



## **DONOR-ADVISED FUND AGREEMENT**

Thank you for taking the time to consider opening a Donor-Advised Fund at the Greater Washington Community Foundation. To ensure that we can quickly help you start reaching your philanthropic goals, please be sure to read and complete this Agreement, including all attachments, in its entirety. The Agreement consists of the following documents:

- Donor-Advised Fund Agreement
- Schedule A: Securities and Other Property
- Schedule B: Investment Allocations
- Attachment 1: Contribution to the Fund for Greater Washington
- Attachment 2: Terms and Conditions for Component Funds of the Greater Washington Community Foundation

By signing the Donor-Advised Fund Agreement, you agree to abide by all information contained within each of the schedules and attachments.



## DONOR-ADVISED FUND AGREEMENT

This Donor-Advised Fund Agreement is to establish a Donor-Advised Fund between \_\_\_\_\_ (hereafter referred to as "Donor(s)") and the Greater Washington Community Foundation, (hereafter referred to as "The Community Foundation"). With this Agreement, the Donor(s) acknowledges that property transferred to and accepted by The Community Foundation constitutes an irrevocable gift to The Community Foundation for the purpose of providing solely charitable benefits.

**(1) NAME OF FUND:** A Donor-Advised Fund shall be established on the books of The Community Foundation and be known as the: \_\_\_\_\_ (hereafter the "Fund").

**(2) INITIAL CONTRIBUTION:** The Fund shall include this initial gift and subsequent gifts of cash or property, as may from time to time be transferred to and accepted by The Community Foundation for inclusion in the Fund and all undistributed income from accepted property. The minimum initial contribution is \$10,000. Please list the type of property contributed.

- \$ \_\_\_\_\_ Cash
- Securities (please complete Schedule A)
- Other (please complete Schedule A)

**(3) FUND AUTHORITY:** Please provide contact information for the Donor(s) and select one primary contact. The Donor(s) may exercise grant recommendation privileges and/or may designate additional individuals to exercise grant recommendation privileges with respect to the Fund. **All individuals that the Donor designates to recommend grants, including the Donor(s), are collectively referred to as Fund Advisor(s).**

**Donor** – The Donor(s) is/are the individual(s) or entity that establishes a Fund at The Community Foundation. The Donor initially has full advisory privileges over a Fund, including the power to: name the Fund, to make grant recommendations, to make investment recommendations, and to appoint other Fund Advisors. The privilege of making grant recommendations is limited to the Donor and, if specified in the Fund Agreement or other instrument, Concurrent Fund Advisor(s) and/or Successor Fund Advisor(s) such as the Donor's spouse and/or children or other designee.

**Other Fund Advisor** – this individual has grant recommendation privileges but has no other Fund privileges unless specifically granted in writing by the founding Donor.

- **Concurrent Fund Advisor** is authorized to recommend grants alone or with the Donor.
- **Successor Fund Advisor** is authorized to recommend grants only after all the Fund Advisors are no longer able to exercise their right to do so. Recommendation privileges will begin upon the death, resignation, or written notice of all Donors and Concurrent Advisors.
- **Interested Party** – this individual has access to Fund information but no other powers or privileges over the Fund.

*Please note that Concurrent and Successor Advisor elections can be made or modified in writing now or at any future date. However, only the Initial Donor may elect Concurrent and Successor Advisors.*

**Donor Information**

Name:	Mailing Street Address:	City, State, Zip:
Phone (H):	Phone (M):	Email:
Name:	Mailing Street Address:	City, State, Zip:
Phone (H):	Phone (M):	Email:

**Other Fund Advisor or Interested Party Information:**

Name:	Mailing Address:	City, State, Zip:
Phone (H):	Phone (M):	Email:
Authority Type: <input type="checkbox"/> Concurrent Advisor <input type="checkbox"/> Successor Advisor <input type="checkbox"/> Interested Party		
Name:	Mailing Address:	City, State, Zip:
Phone (H):	Phone (M):	Email:
Authority Type: <input type="checkbox"/> Concurrent Advisor <input type="checkbox"/> Successor Advisor <input type="checkbox"/> Interested Party		

*For additional Advisors, please attach a list of names and information to this Agreement.*

**(4) FUND PURPOSE:**

- General charitable purposes
- Specific purpose: \_\_\_\_\_

**(5) SUCCESSION PLAN:** If no successor advisor(s) is named, please specify the final purpose for the Fund:

- According to the Letter of Understanding on file
- As follows: \_\_\_\_\_

*See Terms and Conditions for policy governing Durable Powers of Attorney and Personal Representatives.*

**(6) FUND DISTRIBUTIONS; DISCRETION OF THE COMMUNITY FOUNDATION:** The Community Foundation will make distributions from the Fund exclusively for the charitable purposes described in Item 4 above. The Fund Advisors may submit written suggestions regarding distributions from the Fund. Such recommendations may be accepted or rejected, in whole or in part, by The Community Foundation in its sole and absolute discretion. The minimum grant amount is \$250.

