Quad Cities Community Foundation (the Community Foundation) and its affiliate community foundations are committed to honoring your charitable intent. We work with each individual, family, business, or nonprofit organization to ensure that every philanthropic investment made through the Community Foundation returns the greatest personal, civic and financial benefit possible.

When you create a fund at the Community Foundation, we begin our relationship with you by asking, “What is important to you?” Then together we establish a fund that reflects what matters most to you. Along with the application to open your fund, the “Fund Information” that follows is designed to answer your questions about your fund and summarizes policies and procedures that apply to all funds.

<table>
<thead>
<tr>
<th>Table of Contents</th>
<th>Page</th>
<th>Table of Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>2</td>
<td>Governance</td>
<td>5</td>
</tr>
<tr>
<td>Tax Status of Contributions</td>
<td>2</td>
<td>Variance Power</td>
<td>5</td>
</tr>
<tr>
<td>Fund Minimum</td>
<td>2</td>
<td>Amendment of Funds</td>
<td>5</td>
</tr>
<tr>
<td>Investments</td>
<td>2</td>
<td>Memorial Gifts and Funds</td>
<td>5</td>
</tr>
<tr>
<td>Endowment Spending Policy</td>
<td>3</td>
<td>Anonymity and Donor Information</td>
<td>6</td>
</tr>
<tr>
<td>Distributions from Endowed Funds</td>
<td>3</td>
<td>Gift Planning Expertise</td>
<td>6</td>
</tr>
<tr>
<td>Distributions from Non-Endowed Funds</td>
<td>3</td>
<td>Donor Initiated Fundraising Policy</td>
<td>6</td>
</tr>
<tr>
<td>Grant Requirements</td>
<td>3</td>
<td>Endow Iowa and Endow Illinois State Tax Credits</td>
<td>6</td>
</tr>
<tr>
<td>Restrictions on Grants</td>
<td>4</td>
<td>Nonprofit Endowments</td>
<td>6</td>
</tr>
<tr>
<td>Fund Statements</td>
<td>4</td>
<td>Scholarship Endowments</td>
<td>7</td>
</tr>
<tr>
<td>Investment Management Fees</td>
<td>4</td>
<td>Conflict of Terms</td>
<td>7</td>
</tr>
<tr>
<td>Foundation Support Charge</td>
<td>4</td>
<td>Additional Information for Funds Advised by Donors</td>
<td>7-9</td>
</tr>
</tbody>
</table>
**Introduction**

The Quad Cities Community Foundation and its affiliate foundations serve a dual purpose: We help donors make the most of their charitable giving and we strengthen the communities that we serve. The Community Foundation has numerous affiliate community foundations within its service area that operate as a part of the Quad Cities Community Foundation. Any reference to the “Foundation” applies to the Quad Cities Community Foundation and each of its affiliate community foundations.

The Foundation is a registered nonprofit in both the State of Iowa and the State of Illinois, and is a member of the Council on Foundations in Washington, D.C., the Iowa Council on Foundations, and the Alliance of Illinois Community Foundations.

**Tax Status of Contributions**

The Foundation was formed in Iowa in 1964, and is a public charity with tax-exempt 501(c)(3) status.

All funds established at the Foundation are component funds of the Community Foundation. Funds can support public, charitable, scientific, literary or educational purposes. The assets of each fund are assets of the Community Foundation, and not a separate trust. All funds are administered so that the federal and state tax status of the Community Foundation will not be adversely affected. Any gift to a fund is a gift to a public charity; thus each gift is tax-deductible to the full extent of both state and federal law.

**Fund Minimums**

Each fund begins with the first gift received for the fund. There is no cost to open a fund at the Community Foundation; however, the fund minimum is required, with the exception of the Acorn Fund. Minimums vary by fund type and a list of fund minimums is available on request. Donors may complete a fund application for a future gift through an estate. These donors do not need to meet the fund minimum at the time the fund application is completed. If such donors choose to make a lifetime gift to that fund, such gift must meet the fund minimum. If a fund does not reach the minimum, either through lifetime or estate gifts of the donor and others, the fund will cease to be a separate, named fund. Unless specified otherwise by the donor, remaining fund assets will then be added to the Foundation’s Community Impact Endowment, and the donor to the fund will be recognized as a donor to the Community Impact Endowment.

**Investments**

The Foundation’s Board of Directors and Investment Committee have the sole right to make all investment decisions regarding gifts received.

