

The Alaska Community Foundation

Fund Acceptance Policies

Purpose

These policies are provided to guide staff as well as the Board in determining whether and how funds will be established in The Alaska Community Foundation (hereinafter “Foundation”) and how they will be utilized to further our mission.

Goals

The Foundation actively solicits support from a broad range of donors to establish funds to further the mission of addressing the needs in Alaska now and in the future and of serving as a charitable vehicle for Alaskans. The Foundation seeks to establish all types of funds to address a wide variety of fields and issues. The types of funds accepted by the Foundation include unrestricted, donor advised, field of interest, scholarship, designated, agency, restricted and project. Although the Foundation does accept some funds in which the Foundation may spend all or part of the principal, the primary goal is to establish endowed funds in which only a percentage of the assets is spent so that the funds will exist in perpetuity. The Board may determine from time to time the percentage of the assets that will be spent from endowed funds to assure the funds maintain their purchasing power over time.

Funds that may not be held in perpetuity are intended to help donors make connections with causes they care about and which they wish to support currently. These include quasi-endowed funds in which grants may be made from principal but the basic intention is to hold the funds for the long term and project funds in which all principal is intended to be spent over a relatively short time period.

There is a potential that the acceptance of certain funds could compromise the ability of the organization to accomplish its goals or could jeopardize its exempt status. Hence, the following fund acceptance guidelines shall apply to funds offered to the Foundation before acceptance of said funds.

Acceptable Funds

1. Unrestricted General Fund. The Foundation has a general unrestricted fund. Gifts of any size are accepted into this fund.

2. Named Unrestricted Fund. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) for the general benefit of Alaska. A gift of any size will be accepted to establish a named fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund. Until the fund reaches the minimum, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses, however, until it reaches \$5,000 it will not be subject to management fees.
3. Donor-Advised Funds. A donor or donors who wish to remain involved in the grantmaking process from their fund may establish a donor-advised fund and have the privilege of making non-binding recommendations on grants during their life-time. They also may designate successor advisors including members of the next generation (such as children). If the donor(s) wish to recommend grants from the principal of the fund, they must indicate this when the fund is established. A gift of any size will be accepted to establish an endowed donor-advised fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to receive recommendations from the donor related to grants from the assets of the fund. If the intention is to have the fund endowed, until it reaches the minimum \$5,000, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses; however, until it reaches \$5,000, it will not be subject to management fees. Funds that are not endowed will be accepted at any level but will be subject to management fees.
4. Field of Interest. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) and designate as broad or narrow a field of interest as they wish. A donor may establish a field of interest fund that could attract additional gifts from other donors. One of the types of field of interest funds that often attract additional donors is a community fund to serve an individual community or a geographic area. This includes areas served by Affiliate foundations where grantmaking recommendations would be made by the Advisory Boards or where appropriate, a local committee may be appointed to recommend grants from the fund.

A gift of any size will be accepted to establish an endowed field of interest fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General

Fund or the Board or the advisory Board of the affiliate fund may use the entire assets in the fund to make a grant within the designated field of interest. If the intention is to create an endowed fund, until the fund reaches the minimum, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses, however, until it reaches \$5,000 it will not be subject to management fees. Funds that are not endowed will be accepted at any level but will be subject to management fees.

If the field of interest is so narrow that after a reasonable period of time the Board is unable to determine appropriate grantees, the Board may use the variance power to broaden the purpose as near as possible to the original intent to make meaningful grants.

5. Scholarship Funds. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) for the purpose of awarding scholarships to individuals or to educational institutions. The Board of Directors must review the scholarship criteria to determine that there is a viable charitable class and that all legal rules and regulations are met in the scholarship review process. The donor may recommend individuals or a class of individuals to serve on the selection committee but the Board of Directors in their sole discretion will appoint the selection committee members. At the time the scholarship fund is established the donor must determine if it is to be an endowed fund or if principal is to be used to make current scholarship grants.

The minimum amount required to establish a fund depends on whether the fund is endowed or if it is to be a short term fund with all scholarships authorized within a limited period of time. It also depends on the management responsibilities of the Foundation staff in administering the Fund. The fees charged to the fund also will depend on the responsibilities of staff at the Foundation in administering and managing the Fund.

If the scholarship procedure requires staff of the Foundation to provide management of the scholarship procedure such as processing applications, providing direct staff to the scholarship committee during the selection process, etc. an endowed scholarship fund must be established with a minimum of \$50,000.

If the scholarship procedure does not require staff to provide the management services for the fund such as if the fund is for a person that meets an established criteria (valedictorian for a specific school) or if an outside scholarship committee manages the selection procedure, a fund may be established with a minimum of \$5,000. A gift of any size will be

accepted to establish an endowed scholarship fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to authorize scholarships from the principal of the fund. Until the fund reaches the minimum, no scholarships will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses; however, until it reaches \$5,000, it will not be subject to management fees.