**The Fund shall be:**  **Endowed**     **Non-endowed**

**Endowed Funds:** The Donor(s) intends to create a Fund that is permanently endowed, creating lasting impact. Each year The Community Foundation will determine the amount allowed for distributions by applying its Spending Policy for Endowed Funds to assets in the Fund. The Community Foundation welcomes recommendations from Advisors about distributions from the spendable portion of the Donor-Advised Fund. The Community Foundation's Spending Policy for Endowed Funds is designed (but is not guaranteed) to maintain and, if possible, increase the real value (as adjusted by inflation) of the Fund while at the same time providing a relatively stable but predictable level of funding for grantees. Distributions may be made annually according to The Community Foundation's Spending Policy without regard to the recorded principal value of the Fund.

**Non-Endowed Fund:** Distributions may be made from the entire Fund balance, including both income and principal, and the Fund may be spent down in its entirety and retired.

**NOTE:** The Community Foundation asks Donors to consider making separate voluntary contributions to support The Community Foundation's **Fund for Greater Washington** to support our community. Please see Attachment 1 to this agreement, and indicate your preference.

**(7) ANONYMITY:** Grant recipients will be advised of the Fund name when grants are issued from the Fund, unless indicated otherwise below. Additionally, to recognize and honor our Donors, The Community Foundation's policy is to include Fund names in publicity about The Community Foundation unless Donors request to remain anonymous as indicated below. Please note that anonymity may always be requested in writing, on a grant-by-grant basis.

I do not wish to have my Fund name included in The Community Foundation's publicity, including the Annual Report.

I request that all grants from the Fund be anonymous.

**(8) ADMINISTRATION OF THE FUND:** The Fund shall be administered under the Terms and Conditions for Component Funds, which is attached as Exhibit A and incorporated by reference herein, including any adopted changes or amendments thereto and approved by The Community Foundation Board of Trustees.

**(9) ADMINISTRATIVE FEES:** The Community Foundation assesses a fee to help defray the costs associated with the administration of the Fund. A schedule of the administrative fees in effect at the time of this agreement is included in the Terms and Conditions for Component Funds of the Greater Washington Community Foundation.

**(10) INVESTMENTS:** Fund Advisor(s) may indicate investment preferences for their Fund. To do so, please complete Schedule B. The Community Foundation retains final discretion regarding the investment of the Fund. The undersigned understand(s) that investments will be administered in accordance with The Community Foundation's Investment Policies as determined by its Board of Trustees. The undersigned acknowledge(s) that investments are subject to the risk of market and interest rate fluctuation and that any investment gain or loss generated will be credited or charged to the Fund. The total investment return of each investment vehicle is net of its investment fees, as outlined in Attachment 2.



**(11) OPTIONAL:** How did you learn about the Greater Washington Community Foundation?

- My Financial Advisor: \_\_\_\_\_
- Current Fundholder: \_\_\_\_\_
- Foundation Board/Former Board: \_\_\_\_\_
- Foundation Staff: \_\_\_\_\_
- Website
- Mailing
- Other: \_\_\_\_\_

**(12) ACKNOWLEDGMENT AND SIGNATURES:** I understand that this contribution and any future contribution to the Greater Washington Community Foundation, once accepted by The Community Foundation, are irrevocable and are not refundable to me. ***I have read and understand, and I agree to, this Agreement and all attachments, including the Terms and Conditions for Component Funds which are a part of this Agreement.***

**DONOR SIGNATURE(S)**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**ACCEPTANCE BY THE GREATER WASHINGTON COMMUNITY FOUNDATION**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**Please complete and read all Schedules and Attachments, including the Terms and Conditions, and return signed documents by email, fax, or mail to:**

Greater Washington Community Foundation | 1325 G Street NW, Suite 480 | Washington, DC 20005  
Phone: 202-955-5890 | Fax: 202-955-8084 | Email: [donorservices@thecommunityfoundation.org](mailto:donorservices@thecommunityfoundation.org)



## SCHEDULE A

Pursuant to this Fund Agreement dated \_\_\_\_\_, the following property is being delivered to the Greater Washington Community Foundation. Please attach a list if additional space is required.

### Property Description(s):

- 1.
- 2.
- 3.
- 4.
- 5.

If the above referenced is/are securities, do any of the following conditions apply to your ownership of the donated asset?

### **Disclosure of the Securities Exchange Act of 1934 – Section 16 Directors, Officers, and Principal Stockholders:**

Disclosure is required for each person who is directly or indirectly the beneficial owner of more than 10% of any class of any equity security (other than an exempted security), or who is a director or an officer of the issuer of such security and is subject to the time of filing requirements, please complete the following disclosure(s):

1. Direct or indirect beneficial owner  Yes  No
  - a. Name of security, if applicable: \_\_\_\_\_
2. Director, Officer, or Principal Stockholder  Yes  No
  - a. Name of security, if applicable \_\_\_\_\_
  - b. Title, if applicable \_\_\_\_\_
3. Is the stock subject to open and closed windows for trading?  Yes  No

**If the contributed asset listed above is illiquid in nature, including restricted or closely held stock, a separate Gift Acceptance Agreement must be completed and approved by the Board of Trustees prior to being considered transferred to and accepted by the Greater Washington Community Foundation.**



