

# SAN JUAN ISLAND COMMUNITY FOUNDATION

## FUND TERMS AND CONDITIONS

CREATED 5/26/10

REVISED 5/25/16

REVISED 9/21/18

Board Approved on 9/27/18

### **TAX STATUS OF FUNDS**

Donor funds established at The San Juan Island Community Foundation (the "Foundation") are component funds of The San Juan Island Community Foundation, a Section 501(c)(3) public charity. Accordingly, all contributions to the Foundation's donor funds are treated for tax purposes as gifts to a Section 501(c)(3) public charity and are tax deductible to the extent allowed by law, subject to individual and corporate limitations.

### **VARIANCE POWER**

All donor funds established at the Foundation are subject to the Foundation's "variance power". The variance power gives the Foundation the authority to modify any donor recommendation or condition on distributions from a fund for any specified charitable organization if, in the sole judgment of the Foundation, such recommendation or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

### **DISTRIBUTIONS**

The Foundation anticipates but does not require distributions from each fund every year. Donors may, at the time they create a fund, specify that the fund be managed as a permanent endowment and be paid out in accordance with its spending policy or be paid out over a period of time. Donors may also specify that no distributions be made until the fund reaches a certain dollar amount. All distributions from donor funds are subject to the Foundation's variance powers, as noted above.

### **SPENDING POLICY**

The Foundation anticipates an annual distribution from each endowed fund of an appropriate percentage of the fund's market value, as determined by the Foundation's Board of Trustees. Distributions not made in any given year will be rolled forward to the next and future years. In determining the annual distribution amount to be paid from endowed funds, the Foundation's Board of Directors may consider the expected total return on the fund's investments, the desirability of maintaining the value of those funds and any other factors that it deems relevant. The Foundation reserves the right to spend the entire amount of any fund, if by the terms of the donor gift agreement, the gift is subject to the Foundation's **Spending Policy** and the Foundation determines that such expenditures better satisfy the donor's intentions than a limitation on expenditures.

### **RESTRICTIONS ON GRANTS FROM FUNDS**

Distributions from funds established at the Foundation will be made only if they are consistent with the Foundation's charitable purposes and satisfy community needs identified by the Foundation as deserving of its support. Fund distributions will not be made for memberships, pledges, sponsorships, and tickets or for any purpose that would otherwise provide a benefit to donors, donor advisors or related parties. Distributions may not involve loans, compensation, expense reimbursements or similar payments to donors, donor advisors or related parties. Distributions from donor funds may not be made to any

specific individual (other than from approved scholarship funds) or to participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office. Likewise it is a policy of the Board to not engage in lobbying or to take a position on ballot measures.

## **FEES**

Donor established funds at the Foundation are subject to administrative and investment fees. The Foundation reserves the right to change its fee structure at any time. Please contact the Foundation for a copy of the current schedule.

## **INVESTMENT OF ASSETS**

All assets contributed to funds established at the Foundation will be managed at the discretion of the Board of the SJICF in accordance with The San Juan Island Community Foundation's then current "Statement of Investment Objectives and Policy" a copy of which is available by contacting the Foundation office. In certain exceptional cases the Board may approve an alternate investment strategy that best supports the intended use of the fund.

## **SOLICITATION POLICY**

Donors who wish to solicit contributions for a fund at the Foundation must receive advance approval from the Foundation. Once approved, donors must use the following language in any solicitation:

*"IRS regulations require us to note that The San Juan Island Community Foundation will not provide any goods or services to you in exchange for a contribution to the \_\_\_\_\_ Fund. As a component fund of The San Juan Island Community Foundation, The San Juan Island Community Foundation has the authority to redirect distributions from the \_\_\_\_\_ Fund if it becomes necessary to protect donor intent."*

*"Funds raised at this event (or for this cause) will be added to the \_\_\_\_\_ Fund at The San Juan Island Community Foundation, a Section 501(c)(3) organization. The San Juan Island Community Foundation may disburse grants from the fund as recommended by \_\_\_\_\_ Fund advisors or as community needs dictate. All checks should be made payable to The San Juan Island Community Foundation/\_\_\_\_\_ Fund."*

## **DONOR ADVISED FUNDS**

Donors establishing advised funds are encouraged to make recommendations regarding distributions from the fund for specific charitable purposes or to one or more charitable organizations. In addition to the "Restrictions on Grants from Funds" section above, distributions from advised funds will be made only if they are consistent with Foundation's Operating Guidelines, as may be amended from time to time.

