the Foundation may allow a Giving Circle to maintain a lesser fund balance. Giving Circle members should discuss the anticipated financial model of the Giving Circle with Foundation staff before establishing a Giving Circle Fund at the Foundation.

**Future Gifts** – Additional contributions of cash and publicly-traded stock may be made in any amount once a Giving Circle Fund is established.

**Gift Acknowledgements** – Donations and gifts to the Foundation are eligible for the most favorable tax treatment under the law. Contributions of \$250 or more will be acknowledged in writing in accordance with IRS regulations. For contributions of securities, the acknowledgement will include information regarding the high, low and mean values of the securities, plus the sale proceeds when liquidated to determine the amount posted to the Fund. Please consult your tax advisor to determine the total amount of your deduction. For contributions of private securities, business interests, real property and other assets valued at more than \$5,000, special reporting requirements apply. Foundation staff can provide additional information.

**Gift Fees** – Credit card gifts are charged a nominal processing fee which reduces the net proceeds credited to a fund. Costs incurred to evaluate, acquire or sell a complex gift asset may also reduce the net proceeds.

**Gifts are Not Refundable** – To be tax-deductible, all gifts to the Foundation, including gifts to Giving Circle Funds are irrevocable and nonrefundable once they are accepted. All gifts are owned and held under the direction of the Foundation's Board of Directors.

**Understanding Variance Power** – A distinctive feature of community foundations is the 'variance power' reserved by the Foundation's Board of Directors pursuant to IRS regulations and contained in the charter of the Foundation. The variance power authorizes the Foundation's Board of Directors to modify any condition or restriction on the distribution of funds if in its sole judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the areas served by the Foundation. The Foundation is required to have this discretionary power over all gifts to enable the donor to receive a tax deduction for contributions and to meet the Foundation's accounting standards and practices. The Foundation, however, always carefully considers donor recommendations regarding preferences and distributions.

## GROW

**Investment Oversight** – The Foundation's Board of Directors provides oversight of the investments of all funds through its Investment Committee, who works with a third-party investment advisor and Foundation staff to implement the policies the Board has adopted.

**Endowed vs. Non-Endowed Funds** – Funds are classified at the Foundation based on the Giving Circle's desired timeframe for charitable giving. Giving Circles have the option to create an endowed fund that will be administered by the Foundation in perpetuity. Or they can create a non-endowed fund that is flexible to grow, spend, or sunset as needed.

An endowment fund is a permanent fund. Only the 'spendable amount' is available for distribution each year and is limited to five percent (5%) of the fund's average balance. A non-endowed fund is not permanent, but allows a Giving Circle maximum flexibility in spending the fund. Both the principal and earned interest are available for distribution in any amount.

**Investment Portfolio Options** – The Foundation provides Giving Circles with access to diverse investment options and Giving Circles choose the investment portfolio best suited for their charitable goals. Options vary depending upon whether the fund is endowed or non-endowed. The Foundation retains final discretion regarding investment decisions and managers. More detailed investment information is available.

## CONNECT

**Giving Circle Fund Advisors** – Up to four authorized members of the Giving Circle are named in the fund agreement to represent the Giving Circle and have access to fund information. Only one Fund Advisor is permitted to submit grant recommendations on behalf of the Giving Circle. Giving Circles may change advisors at any time by completing and signing a Fund Administration Change Form available from Foundation Staff.

**Giving Circle Fund Services and Education** – Our core services for all funds include administration and oversight of gifts into and grants out of the fund, investment options, access to community knowledge and expertise, educational and peer networking opportunities, listing on our website, and more. We offer a variety of gatherings throughout the year, designed for donors at all levels of experience and charitable interests. Our staff can also provide personalized attention to Giving Circles and will make our community and philanthropic expertise available to the Giving Circle to support its philanthropy and educate the group regarding critical issues facing the Triangle region. Please contact us for more information.

**Online Access to Fund Information** – Fund information is available online through *DonorCentral*, a secure site that Fund Advisors may access with a personalized user ID and password. Advisors may use this online site to track fund activity, review gift and grant transactions, and recommend grants.