### Schedule B: Investment Allocation

*The Greater Washington Community Foundation cannot provide investment advice. Please consult your financial advisor if you need assistance. Investment allocations may be changed once per quarter.*

Investments are rebalanced at the end of each respective quarter (6/30, 9/30, 12/31, 3/31). Fund Statements are issued quarterly to all authorized recipients approximately 5 weeks following quarter end. Changes to the allocation percentages for existing fund advisors can be done quarterly following these dates:

- Effective 04/01 – request must be dated and submitted no later than March 1st
- Effective 07/01 – request must be dated and submitted no later than June 1st
- Effective 10/01 – request must be dated and submitted no later than September 1st
- Effective 01/01 – request must be dated and submitted no later than December 1st

**Option 1: Greater Washington Community Foundation Investment Funds** Donors have the flexibility to recommend the investment of the balance of their portfolio among an array of investment funds. Below, you will find a description of the investment funds available.

- **Money Market Fund:** The Money Market Fund consists of 100% cash and cash equivalents. This vehicle can be used for 100% of a fund's assets, usually in cases when immediate or near-term grant recommendations will be incurred, or in conjunction with any of the other options. A minimum of 10% of each fund's balance must be allocated to the Money Market Fund.
- **Combined Investment Fund:** Most of the investable assets of The Community Foundation's Component Funds are combined to create an 'investment pool.' Through this aggregation, The Community Foundation has created a highly diversified investment portfolio that retains managers by asset class to ensure the financial resources held by The Community Foundation are managed to grow over time for increased philanthropic impact. The Fund's investments are overseen and directed by The Community Foundation's Investment Committee (composed of Board Trustees and outside experts) with the assistance of a third-party advisor, meeting quarterly to review results, analyze trends, review individual manager performance and decide if any changes are to be made to the Combined Investment Fund.<sup>1</sup>
- **Vanguard Funds:** The Community Foundation currently offers four Vanguard funds Based on your grantmaking time horizon and knowledge of mutual funds, you may suggest the percentage of investment in each fund. These funds consist of publicly traded securities (see public Disclosures):
  - Vanguard Treasury Money Market Fund (effective as of October 01, 2019) – VUSXX
  - Vanguard Short-Term Treasury Index Fund (effective as of October 01, 2019) – VSBSX
  - Vanguard US Bond Market Index Fund – VBTIX
  - Vanguard S&P 500 Index Fund – VINIX

Please see the diagram on the following page for further detail.



Short-Term Grantmaking

Long-Term Grantmaking

Investment Type	Money Market Fund	Vanguard Treasury Money Market Fund <sup>2</sup>	Vanguard Short-Term Treasury Index Fund <sup>2</sup>	Vanguard US Bond Market Index Fund	Vanguard S&P 500 Index Fund	Endowed <sup>1</sup> Combined Investment Fund
Description	Cash & cash equivalents	Portfolio invests solely in U.S. Treasury obligations	Portfolio tracks the performance of the Bloomberg Barclays US Treasury 1-3-year bond index	Portfolio tracks the US investment grade bond market	Portfolio tracks the S&P 500 stock index	Diversified multi-asset class portfolio managed by The Community Foundation's Investment Committee
Fee (Approx.)	~0.09%	~0.09%	~0.07%	~ 0.05% – 0.06%	~ 0.05% – 0.07%	~ 0.50%

<sup>1</sup> All endowed funds are required to be invested in the Combined Investment Fund.

<sup>2</sup> Investment Fund effective as of October 01, 2019.

Please visit the Vanguard website for further information on the Vanguard Treasury Money Market Fund, Vanguard Short-Term Treasury Index Fund, Vanguard Total Bond Market Fund, and Vanguard S&P 500 Index Fund.

**Option 2: Partnership to End Homelessness Impact Note** Help strengthen our region, drive social impact and earn financial returns by joining the Partnership and consider making an investment through your charitable giving fund at The Community Foundation in the Impact Note offered by Enterprise Community Loan Fund, Inc. (ECLF). With your support, the Partnership strives to raise \$10 million in investments to help ECLF build and preserve units for hundreds of people across the region. Each fund investment will advance an innovative and effective strategy to address the affordable housing shortage and help create more thriving, equitable and enriching communities. While your fund investment earns a fixed return, it will aid in bringing financial resources to assist in the fight to end homelessness and housing insecurity by increasing the production of deeply affordable and supportive housing.

Here's how it works: you can designate the amount of money and the length of time you would like to invest through your fund at The Community Foundation in the Impact Note.<sup>3</sup> Impact Note investments provide financing to organizations building and preserving deeply affordable and supportive housing units. Housing providers leverage this investment capital to create more homes for our most marginalized neighbors. At the end of the Impact Note term, any principal and interest due on the Impact Note is returned to your fund at The Community Foundation. It can be reinvested or granted to other worthy causes, allowing you to enhance the impact of your charitable dollars by putting them to work again and again.