**ROLE OF ADVISORS.** The Foundation welcomes the involvement and recommendations of its donors with respect to distributions from advised funds, but such recommendations are advisory only and are in no way binding upon the Foundation. In evaluating recommendations for distributions from advised funds, the Foundation staff investigates all prospective grant recipients to ensure that they are organized and operated for charitable purposes typically as described in Section 170(b)(1)(A) of the Internal Revenue Code; reviews the recommended grantee's financial and program information; and evaluates the

advice of donors against the standards and criteria set forth in the Foundation’s Operating Guidelines to ensure that such advice is consistent with specific charitable needs identified by the Foundation as deserving of support and complies with all applicable federal tax requirements.

In all cases of two or more advisors, the advisors shall appoint a chairperson and all communications concerning grant recommendations to and from Seattle Foundation will be through the chairperson. In any case where multiple advisors make conflicting recommendations regarding distributions from the fund that cannot be promptly resolved, the Foundation may independently initiate distributions from the fund. In addition, if the advisor(s) fails to make a standing distribution recommendation, or fails to make any distribution recommendations for two consecutive years, the Foundation will contact the advisor(s) to discuss this situation (see “Inactive Funds” section for more details).

**APPOINTMENT OF ADDITIONAL ADVISORS.** All requests to appoint additional advisors and successor advisors to an advised fund must be communicated to the Foundation in writing by the donor(s) establishing the fund or by the authorized successor advisor(s). If upon the death, resignation or incapacity of an advised fund’s donor(s), the Foundation has not received in writing the names of an additional advisor(s) or successor advisor(s) to the fund or a recommended future plan for the fund, the Foundation will use the fund’s balance to support the Foundation’s Unrestricted Healthy Community Fund.

## **SCHOLARSHIP FUNDS**

Donors may establish a fund for the purpose of making grants to be used exclusively for tuition and fees at accredited educational institutions (a “scholarship fund”). All scholarship funds shall be administered by the Foundation in accordance with its Scholarship Guidelines and Procedures as may be amended from time to time and applicable federal tax laws.

## **INACTIVE FUNDS**

In order to carry out its policy of consistently distributing charitable dollars to the community, the Foundation will review periodically the grant making activity of every advised fund. If a fund has failed to make distributions commensurate in size with the Foundation’s spending policy over a two-year period, the Foundation will contact the advisor(s) to discuss this situation. At that time, the advisors(s) will be given the following options to continue the fund:

- Provide a plan for funding a specific charitable project that requires an accumulation of resources for more than a two-year period.
- Resume making ongoing grant recommendations.

If the advisor(s) do not have a plan for funding a specific project and do not want to make ongoing grant recommendations, then the advisor(s) will be given the following options to close the fund:

- Recommend that the balance of the fund be granted to one or more Section 501(c)(3) public charities of their choice.
- Recommend that the balance of the fund be used to support the Foundation’s Healthy Community Fund—to be distributed by the Foundation to meet the most pressing needs of the community.

**In the event that the advisor(s) cannot be located or is (are) unresponsive, the balance of the fund will be used to support the Foundation’s General Foundation Fund.**

## **CONFLICT OF TERMS**

In the event of an inconsistency between these terms and conditions and any terms and conditions appearing elsewhere in connection with any fund, these terms and conditions as interpreted by the Foundation shall govern, and the Foundation reserves the right to take any actions at any time which, in its discretion, it deems reasonably necessary or desirable for the proper administration of any fund or the Foundation.