

NORTH CAROLINA  
COMMUNITY FOUNDATION



# Charitable Giving Guide

Policies and procedures for donors

Headquarters office:  
3737 Glenwood Ave., Suite 460, Raleigh, NC 27612  
nccommunityfoundation.org  
919-828-4387  
800-532-1349

Updated: Aug. 2018



Excellence. Accountability. Impact.™

# Welcome to the North Carolina Community Foundation!

We are so glad you are getting to know us better, whether you've made the decision to create an endowment with the North Carolina Community Foundation (hereafter NCCF or Foundation) or are researching your options. This guide outlines information you'll need to know about establishing a charitable fund with NCCF and provides a brief background and overview of some of the philanthropic services we provide to fundholders.

Here are some other points we'd like you to know:

- We've been serving North Carolina as the sole statewide community foundation for more than thirty years.
- NCCF is governed by a statewide Board of Directors that reflects the communities we serve and represents leadership in business, nonprofits and government at the highest levels.
- We believe NCCF's team of philanthropic professionals is the best in our sector, helping us to maintain National Standards and other measures that rank us among the strongest, safest, most effective and efficient community foundations in the country.
- We rely on a unique structure of affiliate foundations that allows us to effectively marshal charitable resources throughout North Carolina. Many of these communities are in rural areas not previously served by a community foundation, which is an important part of our mission. Our network of affiliates helps to ensure that giving makes an impact by relying on community leadership to leverage local knowledge to meet local needs.
- We have a solid reputation for expert scholarship administration, with a particular interest in first-generation scholars.
- We maintain deep-rooted partnerships with nonprofit organizations throughout the state, reflecting the Foundation's dual role as both administrators of agency endowments, as well as fundholders' and affiliate grants.
- Our pledge is to make giving for our donors easy, flexible, effective and fun. We know there is no better feeling than making a difference, and our goal is to help you make an impact while also achieving your philanthropic goals. Our assurance to donors is simple and direct: we will honor your charitable intentions forever. That's the beauty of establishing an endowment with NCCF.

We invite you to get to know us better. Please visit our website at [nccommunityfoundation.org](http://nccommunityfoundation.org) and call us at 919-828-4387 or 800-532-1349.

Also, visit us on Facebook, LinkedIn and Twitter.

# Table of contents

<b>I.</b>	<b>History and mission of the Foundation</b>	<b>Page 5</b>
<b>II.</b>	<b>Funds</b>	<b>Page 6</b>
	a. Establishing a fund	
	b. Fund agreements	
	c. Types of funds	
	d. Spending policy for funds	
	e. Investment managers	
	f. Minimum to establish fund	
	g. Fund agreement amendment policy	
<b>III.</b>	<b>Contributions</b>	<b>Page 12</b>
	a. Acknowledgment of contributions	
	b. Contributions are irrevocable	
	c. Contributions accepted	
	d. Excess business holdings	
	e. Real property acceptance policies	
<b>IV.</b>	<b>Ways of giving / Planned giving</b>	<b>Page 17</b>
	a. Gifts by will	
	b. Charitable trusts	
	c. Life insurance policies	
	d. Retirement plan assets	
	e. Private foundations	
<b>V.</b>	<b>Grants and scholarships</b>	<b>Page 22</b>
	a. General policy	
	b. Restrictions on donor-advised funds	
	c. Granting instructions	
	d. Minimum grant amount/Grant processing	
	e. Unspent ATD	
	f. Fund activity policy	
	g. Extraordinary distributions	
	h. Variance power	
<b>VI.</b>	<b>Fund contacts / Donor advised fund advisors</b>	<b>Page 26</b>
	a. Designation of fund contacts	
	b. Fund correspondence	
	c. Donor advised fund advisors	
<b>VII.</b>	<b>Investment of funds</b>	<b>Page 27</b>
	a. Retention and investment	
	b. Allocation of income and market value adjustment	
<b>VIII.</b>	<b>Fees</b>	<b>Page 28</b>
	a. Fee table	
	b. Additional fee information	

**IX. Legal issues / Other policies**

- a. Special events
- b. Financial reporting
- c. Public access to tax documents
- d. Confidentiality
- e. Other NCCF policies on website
- f. Communications
- g. Information printed in this guide

# History and mission of the North Carolina Community Foundation

NCCF was established in 1988 as a statewide community foundation created to encourage philanthropy throughout North Carolina, with a focus on rural areas. We work through a network of local affiliates, each with its own volunteer advisory board established to build and leverage endowments designed to help meet local needs through community grantmaking. Today, NCCF's network of affiliates benefits local communities across the state.

NCCF administers endowments created by individuals, families, corporations, organizations and other foundations to ensure the financial security of our state's charitable organizations and causes. The Foundation employs professional investment management companies, and an independent investment consulting firm assists the Foundation's Board in monitoring performance for long-term growth. An annual outside audit along with quarterly financial reporting for each endowment ensure that the Foundation is always accountable to donors, grantees and the communities we serve.

NCCF's founders established an endowment with donations from some of our state's most prominent corporations, banks and philanthropists. The endowment increases the Foundation's viability and long-term stability, allowing NCCF to extend services through its statewide affiliate network. Today, the Board and other generous donors continue to build this endowment.

The Foundation encourages donors of all means to establish endowments to meet their charitable objectives without the burden of complicated investment administration, regulatory management or administrative duties. The Foundation helps to make philanthropy accessible by providing research on charitable needs, a wide range of options for establishing and contributing to endowment funds, high-quality investment management, professional staff assistance with grant distributions and donor recognition. We are here to help build on the "State of Generosity" in North Carolina!

*State of Generosity™*

# Funds

## Establishing a fund

It is easy to establish your own named charitable fund as a donor of the North Carolina Community Foundation. Working with a member of our staff, as a donor, you will take these simple steps:

- I. Determine your charitable purpose or intent.
- II. Select the type of charitable fund that best supports your purpose. Our staff will outline your options and discuss advantages of each, including any restrictions you wish to place on the fund.
- III. Complete a simple governing fund agreement. Our staff will help you create a document that makes your intentions clear.
- IV. Select a name for your fund. You may use your name, that of a family member, the name of a favorite cause, or a name that allows you to remain anonymous. (All new funds may be listed in the Foundation's Annual Report unless anonymity is requested.)
- V. Depending on the type of fund you establish, you may designate current fund advisors, including yourself and spouse, and successor advisors including your children, grandchildren or friends. This information will be included in your fund agreement. See Fund advisors, Section VI.
- VI. Make an establishing gift. See Contributions, Section III and Ways of giving, Section IV for the types of contributions you can make. Receive a tax deduction at the time the fund is established and when you make additional contributions to the fund.
- VII. Choose whether you would like your funds invested through the North Carolina Community Foundation Investment Fund or another asset manager from our approved list.
- VIII. Enjoy giving through your fund!