A gift of any size may be used to establish a non-endowed scholarship fund but generally the procedure for selecting the recipient must not require the staff of the Foundation to provide management beyond investments, authorizing payment to a school system and assuring that all legal requirements are met. Funds that require more than minimum work for staff will be charged additional fees. Non-endowed scholarship funds are often set up to receive gifts to memorialize someone and then to make a scholarship or scholarships from the fund within a limited time period.

6. Designated Funds. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) and designate one or more agencies to receive general operating grants from the fund. A gift of any size will be accepted to establish an endowed designated fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to authorize a grant to the agency or grants to multiple agencies from the principal of the fund. Until the fund reaches the minimum, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses; however, until it reaches \$5,000, it will not be subject to management fees. Funds that are not endowed will be accepted at any level but will be subject to management fees.
7. Agency Funds. A nonprofit agency may establish a fund in its name or in any name the agency chooses (unless the Board of Directors deems the name would be offensive) for the general charitable purposes of the agency or for any specific charitable purpose. A gift of any size will be accepted to establish an endowed agency fund but the fund must reach a minimum of \$5,000. If the fund does not reach \$5,000 in a reasonable period of time and the Board determines that it is unlikely to ever reach this level, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to authorize a grant to the agency from the principal of the fund. Until the fund reaches the minimum, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses; however, until

it reaches \$5,000, it will not be subject to management fees.

The major purpose of an agency fund is to build an endowment that will provide operating support for the organization in perpetuity; however, the Foundation will accept quasi endowed funds from which an agency may recommend the authorization of grants from principal. Quasi endowed funds are charged a higher management fee so at the time the fund is established and whenever gifts are added to the fund, the agency or donors should indicate if the fund is to be endowed or to be quasi endowed. An agency may establish both types of funds. All agency funds including quasi endowed funds require a minimum balance of \$5,000. If the fund is less than \$5,000 and it does not appear that it will reach this level in a reasonable period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to authorize a grant to the agency from the principal of the fund.

8. Restricted Funds

A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) and designate a specific purpose for the funds. These funds may have an advisory committee that recommends grants or other charitable expenditures from the funds. A gift of any size will be accepted to establish an endowed restricted fund but the fund must reach a minimum of \$5,000 within three years. If the fund does not reach \$5,000 in that period of time, the Board may vote to dissolve the Fund and transfer the assets to the Unrestricted General Fund or to authorize a grant for the specified purpose from the principal of the fund. Until the fund reaches the minimum, no grants will be made from the fund. It will be added to the pool of funds and will be subject to investment fees and any gains/losses; however, until it reaches \$5,000, it will not be subject to management fees. Funds that are not endowed will be accepted at any level but will be subject to management fees.

9. Project Funds. A nonprofit organization or an unincorporated organization established to carry-out a charitable purpose may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) to support a specific charitable activity. Such funds are not usually endowed (but could be for long term projects). The Board of Directors must affirmatively agree to receive gifts for projects that require substantial work by Foundation staff. Fees will be based on the how involved the staff of the Foundation needs to be to provide oversight and to provide management services for the project. There is no required minimum to establish a project fund.

Sub Funds

Any of the Funds accepted could have sub funds; however, all sub funds must meet the same minimum fund levels and will be subject to investment and management fees including minimum fees for each sub fund.

Authority to Accept Funds

The President/CEO of the Foundation, subject to board policy and specific requirements for Board involvement as noted above, shall have the authority to solicit and accept or decline funds on behalf of the Foundation. If there is a question regarding whether or not the fund is within the foundation policy or there is a special reason why the fund should be accepted or declined, staff will bring the issue to the board. Staff will periodically report all fund acceptances and declines to the board. The Foundation reserves the right to decline any fund without explanation.

Fund Acceptance Procedures

1. The Foundation will pay no commissions or finder's fees as consideration for directing a fund to the Foundation or to any of the Foundation's affiliates.
2. All gifts to establish funds are subject to the Gift Acceptance policies of the Foundation.
3. Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed funds, including tax and estate planning implications of the funds. No representative of the Foundation shall provide legal or tax advice to any donor or prospective donor.

Confidentiality

All information about donors and prospective donors, including but not limited to, the nature and amounts of their gifts and the sizes of their estates will be kept strictly confidential by the foundation and its representatives, unless the donor grants permission to release such information. Names of donors are generally printed in the Annual Report but all requests by donors for anonymity will be honored, except to the extent that the Foundation is legally required to disclose the identity of donors.

Amendment to these Policies

The Board, as deemed necessary, might amend these Fund Acceptance Policies.