### Impact Note Investment Terms

<b>Amount</b>	\$25,000 minimum investment per note; no limit on the number of notes
<b>Terms and Rates</b>	<u>Term – Rate</u> 2 years – 1.25% 3 years – 1.5% 5 years – 2.0%
<b>Interest</b>	Interest can be reinvested annually
<b>Fees</b>	There are no fees assessed by ECLF to invest in an Impact Note. The amount invested in Impact Notes will be reflected in your fund balance. Standard management fees will be charged by The Community Foundation on the total fund balance.
<b>Liquidity</b>	During this term, your fund balance will be restricted by the amount of this investment, reducing the balance available for grantmaking. Up to 80% of your fund balance may be invested in this option.
<b>Targeting</b>	ECLF will make commercially reasonable efforts to target the Greater Washington region for production of 0-60% Area Median Income (AMI) households, with a priority on Permanent Supportive Housing (PSH) and 0-30% AMI households.
<b>Reporting</b>	Each fundholder will be provided with quarterly financial reports and semi-annual impact reports.

The Greater Washington Community Foundation is not offering to sell nor soliciting an offer to buy these securities. The Greater Washington Community Foundation is not providing advice, receiving compensation, or making any suitability determinations in respect to you. The return of principal and interest is not guaranteed. Interest rates are subject to change. The Community Foundation is not a bank and investments are not bank deposits. They are not insured by FDIC.

<sup>3</sup> Fundholders may indicate investment preferences for their fund. The Community Foundation retains final discretion regarding the investment of the fund.

**Option 3: Separately Managed Funds** You have the option of recommending your qualified financial advisor to manage the Greater Washington Community Foundation assets in your Fund in a standalone account of an investment advisory firm subject to Investment Committee approval. Your Separately Managed Account must maintain a minimum value of \$500,000.

To open a Separately Managed Fund, the assets of the Fund are transferred into an account opened with the financial institution in The Community Foundation’s name and tax identification number. After the account is created and funded, The Community Foundation will work with the financial advisor to maintain a reasonable asset allocation, manage cash flow needs and approve changes to the investments within the account. As part of the due diligence process, The Community Foundation will review your account with your qualified financial advisor on an annual basis to ensure compliance with the Separately Managed Investment Guidelines. Fund Advisors or their related parties (as defined by the IRS) may not benefit personally from the management of the account. Please consult your advisor for fee information.



### Schedule B: Investment Allocations

The Greater Washington Community Foundation cannot provide investment advice. Please consult your financial advisor if you need assistance. Investment allocations may be changed once per quarter.

#### **Option 1: Greater Washington Community Foundation Investment Funds**

- % in Money Market Fund (required)
- % in Vanguard Treasury Money Market Fund (VUSXX)
- % in Vanguard Short-Term Treasury Index Fund (VSBSX)
- % in Bond Index Fund (VBTIX)
- % in S&P 500 Index Fund (VINIX)
- % in Combined Investment Fund
- % Separately Managed Fund (see Option 3 for more detail)
- % optional additional allocation in Money Market Fund

**Total allocations above should equal 100%.**

#### **Option 2: Partnership to End Homelessness Impact Note**

Investments are designated by a dollar amount (minimum of \$25,000 investment per note, no limit on the number of notes). Length terms are listed below:

- Investment Amount: \$
- Investment Term:  2 Years     3 Years     5 Years

**Option 3: Separately Managed Funds** You have the option of recommending your qualified financial advisor to manage the Greater Washington Community Foundation assets in your Fund. Your separately managed account must maintain a minimum value of \$500,000.

Firm Name: \_\_\_\_\_

Financial Advisor: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Please consult your advisor for fee information. If approved, would you like the financial advisor to receive electronic copies of the Quarterly Fund Statement prepared by The Community Foundation?

- Yes     No



## Disclosures

As required by IRS regulation, I (we) acknowledge and agree that:

- a) The above recommendation is advisory only and the Greater Washington Community Foundation may, at its sole and absolute discretion, follow or decline to follow my (our) recommendation;
- b) The Community Foundation may at any time, at its sole discretion, change the investment options of all or any portion of the assets in the Combined Investment Fund;
- c) If my (our) recommendation is accepted, the investments will be administered in accordance with the financial policies and guidelines and fiduciary standards of The Community Foundation;
- d) Investments are subject to normal market and interest rate fluctuation risks, and any gain or loss generated by the above investments will be credited or charged to the Fund.



## Attachment 1

**VOLUNTARY CONTRIBUTION TO THE FUND FOR GREATER WASHINGTON:** A voluntary contribution to the Community Foundation’s Fund for Greater Washington helps underwrite The Community Foundation’s ongoing work to make our region better for all. Contributions to the Fund are used to make grants to effective nonprofits, to incubate new ideas, and to support programmatic initiatives, operations, and advocacy – as we invest to make this a thriving, resilient, and enriching place for all who live here. The Fund for Greater Washington fuels our work to create lasting change in our community.