Once your fund is established you may:

- Add to the fund at any time in any dollar amount including through your will or estate plan.
- Specify how grant distributions are to be acknowledged – whether in the name of the fund or anonymously.
- If you've established a donor advised fund, recommend grant distributions to local charities as well as to those throughout the United States or world.

### *Caveats for agency and designated funds*

In addition to the steps listed above, certain additional documents are required for nonprofit and corporate donors and from beneficiaries of designated funds:

- Nonprofit and corporate donors – The Foundation requires that a resolution be included with the agreement that reflects: 1) the approval of the entity's board of directors to establish the fund; and, 2) the name of the person authorized to act on the entity's behalf. A copy of the entity's bylaws must also be included for authority verification purposes.
- Designated funds – The Foundation requires a resolution from a designated beneficiary agreeing to receive distributions from the endowment fund established for its benefit and abide by any fund restrictions.

## Fund agreements

The fund agreement that a donor signs to establish an endowment fund is drafted by Foundation staff to ensure compliance with the applicable rules and regulations of the Internal Revenue Code (the "Code"). Any failure to comply with Code rules and regulations could potentially deprive the donor of the tax benefits of a charitable contribution and jeopardize the Foundation's continued status as a public charity.

All draft fund agreements are reviewed by the Foundation prior to acceptance. The Foundation reserves the right to modify the agreement prior to acceptance.

Each fund established will be recorded on the Foundation's books and records as a separate and identifiable component fund. The fund will be given a name or other designation as requested by the original donor. Upon transfer of assets to the Foundation, assets become the sole and exclusive property of NCCF. The Foundation can freely and effectively employ the transferred assets to further its charitable purpose bound only by the restrictions, if any, that are established in the fund agreement. (NCCF is required to have this discretionary power over all gifts to the Foundation to enable the donor to receive a tax deduction for his or her contribution. The Foundation, however, carefully considers recommendations regarding preferences and distributions.)

Under current accounting standards, a fund established with the Foundation should not be included as an asset of the donor or the ultimate beneficiary of the fund. The exception to this is in the case of an agency fund where the agency may be required for reporting purposes to show the existence of the fund on its financial statements through Accounting Standards Codification ("ASC") Topic 958. *See Types of funds, Section II.*

## Types of funds

NCCF maintains various types of charitable funds. Most operate as perpetual investments, distributing only a portion of the fund's balance for the charitable purpose defined in the fund agreement. Different fund options allow donors to customize their gifts. All fund types listed below are open to public contributions.

**Donor advised funds** allow the donor or the designated fund advisor to make recommendations on how grant distributions are spent. Grants may be made only to qualified tax-exempt charitable organizations and no grants may be made to individuals. Donor may name successor fund advisors to make grant recommendations if the current fund advisor should become unavailable to make recommendations, either by death or incapacity, or should submit his or her resignation to the Foundation. Although federal tax law requires that the Foundation be the ultimate decision-maker on grant distributions, NCCF makes every effort to follow the donor's wishes. Donor-advised funds operate similarly to private foundations though without the expense and tax reporting requirements.

**Field of interest funds** are established to support unspecified programs or organizations in a general field of interest such as education, historic preservation, children or the elderly. These funds also may be designated to benefit a specified geographic area. A donor may choose to make grant recommendations or may designate an advisor(s) to do so.

**Designated funds** are established to benefit one or more specific charitable organizations or programs. The donor may choose to name an alternate beneficiary in the fund agreement in case the one originally designated ceases to exist. If a designated organization ceases to exist and the donor has not named an

alternate beneficiary, the Foundation works with the donor or successor advisors to identify a similar program and maintain the spirit of the original charitable intent.

**Agency funds**, sometimes known as "organization funds" or "nonprofit funds," are established by a nonprofit agency or organization for its own benefit. Although the assets in the fund are committed by the Foundation to serve the agency's charitable purpose as defined in the fund agreement, by law the fund and all assets therein become the irrevocable property of the Foundation and are subject to the operating policies established by the Foundation. The existence of an agency fund must also be reported on the agency's financial statement in accordance with ASC Topic 958.

**Scholarship funds** may provide grants to students to enable them to attend public or private educational institutions of all levels, from kindergarten through graduate school. Donors may recommend an academic focus for their scholarship fund and eligibility criteria (such as financial need, academic merit, geographic residence or community service). The original donor may also recommend the scholarship selection committee.

The Pension Protection Act was passed by Congress in 2006 and established strict guidelines regarding scholarship awards from community foundations. To comply with federal law, all NCCF scholarships must abide by the following procedures:

- Neither the donor nor any party related to the donor may control the committee directly or indirectly. The votes of "objectively qualified individuals," such as teachers, church leaders or community members must outnumber those of donors or donor-related parties, and donors must not unduly influence scholarship proceeding directly or indirectly;
- The NCCF must appoint all members of the scholarship committee by name on an annual basis before the scholarship process may begin; and
- All scholarships must be awarded on an objective and non-discriminatory basis using procedures approved in advance by the Foundation's Board of Directors. For more details on establishing and administering a scholarship.

**Designated scholarship funds.** For a lower minimum starting balance and administrative fee, a donor may choose to establish a designated scholarship fund, which is defined by NCCF as a designated fund for an educational institution, or other qualified 501(c)(3) organization, with a restriction that the institution uses the annual grant distribution to award scholarships. Only minimal eligibility criteria may be recommended by the donor. The annual grant distribution is sent directly to the designated educational or other institution and the institution administers the scholarship through its own scholarship selection committee.

**Unrestricted funds** (or community grantmaking funds) are established by an affiliate of the Foundation for the affiliate to distribute in its geographic area. This gives the local affiliate board of advisors the flexibility to respond quickly to emerging needs and changing priorities within its community. An individual also may establish an unrestricted fund leaving the grant decisions to the NCCF.

**Memorial funds** may be created to accept and hold memorial contributions after the death of a friend or family member. The fund contact will select the name of the fund that may be used in the loved one's obituary to direct gifts to the fund. For example, "Memorial gifts may be made to the John Doe Memorial Fund at the N.C. Community Foundation, 3737 Glenwood Avenue, Suite 460, Raleigh, N.C. 27612." After one year, the Foundation will work with the fund contact to establish an endowment at the Foundation or to distribute the balance to a 501(c)(3) public charity. If an endowment is established, no fee is charged for the previous

year. If the fund contact chooses to distribute the balance to a 501(c)(3) public charity, a standard fee of 1% of the fund balance or \$250 (whichever is greater) will be charged.

## Spending policy for funds

NCCF's Board of Directors determines the spending policy for its funds annually. NCCF's current spending policy is as follows: (1) **Endowed and quasi-endowed funds.** Five percent (5%) of the fund's average balance for the previous twelve quarters is the amount available to distribute ("ATD") annually as grants. To avoid invasion of principal before the fund has time to grow, endowed and quasi-endowed funds established after October 1 in any given year typically do not make a distribution the following year. No grants are permitted that would have the effect of reducing the fund balance below the fund minimum; (2) **Non-endowed and invested gift funds.** These funds are required to maintain the minimum fund balance required for the specific fund type (*see Minimum Amounts to Establish and Maintain Funds, Section II*). Above that minimum, the balance of the fund may be distributed.