**Giving Circle Fund Succession** - In the event of dissolution of the Giving Circle, the Fund Advisor of a non-endowed Giving Circle Fund may recommend distribution of the entire fund balance and close the Fund. Giving Circle Funds that are endowed may not sunset and close without approval from the Foundation's Board of Directors. Fund Advisor(s) of endowed Giving Circle Funds may recommend a future administration of the Fund as an unrestricted, field of interest, or designated fund. Where no recommendation about future administration of an endowed Giving Circle Fund is provided, then upon dissolution of the Giving Circle, the Fund shall be administered by the Foundation in its sole discretion and in such manner as determined by the Foundation will honor the charitable intent of the Giving Circle and address the needs of the community.

**Inactive Funds** - Giving Circle Funds are deemed "inactive" when no contributions have been made to them and no distributions recommended from the Fund for a period of three years and there has been no communication from the Advisor to the Foundation. Inactive Giving Circle Funds shall be administered by the Foundation in its sole discretion and in such manner as determined by the Foundation to honor the charitable intent of the Giving Circle and address the needs of the community.

## GRANT

**Minimum Grant Distribution Amount** - The minimum distribution from a Giving Circle Fund will be \$250. There is no limit on the number of grants distributed from a Giving Circle Fund.

**Grants to Public Charities** – Distributions can be made only to publicly-supported charitable organizations that are tax-exempt under IRS Code Section 501(c)(3) and which have been classified under Section 509 as not being a private foundation. Grant distributions also may be made to governmental agencies and most religious organizations. The Foundation makes distributions to organizations across the United States that meet the stated criteria.

**Making Grant Recommendations** – Fund Advisor recommendations are submitted online through *DonorCentral* using a secure user ID and password. *DonorCentral* provides access to a list of previous grants from the Giving Circle Fund to facilitate grant resubmissions, and the Foundation also uses *DonorCentral* to present Advisors with local funding opportunities.

**Grant Processing** – Grant recommendations are processed weekly, generally within five to seven business days of receipt, provided we can complete due diligence to confirm the tax-exempt status of the recipient organizations. Grants will be designated for general operating support unless otherwise noted. Checks to charitable organizations from the Foundation indicate the Giving Circle Fund name, unless anonymity has been requested by the Giving Circle.

**Grant Limitations** - Federal regulation currently restricts the ability of Giving Circle Funds (as a type of donor-advised fund) to make grant distributions in certain circumstances, and Foundation policy prohibits distributions that violate tax law. The following grant distributions are prohibited:

- Grants directly to any individual(s) or that provide a private benefit to any individual(s)
- Grants to non-operating private foundations, or to certain fraternal and civic organizations, such as Chambers of Commerce, Rotary, Kiwanis or Lions Clubs
- Grants for dues, membership fees, or to secure ticket rights
- Grants to purchase benefit gala tickets, goods at charitable auctions, fundraising dinners or tournaments
- Grants in satisfaction of a legally-binding pledge
- Grants in satisfaction of a loan, for compensation, expense reimbursement or similar payments to donors, advisors or related parties
- Grants to support lobbying, political contributions, or political campaigns

## ADMINISTRATION

**Fund Statements** - Fund statements for Giving Circle Funds are sent to Fund Advisors on a quarterly basis. Statements provide an overview of the past quarter's activity, including contributions, grants, investment earnings, and the Fund's ending balance. An investment summary is also included to provide more details of the Foundation's recent investment performance. Monthly fund activity can be viewed online through *DonorCentral*.

**Administrative Fees** – Annual administrative fees are assessed to each fund to meet the Foundation's operational expenses. Giving Circle Funds, regardless of fund balance, are charged an annual administrative fee payable to the Foundation of 1% of the fund balance or a minimum fee of \$300 per year. Giving Circle Funds are assessed a reduced fee for amounts greater than \$1 million.

**Investment Fees** – Investment fees are separate from and in addition to the annual administrative fees paid to the Foundation. Investment fees include custodial, consulting and asset management services and range from 0.4% to 0.9% per year, depending on the portfolio selected by the Giving Circle. Investment performance is reported net of investment fees, which are deducted by the managers and service providers prior to reported earnings.