**Option 1:** Direct an annual withdrawal be made from your Fund for allocation to The Fund for Greater Washington.

- Each year \_\_\_% of the asset base of my/our Fund be allocated to the unrestricted Fund for Greater Washington. I acknowledge that the contribution will be deducted from my Fund on a quarterly basis. *We recommend and request that 1% to 5% (one to five percent) of your asset base be directed to this Fund. Thank you.*

**Option 2:** Direct a one-time payment from your Fund to the Fund for Greater Washington.

- That a one-time payment of \$\_\_\_\_\_ be directed to the Fund for Greater Washington

**Option 3:** No voluntary contribution to the Fund for Greater Washington at this time.

- No voluntary contribution at this time

### **DONOR SIGNATURE(S)**

\_\_\_\_\_

Name

\_\_\_\_\_

Name

\_\_\_\_\_

Print Name

\_\_\_\_\_

Print Name

\_\_\_\_\_

Date

\_\_\_\_\_

Date



## Terms and Conditions for Component Funds of the Greater Washington Community Foundation

The Greater Washington Community Foundation (“The Community Foundation”) has developed the following Terms and Conditions pertaining to the administration of Funds. These guidelines may be amended or replaced from time to time when deemed necessary by The Community Foundation's Board of Trustees and as needed to comply with changes in applicable tax laws and regulations and other legal changes. The guidelines in effect at any given time will govern the administration of all Component Funds of The Community Foundation. These Terms and Conditions are part of the Fund Agreement (“Agreement”) to which they are attached.

- I. **The Fund as a Component of the Greater Washington Community Foundation** The Fund shall be a component part of The Community Foundation and not a separate trust, and nothing in this Agreement shall affect the status of The Community Foundation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (“Code”), and as an organization which is not a private foundation within the meaning of Section 509(a) of the Code. This Agreement shall be interpreted to conform to the requirements of the foregoing provisions of the federal tax laws and any regulations issued pursuant thereto. The Community Foundation is authorized to administer the Fund and this Agreement to conform to the provisions of any applicable law or government regulation in order to assure continued compliance with Section 501(c)(3) and section 509(a) of the Code. References herein to provisions of the Internal Revenue Code of 1986, as amended, shall be deemed references to the corresponding provisions of any future Internal Revenue Code.
- II. **Donor Tax Benefits** The Community Foundation is a section 501(c)(3) public charity and contributions to The Community Foundation are generally tax deductible, subject to Code limitations. In order for a donor to take advantage of the tax benefits, the donor must part with control over the donated assets, in accordance with Section III Gift Acceptance (below) and The Community Foundation’s Gift Acceptance Policy. The Community Foundation does not provide tax or legal advice. We encourage donors to contact their own professional advisor for questions about the tax deductibility of a gift to The Community Foundation.
- III. **Gift Acceptance** As stated in Section II, the Code and IRS regulations require that all contributions to The Community Foundation are irrevocable. As a result, The Community Foundation legally owns contributed assets after acceptance and holds discretion and control over the use of the assets. Cash and publicly traded securities are deemed accepted upon receipt. Please see The Community Foundation’s Gift Acceptance Policy for information about the process for accepting other types of gifts such as real estate, closely held stock, partnership interests and other illiquid assets.



Questions? Please contact the Donor Services team by email at [donorservices@thecommunityfoundation.org](mailto:donorservices@thecommunityfoundation.org), or by telephone at 202-955-5890.

- IV. **Variance Power** Funds established with The Community Foundation are subject to The Community Foundation's variance power, which provides The Community Foundation Board of Trustees with the power to modify any restriction or condition on the distribution of a Fund for any specified charitable purposes or to specified organizations, if, in the sole judgment of The Community Foundation's Board of Trustees, such restriction or condition becomes obsolete, incapable of fulfillment, or inconsistent with the charitable needs of the community or the requirements of The Community Foundation's continued section 501(c)(3) tax-exempt public charity status.

For Designated, Field-of-Interest, Scholarship, Disaster Relief/Emergency Assistance, and Agency Funds, the original charitable purpose or Field of the Fund will be continued, unless or until the original purpose is no longer capable of being fulfilled. In those instances, The Community Foundation will exercise variance power as described above.

- V. **Continuity of Funds** For Donor-Advised Funds, after the initial Fund Advisor is no longer serving, The Community Foundation will honor a donor's desire to name Successor Advisor(s). A founding donor or donors (only) may designate in writing Successor Fund Advisor(s) whose role will take effect upon the death of the founding Advisor(s) (donor and/or other Concurrent Fund Advisors named). A Successor Advisor(s) does not have any advisory privilege as long as the initial Fund Advisor(s) (typically the founding donor or donors) is alive. All requests to modify or appoint additional Concurrent or Successor Advisors must be communicated via email or other written form, by the donor.

Funds may be advised by a Fund Advisor's Power of Attorney, but only if the ability to conduct charitable transactions on behalf of the Fund Advisor has been specified in the Durable Power of Attorney signed by the Fund Advisor. Similarly, a Personal Representative for the estate of a deceased Fund Advisor may act on the Fund Advisor's behalf only if those powers are specified in the Fund Advisor's will or trust.

The Community Foundation allows one generation of Successor Fund Advisors as long as the Fund meets the minimum balance requirement of at least \$10,000 and the Fund remains active (see A. below). Successor Advisors may gain the right to name additional Successor Advisor(s) by making a one-time donation of at least \$10,000 to the Fund. If no Successor Advisor is named, the Fund will follow the Termination Policy specified in C, below.