NCCF's Board considers these factors in determining the annual spending policy:

- Long-term preservation of charitable fund assets
- Expected and reasonable total return on the investment of fund assets
- Reasonable cost of investing and administering funds
- Effects of inflation
- General economic and financial market conditions
- Payout trends in the community foundation field

**NCCF's four spending policies variations.** The donor, upon establishing the fund, has the option to select from among the four variations of the Foundation's standard spending policy as described below:

1. **Quasi-endowed fund:** NCCF's most commonly selected fund spending variation, a quasi-endowed fund is invested for long-term growth and the amount available to distribute is 5%. A grant distribution may be made even if the principal is disturbed, provided the corpus does not fall below the minimum required fund balance. See Section II, Minimum Endowment Fund Balances. This practice ensures that a consistent amount is available every year for payment to charitable causes.
2. **Endowed fund:** Sometimes referred to as a "true" or "pure" endowment, an endowed fund is one invested for long-term growth and the amount available to distribute is typically 5%. However, no part of any grant distribution may disturb the endowment principal of the endowed fund. North Carolina has adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to govern practices related to endowed funds. The Foundation complies with all aspects of UPMIFA.
3. **Non-endowed fund:** Sometimes referred to as a "gift fund" or "pass-through fund," non-endowed funds are established by donors with no intent to preserve the principal. While the minimum fund balance for the specific type of fund must be maintained, the entire remaining balance of this type of fund is available for distribution to a desired charitable beneficiary immediately or may be distributed over time. The exception is donor advised gift funds which are required to maintain a minimum balance of \$10,000. Non-endowed funds are not set up for long-term growth and are held in cash.
4. **Invested gift fund:** An invested gift fund is required to maintain a minimum balance of \$100,000 and may distribute to a desired charitable beneficiary any amount above the retained balance requirement. While an invested gift fund provides the fund holder with increased grantmaking

flexibility, the fund’s long-term growth may decline with continued sizable distributions and short-term declines in financial markets.

## Investment managers

The NCCF's Board of Directors has ultimate responsibility for selecting investment managers and determining asset allocation, performance objectives and other matters pertaining to the investment portfolio held by NCCF.

Should a fund representative desire to change an investment manager, he or she must request the change in writing to the NCCF president. Upon receipt of the written request, the president will place the request on the agenda of the next regularly scheduled meeting of the finance committee for review. The finance committee will consider the request, and if approved, select a new asset manager if an alternate has not been recommended by the fund representative. The fund representative will be notified of the committee's decision in writing. The finance committee meets quarterly.

## Minimum amounts to establish and maintain funds

The minimum contributions required to establish and maintain new funds are listed below.

<b>Endowed/Quasi-endowed funds</b>	<b>Minimum to Establish and maintain</b>
Unrestricted fund	\$25,000
Field of interest fund	\$25,000
Donor advised fund	\$25,000
Designated fund	\$25,000
Scholarship	\$40,000
Designated scholarship	\$25,000
Agency fund	\$25,000
<b>Non-endowed funds</b>	Same as for endowed/quasi-endowed funds*
<b>*Non-endowed donor-advised</b>	\$10,000; (\$10,000 retained balance required)
<b>Invested gift fund</b>	\$100,000 (\$100,000 retained balance required)
<b>Memorial funds</b>	\$0 (no initial minimum); (After 1 year, minimum must be met for one of the above funds)

Additional gifts may be made in any amount and at any time.

## Fund agreement amendment policy

Agreements for established funds may only be amended under limited circumstances in the absolute and sole discretion of the Foundation. Only the original donor, also known as the fund “founder” may amend the fund

agreement. In accordance with IRS regulations, the NCCF may provide its consent to amend a fund agreement (endowment or gift fund) only for the following reasons:

- To release restrictions originally imposed by the donor in the fund agreement
- To change the name of the fund
- To change or add the name of a successor advisor
- To correct a typographical or scrivener's error

By law, the NCCF may not provide its consent for the following donor proposed amendments:

- To incorporate additional restrictions to a fund agreement
- To substitute one restriction for another
- To designate the timing of distributions

# Contributions

NCCF accepts contributions in many forms as explained in the table in this section. Contributions can be made to establish a new fund or to add to an existing endowment or gift fund. All funds are open to public contributions.

## Acknowledgment of contributions

Effective January 1, 2019 for all component funds not considered affiliate or unrestricted funds, NCCF will only substantiate contributions of \$250 and over. This acknowledgment is in accordance with IRS requirements and should be used by the donor to support the charitable deduction taken on his/her tax return.

For honorary and memorial contributions, the original donor has the option of naming two individuals to receive notification when such contributions are made.

The Foundation will include the amount of cash and description of (but not value of) any property, other than cash, contributed. Valuation of donated property is the responsibility of the donor.

The fund agreement should be completely executed before the Foundation will accept contributions to the fund.

**Note:** For acknowledgment of contributions and donations that relate to special events, please request a copy of the Foundation's publication Guidelines for Fundraising.

## Contributions are irrevocable

To meet requirements for tax-deductibility, contributions to the Foundation are irrevocable and nonrefundable once they are accepted. Contributions are owned and held under the direction of the NCCF's Board of Directors.

## Contributions accepted

**LIQUID ASSETS.** The NCCF accepts gifts of liquid assets in the form of currency, checks, electronic payments, credit cards and publicly traded securities including retirement plan assets and rollovers of funds from Individual Retirement Accounts (IRA).

**ILLIQUID ASSETS.** The NCCF accepts gifts of illiquid assets in the form of closely held stock, real property, tangible personal property, life insurance policies and certain business interests upon approval of the executive committee. The NCCF executive committee considers the following criteria in determining whether to accept a gift of an illiquid asset: the value of the gift, ease of administration, marketability, debt on the property, any risks to the Foundation, carrying costs, any Unrelated Business Income Tax (UBIT) consequences, potential for excess benefits and the charitable nature of the gift.

**Minimum gift amount for illiquid assets.** The value of an illiquid asset must equal or exceed \$25,000 to be considered for acceptance; however, the value of the asset must equal or exceed \$100,000 in the case of real property or a business interest. The executive committee may allow exceptions to the minimum value requirements under special circumstances. In addition, if the illiquid asset requires ongoing maintenance costs, the Foundation may require a simultaneous cash gift to cover the ongoing costs.

**Liquidation policy.** NCCF's policy is to liquidate all gifts as soon as reasonable (and within two years for real property gifts) so the Foundation and its component funds can utilize the gifts for grantmaking. Foundation staff will review all proposed illiquid gifts prior to acceptance and may submit those deemed out of the ordinary, along with staff recommendation, to NCCF's executive committee for review. The Foundation may request additional documentation prior to final acceptance. In order to receive a tax deduction for certain gifts, the IRS requires a donor to obtain a qualified appraisal.