- a. **Fund Activity:** The minimum amount required to open most Funds is \$10,000. (See Scholarship Policy and Fiscal Sponsorship policies for exceptions.) While Funds are not required to maintain a minimum balance of \$10,000, donors will be notified when their



balance becomes \$2,000 or less and will be encouraged to either replenish or close the Fund.

- b. **Fund Inactivity** In accordance with accepted community foundation standards, unless defined alternatively in a Fund Agreement, a Fund is classified as inactive after three years of inactivity. If a Fund receives no gifts and no grant recommendations are made for three years, The Community Foundation staff will make a reasonable effort to contact the Fund Advisor by telephone, email, and/or certified mail. If the Fund Advisor does not respond to the contact effort within three months after the initial contact attempt, the Fund balance will be transferred to The Community Foundation's Fund for Greater Washington Endowment. Outreach and closure will be documented in the Fund's record.
- c. **Fund Closure** A Fund Advisor may recommend the closure of a Fund by submitting a written notification of the intent to close the fund that includes a grant recommendation of up to 100% of the Fund balance, after payment of all final applicable fees, to a qualified nonprofit organization or to The Community Foundation's discretionary Fund, the Fund for Greater Washington, or to the Fund for Greater Washington Endowment. If the grant is approved, the Fund will be closed and distributed. An Endowed Fund, as a permanent Fund, cannot be closed. However, it may be transferred to The Community Foundation's discretionary Fund for Greater Washington Endowment.
- d. **Termination** If no final purpose for a Fund is indicated, either as specified in the agreement, in a Letter of Understanding from the founding donor, or in another written communication, upon the death of the donor, Successor Advisor(s), or the termination of a donor's or Successor Advisor's advisory privileges due to inactivity, as indicated above, funds that are closed will become a part of The Community Foundation's Fund for Greater Washington Endowment to support charitable activity throughout the region and general operations.

VI. **Fund Spending Policy – Endowed Funds Only** The Greater Washington Community Foundation's spending policy for permanently endowed funds seeks to provide a relatively stable and predictable level of funding for grantees while recognizing the effects of market uncertainty and the potential impact of inflation. The spendable amount available for grant making is calculated annually by applying the spending rate, currently 5%, to the average of the fund's principal value for the previous twelve quarters ending each March 31. The spendable amount will become available to spend at the beginning of the second quarter of each fiscal year on July 1. The period over which this amount may be spent will therefore be from July 1 to June 30. The full amount available for grant making is not required to be distributed annually; any portion may remain in the investment pool for long-term growth and will be added to the fund's principal balance.



## VII. Grant Recommendation Policies

- a. **Grant Disbursements** Grants may be paid to organizations defined as tax-exempt public charities under Sections 501(c)(3) and 509(a) of the Internal Revenue Code. Although The Community Foundation encourages donors to invest in the Washington metropolitan region, Fund Advisors may suggest a grant to any qualified public charity located in the United States. The minimum grant amount allowed is \$250. There is no limit to the number of grants allowed each year. As confirmed in the Agreement, while The Community Foundation intends to follow donor and other Fund Advisor recommendations as closely as possible, The Community Foundation has full discretion whether to make a grant to a particular organization recommended by a Fund Advisor.
- b. **Due Diligence** The Community Foundation staff will review each grant recommendation to determine the following:
  - i. The organization is a non-profit public charity, school, religious institution, or recognized as a 501(c)(3) tax exempt organization or is a qualified government entity or program.
  - ii. The organization is not listed on the Office of Foreign Assets Control Specially Designated Nationals list to ensure The Community Foundation is in compliance with the Patriot Act.
  - iii. The grant recommendation does not fall under The Community Foundation's Grant Restrictions (see Grant Restrictions section below for further information).
  - iv. Grants may be made for charitable purposes to non-qualified public charities or entities using enhanced due diligence and documentation requirements. The minimum grant amount allowed is \$5,000 and an additional one-time fee of \$500.00 per grantee per project will be charged to the Fund.

**Note for Employer-Sponsored Disaster Relief Funds Only:** The Community Foundation will make distributions from the Fund exclusively for the charitable purposes, limited to grants and/or direct costs associated with disaster relief and employee emergency assistance as stated in the Fund's purpose, consistent with federal tax laws governing Disaster Relief Funds. Individuals who are recipients of grants must be selected based on objective determinations of need and made using either an independent selection committee or adequate substitute procedures to ensure that any benefit to the employer is incidental and tenuous. (The selection committee is independent if a majority of its members consists of persons who are not in a position to exercise substantial influence over the affairs of the employer.) No payment may be made from the Fund to or for the benefit of any director, officer, or trustee of the sponsoring organization of the Fund, or members of the Fund's selection committee. The Fund Advisors must maintain adequate records that demonstrate the recipients' needs for the disaster relief assistance provided.





**Note for Scholarship Funds:** Scholarship Funds are governed under rules established by the 2006 Pension Protection Act. See The Community Foundation's Scholarship Policy for the guidelines for establishing and administering scholarship funds.