**Qualified appraisal.** A qualified appraisal is required by the IRS for any contribution of property, other than cash and publicly traded securities for which the donor will claim a tax deduction of more than \$5,000. The qualified appraisal must not be made more than 60 days before the contribution of the property. If the asset is disposed of within two years of the date of the contribution, the NCCF is required to file an information return with the IRS.

This table contains special instructions related to types of accepted assets:

<b>Type of contribution</b>	<b>Special instructions</b>
Cash	Checks should be made payable to the North <ul style="list-style-type: none"> <li>• Carolina Community Foundation with the name of the component fund to which it is to be directed clearly indicated; contact the Foundation for wiring instructions.</li> </ul>
Credit card gifts	<ul style="list-style-type: none"> <li>• The Foundation accepts credit card gifts via the Foundation's secure online giving portal accessible on its website or by calling the Foundation.</li> </ul>
Publicly traded securities (equities, bonds, mutual funds)	<ul style="list-style-type: none"> <li>• Notify the Foundation prior to the transfer of any contributions of securities so that the proceeds will be transferred to the proper fund and an accurate acknowledgment can be made.</li> <li>• All securities transfers must be made through the Foundation's brokerage account and transfers from other brokers are not accepted.</li> <li>• The transferred securities will be liquidated prudently, and proceeds deposited to the proper fund.</li> <li>• For purposes of donor's charitable deduction, the value of the securities gift is based on the average of the high and low share price on the day it is received into the NCCF account but will not be included in the acknowledgment of the donation. An accurate description (such as number of shares and security name) and date of receipt will be included.</li> </ul>

## IRA Charitable Rollover

- Donors age 70 ½ may make a rollover gift up to \$100,000 from their qualifying IRAs without having to first count the distribution as income for federal income tax purposes.
- Except for donor advised funds, all fund types are eligible to receive an IRA rollover gift.
- Contact your IRA plan administrator for instructions on how to make an IRA Charitable Rollover to a fund at NCCF.

## Closely held stock

- The Foundation will accept contributions of closely held stock only after approval by the executive committee and pending an independent qualified appraisal and receipt of the donor's most current financial statements.
- Appraisal costs are the donor's responsibility.
- Closely held stock may be accepted if there is a reasonable expectation that holding the stock will not be a burden for the Foundation and acceptance will not violate the excess business holdings rules made applicable to community foundations through the Pension Protection Act of 2006. (See below *treatment of excess business holdings*)
- The stock may be given with the intention of the company redeeming the stock in the near future.
- For the donor to receive the most favorable tax deduction, there can be no requirement that the Foundation sell the stock if a redemption offer is made.

## Tangible personal property

- Generally, the Foundation does not accept gifts of tangible personal property such as works of art, antiques, vehicles, jewelry or other such items. However, these may be accepted on a case by case basis upon approval by the executive committee.

## Real property

- Acceptance of real property gifts is contingent upon review and approval in accordance with the Real Property Gifts Acceptance Procedures set forth below.
- Appraisal by qualified appraiser required
- Donor executes General Warranty Deed & obtains title insurance

## Business interests

- The Foundation will not accept gifts to donor- advised funds of business interests, closely held stock, certain real property and certain tangible property if such acceptance violates the excess business holdings rules. (See below *Treatment of excess business holdings*)

## Excess business holdings

Federal law makes the private foundation excess business holdings rule applicable to donor advised funds as if they were private foundations. The excess business holdings rule mandates that the holdings of a donor-advised fund in a "business enterprise," together with the holdings of people who are disqualified with respect to that fund (such as its donors, donor advisors or their family members), may not exceed any of the following:

- Twenty percent of the voting stock of an incorporated business;
- Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity; or
- Any interest in a sole proprietorship.

The rules also prohibit the ownership of an unincorporated business that is not substantially related to the fund's purposes. The Foundation will identify and monitor any new gift to a donor advised fund for any interest that would qualify as an "excess business holding." Should the Foundation become aware of such a gift, the NCCF shall divest holdings that are above the permitted amount within five years of receipt. For more details on NCCF's excess business holdings policy, please see our website at [nccommunityfoundation.org](http://nccommunityfoundation.org).

## Real property

The NCCF may accept gifts of real property, including houses, vacation homes, office buildings, undeveloped land or farms. NCCF may also accept gifts of real property with the donor retaining a life estate. The acceptance of such gifts is subject to the *Real Property Gifts Acceptance Procedures* below.

### Real property gifts acceptance procedures

#### Documentation required:

- Completed NCCF fund agreement.
- Current independent appraisal of the property by a qualified appraiser at donor's expense.
- Evidence of a clear title: Title insurance policy with all endorsements OR title opinion letter from the donor's attorney stating that donor is conveying clear title.
- Copy of the deed or other instrument that vested title of the property to the donor, as well as deeds executed by the donor when he or she held title to the property.
- Current survey and/or detailed legal description of property.
- Phase 1 environmental audit (Based on results, a Phase 2 and 3 audit may be required).
- In the event of co-tenancy, an acceptable co-tenancy agreement outlining the rights and obligations of the parties prior to the sale of the real property.

#### Real property restrictions:

- The Foundation will not accept real property that is not reasonably expected to be sold within two years from the date at which title passes to NCCF.
- The Foundation will not accept real property that does not have clear title and a clean environmental audit.
- NCCF will not accept real property:
  - That will generate income that would subject the Foundation to Unrelated Business Income Tax (UBIT);

- On which the Foundation is being asked to assume debt, to contract, lease or retain; or
- On which there exists a contract for sale; to avoid being taxed on capital gains for property contributed to the Foundation, donors should not subject property to a contract for sale.
- Any related administrative and maintenance costs of accepted real property will be charged to the donor. Examples of such costs include real property taxes, liability insurance, maintenance, environmental cleanup costs, repairs or improvements, property management fee, brokerage fees, closing costs and other expenses related to the property as many be determined on a case-by-case basis.
- The Foundation may require written assurances or an indemnity agreement regarding the payment of these expenses.
- The donor may establish a non-endowed fund to pay for these costs and will be eligible for a charitable tax-deduction for contributions to such fund.

## Ways of giving/Planned giving

In addition to making an outright gift to the Foundation to establish or add to an existing fund, donors may utilize any of the other charitable giving options offered by NCCF. The Foundation can work with attorneys, accountants, bankers, brokers, financial planners and other professional advisors to ensure that planned gifts meet the charitable expectations of donors and to discuss various fund options. Most of these options provide donors and their heirs the benefit of lower income and estate taxes, while allowing them to accomplish their philanthropic goals.