**Note for Agency Funds and Fiscal Sponsorship:** Agency Funds and Fiscal Sponsorships are offered by The Community Foundations as a service to nonprofits seeking independent fund administration or individuals/companies seeking a fiscal sponsor to accept gifts and administer distributions for a charitable purpose without having to become a 501 c 3 organization. The Community Foundation's guidelines are included within the specific Fund Agreement for each type of fund.

c. **Grant Restrictions** Current tax laws prohibit Funds from making grants for the following purposes:

- i. To pay for event tickets, membership, or any portion of tickets, to fundraisers or benefits that include material benefit such as a meal, a seat at an event or other goods and services for the Fund Advisor, donor or any related party; in accordance with the IRS Revenue Ruling 2017-73, grants for events and memberships may not be bifurcated to cover the charitable portion only.
- ii. To purchase or fulfill memberships having any tangible economic benefit
- iii. To support political campaigns or for lobbying purposes
- iv. To private, non-operating foundations unless expenditure responsibility is exercised
- v. In accordance with IRS Revenue Ruling 2017-73, pledges may be fulfilled, but The Community Foundation will not make reference to the pledge when making the grant; reference to the pledge should not be included with the grant request

**Note:** An individual or individuals recommending grants from a Fund is/are subject to IRS penalties if the donor, Fund Advisor, or other related parties receive benefits, goods or services in connection with a grant recommendation.

d. **Grant Recommendations to International Charities** Grants to international organizations that meet the same qualifications as 501(c)(3) organizations are permitted and must be for a minimum of \$500.00. However, IRS regulations and Homeland Security restrictions require The Community Foundation to complete additional enhanced due diligence review before the grant may be made. The grant processing time may take up to several weeks, and any fees assessed by financial institutions due to the international grant status will be borne by the Fund and not The Community Foundation. In addition, non-U.S. charities are required to execute a written Grant Agreement and submit a final report and financial narrative.

e. **Grant Recommendations from Funds Established with Public Monies** In order to maintain its commitment to transparency regarding the use of governmental or other public monies, The Community Foundation reserves the right to disclose information regarding grants recommended from Funds established with governmental or other



public monies or established by contractual agreement with a government entity. Information disclosed may include the grant amounts and the recipients of the grants.

- VIII. **Fundraising** Fundraising for a Fund is permitted but subject to pre-approval by The Community Foundation, including all uses of The Community Foundation's name and branding in advertising and promotional material. The fundraising policies are outlined in The Community Foundation's Funds that Fundraise Policy. The Fundraising Proposal Form must be submitted and approved at least two months before any fundraising begins. The Community Foundation retains the right to not pay expenses for events that have not received preapproval and for invoices that have been given adequate processing time.
- IX. **Investment Management** Upon making a gift to The Community Foundation, donors give up all right, title and interests to the contributed assets. However, donors are allowed advisory privileges with respect to Fund investment options. The Community Foundation currently offers the following investment options:
- a. **Option 1: Greater Washington Community Foundation Investment Funds** Donors have the flexibility to recommend the investment of the balance of their portfolio among an array of investment options. Below, you will find a description of the investment funds available.
    - i. **Money Market Fund:** The Money Market Fund consists of 100% cash and cash equivalents. This vehicle can be used for 100% of a fund's assets, usually in cases when immediate or near-term grant recommendations will be incurred, or in conjunction with any of the other options. A minimum of 10% of each fund's balance must be allocated to the Money Market Fund.
    - ii. **Combined Investment Fund:** Most of the investable assets of The Community Foundation's Component Funds are combined to create an 'investment pool.' Through this aggregation, The Community Foundation has created a highly diversified investment portfolio that retains managers by asset class to ensure that the financial resources held by The Community Foundation are managed to grow over time for increased philanthropic impact. The Fund's investments are overseen and directed by The Community Foundation's Investment Committee (composed of Board Trustees and outside experts) with the assistance of a third-party advisor, meeting quarterly to review results, analyze trends, review individual manager performance and decide if any changes are to be made to the Combined Investment Fund.<sup>1</sup>
    - iii. **Index Funds:** The Community Foundation currently offers four Vanguard funds. Based on your grantmaking time horizon and knowledge of mutual funds, you may suggest the percentage of investment in each fund. These funds consist of publicly traded securities:



1. Vanguard Treasury Money Market Fund (effective as of October 01, 2019) – VUSXX
2. Vanguard Short-Term Treasury Index Fund (effective as of October 01, 2019) – VSBSX
3. Vanguard US Bond Market Index Fund – VBTIX
4. Vanguard S&P 500 Index Fund – VINIX

Please visit the Vanguard website for further information on the Vanguard Treasury Money Market Fund, Vanguard Short-Term Treasury Index Fund, Vanguard Total Bond Market Fund, and Vanguard S&P 500 Index Fund.

<sup>1</sup> All endowed Funds are required to be invested in the Combined Investment Fund.