The Foundation can review documents prepared by professional advisors of the donors and provide sample documents and language. It is not the Foundation's intent to offer specific legal, investment, accounting, tax or other professional advice. For advice on all aspects of a donor's overall charitable gifting plan, he or she should consult professional advisors who specialize in these areas.

### Gifts by will

The Foundation accepts bequests or devises pursuant to the last will and testament of a donor. A will is a simple and effective way to provide support for favorite charitable organizations and causes. A bequest of a specific amount or a portion of the residuary estate can create an endowed fund or support an existing fund within the Foundation. A donor may also make the Foundation a contingent beneficiary by making a bequest that will go to the Foundation only if a contingency occurs. The Foundation can provide appropriate language for consideration if you choose to include the NCCF in your will. The examples below illustrate possible wording.

- **Sample wording to establish a new endowment:** *"I give, devise and bequeath to the North Carolina Community Foundation, Inc., a qualified 501(c)(3) charitable organization located in Raleigh, North Carolina (Tax Identification # 58-1661700), \_\_\_\_\_ percent of my residual estate [or a specific bequest of \$\_\_\_\_\_ or other personal or real property appropriately described] to establish the [Name of Fund] for the benefit and support of [Charitable Beneficiary] in \_\_\_\_\_ County North Carolina."*
- **Sample language to designate an existing NCCF endowment or the NCCF itself as the beneficiary:** *"I give, devise and bequeath to the North Carolina Community Foundation, Inc., a qualified 501(c)(3) charitable organization located in Raleigh, North Carolina (Tax Identification # 58-1661700), \_\_\_\_\_ percent of my residual estate [or a specific bequest of \$\_\_\_\_\_ or other personal or real property appropriately described] to be directed to the [Name of Existing Fund OR to the Foundation's operating fund, endowment or Disaster Relief Fund.]"*
- **Sample language to make a contingent bequest to NCCF:** *"I give, devise and bequeath \$25,000 to my older sister, Mary. However, should Mary predecease me, I give that amount instead to the North Carolina Community Foundation, Inc., a qualified 501(c)(3) charitable organization located in Raleigh, North Carolina (Tax Identification # 58-1661700)."*

### Charitable trusts

Established by a trust agreement or declaration of trust, a charitable remainder trust ("CRT") or a charitable lead trust ("CLT") may deliver important advantages in financial and estate planning, including tax savings, the opportunity to make a significant charitable gift, the retention of assets for heirs or the security of income for the donor or family members.

A CRT and a CLT may take one of two forms depending upon how payments to the income beneficiary are calculated:

- An **annuity** CRT or CLT pays a fixed dollar amount to the income beneficiary calculated on a percentage of the original gift. No additional contributions to a charitable remainder annuity trust ("CRAT") or to a charitable lead annuity trust ("CLAT") are permitted.
- A charitable **unitrust** whether a CRT or a CLT pays a fixed percentage of the trust value to the income beneficiary which is recalculated annually. Additional contributions may be made to a charitable remainder unitrust ("CRUT") or to a charitable lead unitrust ("CLUT").

**Note:** The NCCF does not act in a trustee capacity, but instead works with donors and their chosen trustees as the charitable beneficiary of the trust, either serving as the "remainderman" of a charitable remainder trust or the lead beneficiary of a charitable lead trust.

## Charitable remainder trusts

The "gift that gives back," a charitable remainder trust ("CRT"), makes it possible for the donor to make an irrevocable gift of cash or property to the Foundation while retaining an annual income stream from the trust. This strategy benefits donors who wish to avoid capital gains from highly appreciated assets, reduce income taxes and retain an income stream for themselves, a spouse or heirs.

### How it works:

- Donor works with attorney or financial institution to draw up trust agreement and name trustee.
- Donor works with NCCF to establish fund type of donor's choice.
- Donor transfers assets to trust for investment and receives an immediate income tax deduction for the charitable portion of the gift; Deduction is equal to the present value of the future remaining balance.
- The trustee manages the trust, prepares the annual tax returns and makes payments to the donor or other named individuals for their lifetimes or for a period not to exceed 20 years.
- Upon the death of the individual beneficiary (or surviving beneficiary, if more than one), the trustee distributes the remaining assets of the trust into the fund created by donor with the Foundation.
- The future CRT distribution will establish or be added to an endowed fund only. An exception to this policy is when at least 25% of the CRT distribution will be added to either an affiliate endowment or the Foundation's own endowment. In such cases, the remaining 75% may be added to a pass-through or gift fund.

## Charitable lead trusts

The "gift you get back," a charitable lead trust ("CLT") allows a donor to provide an income stream from his trust to the donor's fund at the Foundation for a specified term of years or for the lifetime of one or more named individuals. At the end of the trust term, the remainder of the assets pass to heirs or any third party. Assets expected to increase in value are commonly assigned to a CLT. This strategy benefits those who want to leave an inheritance to children or grandchildren, while potentially minimizing gift and estate taxes.

### How it works:

- Donor works with attorney or financial institution to draw up trust agreement and name trustee.
- Donor works with NCCF to establish fund type of donor's choice.

- Donor transfers assets to trust for investment and receives a charitable gift tax deduction at the time the trust is created and avoids all income tax on the trust income.
- Trustee makes regular payments to grow donor's fund at NCCF for a specified term of years or for the lifetimes of one or more named individuals.
- At the expiration of the term, trustee distributes the remaining trust assets to heirs or any third party.
- The appreciated value of the lead trust passes without a gift tax to the heirs at the end of the trust term.
- CLT distributions will establish or be added to an endowed fund only. An exception to this policy is when at least 25% of the CLT distribution will be added to either an affiliate endowment or the Foundation's own endowment. In such cases, the remaining 75% may be added to a pass-through or gift fund.
- The Foundation's regular administrative fee based upon the fund type will be charged on the fund balance established by the lead payments.

## Life insurance policies

A donor's gift does not need to be limited by how much money the donor has today. The gift of a life insurance policy is a simple and inexpensive way for a donor to make a charitable gift at a level often impossible through current assets. When the life insurance policy matures, the Foundation or a named fund at the Foundation will receive the death benefit payout.

There are two strategies offered by NCCF for utilizing a life insurance policy to create a charitable legacy:

**NCCF as beneficiary.** Name the NCCF as beneficiary of an existing or new policy (or as contingent beneficiary in the event the primary beneficiary passes away before you do);

**NCCF as owner and beneficiary.** Transfer ownership of an existing life insurance policy to the Foundation or purchase a new policy naming NCCF as owner and beneficiary. The donor commits to make annual tax-deductible gifts to the Foundation to cover the costs of annual premiums and to pay any professional/appraisal fees required at the time of the gift.

### *Minimum policy payout*

The Foundation will only accept life insurance policies for which it becomes the owner and beneficiary if the net present value (NPV) of the policy payout is at least \$100,000. NCCF estimates the valuation using the IRS actuarial tables and discounts the policy at U.S. Treasury rates.

### *For an endowed fund only*

The insurance policy payout and/or cash value may only be used to establish or add to an endowed fund.