- b. **Option 2: Partnership to End Homelessness Impact Note** Help strengthen our region, drive social impact, and earn financial returns by joining the Partnership and consider making an investment through your charitable giving fund at The Community Foundation in the Impact Note offered by Enterprise Community Loan Fund, Inc. (ECLF). You can designate the amount of money and the length of time you would like to invest through your fund at The Community Foundation in the Impact Note. Impact Note investments provide financing to organizations building and preserving deeply affordable and supportive housing units. Housing providers leverage this investment capital to create more homes for our most marginalized neighbors. At the end of the Impact Note term, any principal and interest due on the Impact Note is returned to your fund at The Community Foundation. It can be reinvested or granted to other worthy causes, allowing you to enhance the impact of your charitable dollars by putting them to work again and again.

Investment Terms	
<b>Amount</b>	\$25,000 minimum investment per note; no limit on the number of notes
<b>Terms and Rates</b>	<u>Term – Rate</u> 2 years – 1.25% 3 years – 1.5% 5 years – 2.0%
<b>Interest</b>	Interest can be paid or accrued annually.
<b>Fees</b>	There are no fees assessed by ECLF to invest in an Impact Note. The amount invested in Impact Notes will be reflected in your fund balance. Standard management fees will be charged by The Community Foundation on the total fund balance.
<b>Liquidity</b>	During this term, your fund balance will be restricted by the amount of this investment, reducing the balance available for grantmaking. Up to 80% of your fund balance may be invested in this option.



<b>Targeting</b>	ECLF will make commercially reasonable efforts to target the Greater Washington region for production of 0-60% Area Median Income (AMI) households, with a priority on Permanent Supportive Housing (PSH) and 0-30% AMI households.
<b>Reporting</b>	Each fundholder will be provided with quarterly financial reports and semi-annual impact reports.

The Greater Washington Community Foundation is not offering to sell nor soliciting an offer to buy these securities. The Greater Washington Community Foundation is not providing advice, receiving compensation, or making any suitability determinations with respect to you. The return of principal and interest is not guaranteed. Interest rates are subject to change. The Community Foundation is not a bank and investments are not bank deposits. They are not insured by FDIC.

*A prospectus for the Enterprise Impact Note is available upon request.*

- c. **Option 3: Separately Managed Funds** You have the option of recommending your qualified financial advisor to manage the Greater Washington Community Foundation assets of your Fund in a standalone account of an investment advisory firm subject to Investment Committee approval. Separately Managed Accounts require an initial gift of \$500,000 and must maintain an annual minimum balance of at least \$400,000 over a four-quarter period. Funds below that balance are required to be transferred to one of The Community Foundation’s investment options. You will be notified in early February if your fund’s balance is below the required minimum.

In these instances, the assets of the Fund are transferred into an account opened with the financial institution in The Community Foundation’s name and tax identification number. After the account is created and funded, The Community Foundation will work with the financial advisor to maintain a reasonable asset allocation, manage cash flow needs, and approve changes to the investments within the account. As part of the due diligence process, The Community Foundation will review your account with your qualified financial advisor on an annual basis to ensure compliance with the Separately Managed Investment Guidelines. Fund Advisors or their related parties (as defined by the IRS) may not benefit personally from the management of the account. Please consult your advisor for fee information.

- X. **Administrative Fees** There is no cost to open a Fund at The Community Foundation, but there are minimum initial contributions that must be met which vary by Fund type, typically \$10,000 for most Funds types, as well as a support fee paid to The Community Foundation. The minimum annual support fee is \$750. The Community Foundation reserves the right to change its fee schedule or minimum policies at any time.



- a. **The Community Foundation Support Fee** All Funds are charged a fee to help defray The Community Foundation’s direct and indirect expenses attributable to the administration of Component Funds as well as to further the mission of The Community Foundation. The current fee schedule is shown in the *Annual Fee* table below. Fee percentages vary by type of fund and are specified in the body of each agreement. Any Fund at The Community Foundation can be endowed, and the current fee schedule for endowed funds is shown below.

Non-Endowed Funds		Endowed Funds	
Annual Fee (ladder)		Annual Fee (ladder)	
First \$1,000,000	1.5%	First \$3,000,000	1.1%
\$1,000,000 to \$2,500,000	1.25%	\$3,000,000 to \$5,000,000	.60%
\$2,500,000 and over	0.50%	\$5,000,000 and over	0.35%

If the Fund Advisor would like to use the Fund for fundraising or high-activity purposes such as multiple grants to individuals or to nonprofits, and/or to receive expanded philanthropic services beyond those outlined in the initial Fund Agreement, customized fees may be assessed for the services as agreed upon by The Community Foundation and the donor prior to service execution and described in the *Customized Fee Arrangement* box below. If this box is empty, the standard administrative fee schedule will apply.

*Customized Fee Arrangement*

- b. **Investment Fee** Investment management fees are allocated as follows:
- i. An investment manager fee is assessed on the Fund assets of each Fund invested in the Combined Investment Fund (CIF). The investment fee rate may vary from time to time, depending on the composition of investment managers and asset classes used to construct the CIF.
  - ii. Likewise, fees on the index funds are allocated to Funds invested in those options.
  - iii. Separately Managed Funds are charged the investment fee assessed by the external investment manager used for the Fund.

All investment return reporting is net of fees.