### *Cash surrender value required*

The policy must have a cash surrender value. Typically, policies with cash surrender values are whole life or guaranteed life policies

### *Administrative fee*

The Foundation's regular administrative fee will be charged on the accumulated cash surrender value.

### *Written agreement for premium payments*

Prior to accepting a policy requiring ongoing premium payments, the Foundation will require a written agreement from the donor on how premiums will be paid. Making timely annual premium payments to the Foundation is the responsibility of the donor. The Foundation will send a courtesy reminder to the donor each year, and donor payment is due at least two weeks prior to the insurance company premium due date. The Foundation cannot assume delinquent premium payments.

#### *Cancellation of policy for delinquent payments*

If a policy is canceled and the cash surrender value (less accrued fees) meets the minimum required fund balance, the cash value will be used to establish a new endowment in accordance with donor's intent. If the cash surrender value does not meet the minimum, the cash surrender value will be added to the donor's existing endowment. In the absence of an existing endowment, the cash surrender will go to the community grantmaking fund of the donor's local affiliate in his or her name.

## **Retirement plan assets**

Assets held in qualified retirement plans or individual retirement accounts ("IRAs") can be contributed to charity and can make ideal testamentary charitable gifts because if passed to heirs, they may be heavily taxed. The donor may name the Foundation or a named fund as the beneficiary of retirement account assets upon his/her death or as the contingent beneficiary if the individual beneficiary predeceases the donor. Examples of retirement plan assets accepted by the Foundation include 401(k) Plans, 403(b) Plans, Traditional IRAs, SEP accounts, Roth IRAs and Keogh plans. Beneficiary designation forms may be obtained from your retirement account manager. The tax law in this area is constantly changing so please contact the Foundation or your professional advisor for current tax consequences before making such a gift. (See *Section III, Contributions*, for information on the IRA charitable rollover.)

## **Private foundations**

A private foundation is a charitable organization usually established by an individual, family or corporation to control the use of the donor's charitable gifts to the fullest extent allowed by law. Private foundations are subject to more complex tax and administrative rules than other charitable vehicles. For this reason, many donors prefer the ease, convenience and cost-effectiveness of a fund with NCCF. Consider the following solutions to address your charitable giving goals:

- **Establish a donor advised fund instead of a private foundation.** If your main goal is the joy of giving and you are not interested in managing a separate organization, consider the simplicity and flexibility of a donor advised fund with the NCCF.
- **Convert your private foundation to a donor advised fund.** If the work of maintaining your private foundation has become overwhelming, but you wish to preserve the legacy of your existing foundation, consider converting it to a donor advised fund. The name of your private foundation may be preserved (though anonymity is also an option) and grantmaking may continue in accordance with your private foundation's original giving intent. When additional contributions are made to your fund at NCCF, the donor receives a higher tax-deduction than when he or she contributed to the private foundation.
- **Keep your private foundation but also establish a parallel donor advised fund.** If you are interested in accessing the comprehensive services of the NCCF prior to deciding to convert, consider establishing a parallel donor advised fund to access NCCF's expertise in grantmaking and North Carolina's

communities. The tax law in this area is subject to change so please contact the Foundation or your professional advisor for current tax consequences.

- **Grant all or part of your private foundation's required annual payout to a fund with the NCCF.** One or more simple grants to any funds held by NCCF will fulfill your private foundation's annual payout requirements. You may also establish a scholarship fund with part of your private foundation's annual payout or consider establishing a designated fund for a 501(c)(3) to which you grant annually.

# Grants and scholarships

## General policy

Grants are made primarily to charitable organizations that are tax-exempt under IRS Code Section 501(c)(3). Distributions may also be made to governmental agencies, most schools and most religious organizations.

## Restrictions on donor advised funds

The IRS prohibits making distributions to nonprofit organizations in satisfaction of legally enforceable pledges or for dues, memberships, benefit tickets, goods bought at charitable auctions, fundraising dinners, golf tournaments or for tickets to events. Grants may not be made for political purposes. Grants from donor advised funds may not be made to individuals; this prohibition includes checks written directly to an individual or checks written to an entity for the benefit of a specified individual. The IRS also prohibits donors, fund advisors or related parties from receiving grants, loans, compensation or similar payments from donor advised funds. The IRS may impose upon donors, donor advisor or related persons a tax penalty equal to 125% of the benefit received if any of the above described distributions are made.

## Granting instructions

After establishing a fund, a donor is sent a copy of the fully executed fund agreement as well as a guide with instructions on how grants are made. Copies of the following guides are available upon request:

- *NCCF's Policies and Procedures for Donor Advised Endowment Grantmaking*
- *NCCF's Guide to Scholarship Programs*

## Minimum grant amount

Effective January 1, 2019, the Foundation's minimum grant distribution from donor advised funds is \$250 and the minimum grant from a scholarship fund is \$1,000. The minimum grant distribution for unrestricted and affiliate funds is \$500.

## Grant processing

**Due diligence.** When a grant recommendation (or request in the case of a designated or agency fund) is received, Foundation staff research the recommended beneficiary organization to verify that the organization is eligible to receive funding through recognition by the IRS as a qualified tax-exempt 501(c)(3) or similar organization. Foundation staff also ensures that grants will only be used for the intended purpose of the fund. If these basic criteria are not met and the grant cannot be made, staff will notify the individual who made the grant recommendation so he or she may make a different recommendation.

**Grant check processing.** Designated and agency funds. Effective January 1, 2019, designated and agency fund grants will be distributed on a quarterly schedule. Funds may be requested at any time throughout the year (February – December 1). Requests will be collected into batches for quarterly distribution, based on the following schedule:

Received by	Distributed by
March 1 June 1 September 1 December 1	March 15 June 15 September 15 December 15

*Donor advised, scholarship and field-of-interest funds.* The Foundation distributes grant checks from February through December 10th within 10-12 business days of receipt of the grant recommendation or request, barring any need for further research or resolution of compliance matters. Grant checks to charitable organizations are accompanied by supporting documentation specific to the fund type and always include a Terms and Conditions Agreement.

**Grant reporting requirement.** All organizations receiving grants must complete the Terms and Conditions Agreement and submit it to the Foundation within sixty (60) business days of receiving the grant. If there is sufficient evidence to believe that a grant has not been used for the specified purpose, the Foundation may request that funds be returned immediately. If an organization has an outstanding grant report, no grant will be made to that organization until the obligation is fulfilled. Discrepancies or irregularities in the recipient's handling of distribution(s) will be discussed with the organization.

## Unspent ATD

Unspent ATD funds will be added to the fund's principal and will not be rolled over for granting the following year. Exceptions may be considered under limited circumstances. Fund advisors who do not wish to make a grant distribution in any given year in favor of endowment growth are permitted to do so for up to five consecutive years.

## Fund activity policy

### The Policy

NCCF encourages annual grantmaking from its donor advised funds while recognizing there are certain situations in which making grants less than annually can achieve a greater charitable impact. Should a fund remain inactive for more than five years, NCCF will take steps to activate that fund. If this policy ever conflicts with federal law or state law, including UPMIFA, the relevant law controls.

### Definition of Donor Advised Fund

A fund may be classified as donor advised if it has at least three characteristics: (1) a donor or person appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distributions or investments, (2) the fund is separately identified by reference to contributions of the donor(s), and (3) the fund is owned and controlled by a sponsoring organization, such as a community foundation. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.

A donor advised fund is an irrevocable charitable contribution that is legally owned by NCCF, the sponsoring charity. These funds are institutional funds of the community foundation—not a personal savings account of the donor—and may only be used for charitable purposes which do not confer any private benefit on the donor or any other person.

### **Definition of “Active Fund”**

A fund is considered active when there is regular communication between a donor (or named successors) and NCCF regarding the existence and purpose of that fund and/or grants are made regularly.

### **Examples of “Active Funds”**

Examples of some of the activities that would deem a fund active include (but are not limited to):

- *Regular Grant Recommendations.* Donor advisor generally recommends grants at least annually to qualified charitable organizations. The amount of grantmaking can vary from year to year.
- *Developing a Philanthropic Program.* Donor advisor makes a substantial contribution to donor advised fund, for example, upon the sale of his or her business, and refrains from recommending grants for a given initial period while the fund advisor consults with the sponsoring charity and/or does his or her own research to determine what types of grants will best meet community needs and/or her philanthropic goals.
- *Long-term Giving Plan.* Donor advisor deliberately reduces the frequency or size of grant recommendations from fund, for example:
  1. During his or her working years with the intention of increasing the donor advised fund balance to support grantmaking during his or her retirement, when the advisor expects his or her income to change.
  2. A donor may want to build a fund over time, so the donor’s children can make grants later (the idea being the donor is leaving a charitable legacy for the next generation to administer).
  3. Donor advisor refrains from recommending grants for a given period because the fund is invested in an illiquid or undervalued investment. Donor advisor intends to begin making grant recommendations when the investment can be sold at a reasonable price.
- *Project Grants.* Donor advisor makes a substantial contribution to a donor advised fund and determines to recommend grants to a specific qualified charitable organization over a period of 20 years so that the donor can monitor how the charitable organization performs, and to consider whether another organization would better achieve the donor’s charitable objectives.
- *Starter Fund.* Donor advised funds may need time to build the fund balance to make substantial grants to the community. Therefore, there may be no distributions made until the fund balance reaches an amount stated in the donor advised fund agreement.
- *Specific Occasion Grant.* Donor advisor refrains from recommending grants for a number of years with the specific charitable goal of recommending a grant upon a specific occasion. Examples may include:
  1. Donor is incapacitated with no successor advisor(s) named so the community foundation waits until the donor’s death to distribute the fund according to the donor’s original intent;
  2. Fund has transitioned to named successor advisors but they are minors and no adult representative is named to represent them (so grants resume when successor advisors are adults);

3. Founders of fund who are also the donor advisors are getting divorced so that grants are suspended until both the husband and wife agree on grants, which may include splitting the fund into two separate funds, one for each spouse to advise or eventually dissolving the fund by the making of charitable grants; Grants are suspended during litigation involving a fund (e.g., the donor has left his/her estate to a fund, but the donor's children are disputing the bequest so the community foundation does not allow grants until the litigation is resolved);
4. Donor leaves a bequest to a fund and distributions are made periodically to the fund during the estate settlement process, but grants are not made until the estate is fully settled.

### **NCCF's steps to activate a fund**

Should a fund remain inactive for more than five years, NCCF will take the following steps to activate that fund:

- The NCCF will contact the fund advisor to discuss the need to make a grant recommendation.
- If, after a reasonable number of documented attempts within a one-year period, the NCCF is unable to reach the fund advisor or grant recommendations are not forthcoming, NCCF will recommend a grant on an annual basis until the donor again begins to make recommendations.
- In making grants from an inactive fund, the Foundation will strive to make grants consistent with the donor's charitable intent or granting history.
- Should the NCCF determine that donor's charitable intent is unnecessary, undesirable, impracticable, incapable of fulfillment, or inconsistent with the community's charitable needs, then NCCF may exercise its variance power to enable fund to meet the needs of the community and to address the charitable purposes for which the funds were committed.

### **Extraordinary distributions**

An extraordinary distribution is a request for a distribution greater than the standard available- to-spend amount (usually 5%) and is considered an exception rather than the norm. Extraordinary distribution requests must be made in writing addressed to the Foundation's president, who will then bring it before the NCCF grants committee at its next scheduled meeting. For more information about the extraordinary distribution process and the steps required to submit a request, please contact your regional director or fund representative. Contact information is available on the NCCF website.

### **Variance power**

A unique benefit of a community foundation is the "variance power" the board holds over all contributions. The Foundation's governing policies, as well as its fund agreements, provide that the NCCF board has the power to modify any restriction or condition on the distribution of funds if, in the board's judgment, such restriction or condition becomes unnecessary, undesirable, impracticable, incapable of fulfillment or inconsistent with the charitable needs of the community served or with legal requirements. NCCF is required to have this discretionary power and ownership of all gifts to the Foundation to enable the donor to receive a tax deduction for his or her contribution.

# Fund contacts and donor advised fund advisors

## Designation of fund contacts

To protect your fund and ensure proper communication, all fund contacts and advisors to a donor-advised fund must be documented with the Foundation. All records pertaining to your fund are confidential unless the donor otherwise specifies.

## Fund correspondence

Unless otherwise noted, the fund contacts specified will be the main contacts to receive quarterly statements and other information pertaining to the fund. Donors may designate additional fund contacts to receive this information. It is the fund contact's responsibility to notify the Foundation of changes in status or address.

## Donor advised fund advisors

### Changing or adding advisors

Only fund advisors named in the donor advised fund agreement, an amendment or by a directive in the donor's Last Will and Testament may make grant recommendations for the fund. Only the original donor who signed the agreement, also known as the "fund founder," may change or add advisors. During his or her lifetime, the original donor to the fund may request in writing that the Foundation add or change advisors. This may be carried out through an amendment to the original agreement. The original donor may also add or change advisors by a directive in his or her Will.

### Succession planning for donor advised funds

The Foundation allows donors to create succession plans for donor advised funds to meet their charitable objectives. There are several types of succession plans from which to choose:

- **Successor advisors.** The fund founder may designate an unlimited number of successor advisors upon the death or incapacity of the previous fund advisor including spouse, children and grandchildren. Successor advisors have the same privileges as the original advisors regarding grant recommendations but do not have authority to request a fund amendment.
- **From donor advised fund to designated fund.** The fund founder has the option to designate one or more specific charitable beneficiaries to receive the annual grant distributions upon his death or incapacity or that of the fund advisor thus creating a designated fund from the donor advised fund.
- **Local affiliate board as fund advisor.** The fund founder may choose to designate a local affiliate board to make grant recommendations upon his or her death or incapacity or that of his or her fund advisor, thus allowing grants to be utilized for the most pressing needs in a county or other affiliate area.
- **Operating endowment.** A fund founder may choose to designate the NCCF to receive annual grant distributions for support of its operations upon his or her death or incapacity.

If the original fund founder has not otherwise provided a plan such as those above, the Foundation shall determine how assets are distributed consistent with the donor's charitable interests as outlined in the original fund agreement or by considering any relevant information about the donor's civic or charitable interests. However, the fund will remain a named component fund of the Foundation.

## **Investment of funds**

NCCF has ultimate responsibility for investing fund assets and allocating investment earnings. The Foundation board of directors has appointed a finance committee to advise the full board on its investment and allocation functions. Please visit the Foundation's website at [nccommunityfoundation.org](http://nccommunityfoundation.org) to view the current investment policy statement.

## **Retention and investment**

The Foundation has agreements with numerous financial institutions for the investment of fund assets. These financial institutions are known as the Foundation's investment managers. In addition, the Foundation employs an investment advisor to oversee the entire investment portfolio. Foundation staff and the finance committee with the assistance of the investment advisor monitor investment managers.

Endowment fund assets are commingled for investment purposes with those of other endowment funds, with other Foundation funds and with other funds unrelated to NCCF. The Foundation, however, shall have no obligation to commingle assets for investment purposes and may, in its discretion, retain any assets received or hold the assets as a separate unit for investment purposes.

Investments will be made in accordance with the investment policy statement recommended by the finance committee and approved by the statewide Board of Directors. Any investment or reinvestment of assets shall be made only if such investments are appropriate for a prudent fiduciary.

Non-endowed gift funds will be held in cash pending distribution to beneficiaries.

Upon request, the Foundation will provide investment information to the public, including the names of investment managers, investment and administrative fees, as well as the names of the finance committee members responsible for the Foundation's investment objectives, policies and decisions.

## **Allocation of income and market value adjustments**

Monthly, all endowments will have any interest, dividends and realized and unrealized gains and losses allocated to the fund. Allocations are based on the average daily balance of the fund.

## Fees

NCCF provides a comprehensive array of philanthropic services for each our fundholders. There is no fee to establish a fund. The Foundation charges an annual fee, which is assessed monthly on all funds at the rates listed below OR at a minimum of \$250 annually (\$20.83 per month), whichever is greater. Scholarship funds are subject to a minimum fee of \$800 annually (\$66.66 per month).

**Fee table: Effective July 1, 2018 for new funds and January 1, 2019 for all funds:**

<b>NCCF Fee Schedule</b>				
Size	Designated, donor advised, agency	Field of interest, non-donor advised	Scholarship	Community affiliate
< \$1M	1%	1.5%	2%	1.5%

**Fee note:** All funds are subject to an annual minimum fee of \$250, except scholarship funds, which are subject to a minimum annual fee of \$800.

**Gift fund note:** Non-endowed gift funds, invested or non-invested, are subject to highest annual fee rate in category and charged monthly based on the fund balance. Donor advised gift funds are required to maintain a balance of \$10,000 and invested donor advised gift funds are required to maintain a balance of \$100,000.

**Note:** The investment manager fee is netted from fund performance.

### Additional fee information

In the event a donor requests services beyond the routine, the Foundation reserves the right to assess additional reasonable administrative fees.

Unusual or extraordinary legal fees will be charged to a fund with full disclosure. Fees in the table above are subject to change with approval of the Foundation's Board of Directors.

# Legal issues and other policies

## Special events

Our experience is that letter-writing campaigns and annual appeals are generally the most effective methods to raise money. However, some fundholders may wish to host events to increase the size of their funds. Please contact a Foundation representative to obtain more details and to receive a copy of the NCCF publication *Guidelines for Fundraising*.

## Financial reporting

NCCF's financial statements are prepared in accordance with generally accepted accounting principles. The Foundation's fiscal year-end is March 31. The financial statements are audited annually by an independent accounting firm and are available upon request. A summarized financial statement is included in the Foundation's annual report, posted on our website at [nccommunityfoundation.org](http://nccommunityfoundation.org).

All fund advisors receive quarterly fund statements. These statements summarize all activity in the fund for the quarter and typically are mailed within 45 days after quarter end. A detailed list of all contributors and grants from the fund will also be included in this statement.

Presidents and treasurers of established community affiliates receive quarterly summary reports of the balance of their affiliate unrestricted fund. These reports may also be requested throughout the year with due notice.

## Public access to tax documents

The Foundation's annual tax return (known as "Form 990") shall be made available to anyone without a fee as required by the Internal Revenue Code. The Foundation's Form 990 may also be accessed on our website at [nccommunityfoundation.org](http://nccommunityfoundation.org)

## Confidentiality

In order that all private information with respect to donors is kept confidential, employees, board members, volunteers and vendors of NCCF are required to sign the Foundation's confidentiality agreement. All fund information, except that the fund exists, is kept confidential. The Foundation only provides fund-specific information to authorized fund contacts and advisors named by the original donor unless the donor provides authorization for an exception. Gifts to charitable organizations through an endowed fund may be made anonymously by communicating this intent to Foundation staff. Gifts may also be made anonymously to a Foundation component fund by communicating such a desire through a Foundation staff member. A copy of NCCF's complete Confidentiality Policy is on NCCF's website on the Policies page. Visit [nccommunityfoundation.org](http://nccommunityfoundation.org).

## Other policies available on NCCF website

The following policies are available to donors, fundholders and the public and may be accessed on the NCCF's website:

Non-discrimination policy  
Conflict of interest policy

Diversity policy  
Whistleblower's policy

## Communications

In keeping with its mission to build philanthropy across North Carolina, the Foundation actively shares information about its mission and operations with the public and welcomes public inquiry. As such, the Foundation publishes digital newsletters and e-blasts throughout the year, as well as a comprehensive annual report on the Foundation's financial performance and primary activities. Publications are accessible to all on NCCF's website.

The Foundation also issues daily announcements via social media, including Facebook, LinkedIn and Twitter. The Foundation maintains a website with up-to-date information at [nccommunityfoundation.org](http://nccommunityfoundation.org).

## Information printed in this guide

The information contained in this Charitable Giving Guide is current as of the publication of this document. These policies are subject to change in the Foundation's discretion. Please check the Foundation's website for the most current version available. This Guide is intended for informational purposes only and should not be relied upon for legal, tax or financial advice. Potential donors are encouraged to consult with their own legal, tax, financial or other professional advisor for advice prior to making any charitable gifts.

IRS CIRCULAR 230 NOTICE: In order to comply with certain IRS regulations regarding tax advice, we inform you that, unless expressly stated otherwise, any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.