The Investment Committee oversees all aspects of asset management. The Committee is comprised of knowledgeable and experienced investment volunteers who are not providers of investment services. The Foundation’s Investment Policy is available on the Foundation’s website and upon request.

All assets contributed to funds are managed in the Community Foundation’s investment pools. All income and capital gains or losses are allocated to the Funds at least quarterly.
The Foundation’s endowment pool is broadly diversified and professionally managed. Non-endowed funds are invested in one or more of five mutual funds selected by the donor from a Foundation approved menu.

Endowment Spending Policy

A permanent fund of the Foundation can grant up to 4.5% each year, based on the averaged quarterly value over five years. For funds with less than a five year history, the average will be for the number of quarters that the fund has existed.

The Foundation’s Board of Directors sets and monitors endowment distribution rates after consideration of national trends in endowment investment management and in compliance with applicable laws such as the Uniform Prudent Management of Institutional Funds Act, adopted by both Illinois and Iowa. The Spending Policy is set with consideration given to a balance between current payout and growth in value that allows the fund’s purchasing power to keep up with inflation. Board decisions regarding endowment spending rates are subject to change based on investment performance and the long-term goal of preserving endowment value.

Distributions from Endowed Funds

After the close of the calendar year, the Spending Policy is applied to the balances of all endowed funds of the Foundation. Fund statements include a “spendable amount”. Grants can be made from the spendable amount during the calendar year. Donors may choose to make no distributions until the fund reaches a certain dollar amount. At the close of the calendar year, any unspent amount is returned to the endowment.

Distributions from Non-Endowed Funds

Non-endowed funds can be completely expended for grants. The Community Foundation recommends a 5% minimum annual distribution from all non-endowed donor-advised funds to carry out the donor’s charitable purposes. Donors may choose to make no distributions until the fund reaches a certain dollar amount. See the Additional Information for Funds Advised by Donors section for more information about distributions from donor-advised funds.

If you make a grant that will expend a large proportion of your non-endowed fund balance, we need to complete calculations on support charges and investment earnings that determine your exact available fund balance. For that reason, please allow additional time for your grant request to be processed in that case.

Grant Requirements

Grants from any fund of the Foundation must be used for charitable purposes.

Grants may be recommended to any 501(c)(3) organization or verified charitable entity (e.g., schools, churches) located in the United States. Grants outside the United States are verified to be the equivalent of a public benefit organization within the United States.

If the grantee is a 501(c)(3) organization, no reporting on fund distributions is required except to confirm that fund restrictions have been honored. If the grantee is not a 501(c)(3) organization, the Foundation will exercise expenditure responsibility and requires detailed financial reporting for distributions to ensure that the grant was used for charitable purposes. Expenditure responsibility is required for any organization not described as a public
charity in the Internal Revenue Code Section 170(b)(1)(A) which includes for-profit companies, private operating foundations and all supporting organizations.

Grants given to 501(c)(3) public charities should be for a minimum of $250. Grants given outside the United States or requiring expenditure responsibility should be for a minimum of $1,000.

Grant checks are sent to the grantee with a letter disclosing the fund name, any restrictions on use of the grant and where to send a thank you.

Restrictions on Grants

Grants are not permitted to individuals, for non-charitable purposes, for political contributions or to support political campaign activities. Grants are not permitted for any purpose that would provide benefits, goods or services to a donor to the fund, the fund’s advisors or other related parties. This includes grants to satisfy personal pledges made by any person including a fund advisor, and non-deductible (or partially tax deductible) memberships, event tickets, sponsorships, registration fees for tournaments and cause-related marketing activities. Grants are not permitted to private non-operating foundations.

Fund Statements

Fund statements are issued quarterly. Statement preparation begins once we receive reports from all our investment managers. The Foundation’s goal is to have statements available 30 days after the end of the quarter. You will receive your statement electronically on your MyFund online access, or it will be mailed to you.

Investment Management Fees

The Foundation allocates to each fund a proportionate share of the fees charged by the investment managers. Due to the size of the Foundation’s endowment pool, individual funds of the Foundation benefit from economies of scale which result in lower costs. Investment fees typically are about 50 basis points, or one-half of one percent annually. Funds held as an individual account pay the investment management fee charged by the manager of that account.

When brokers or others charge fees for liquidating stock gifts or other assets such as real estate made as gifts to a fund, these costs are charged directly to the fund.

Foundation Support Charge

All Community Foundation funds pay a support charge that helps the Foundation to cover the funds’ administrative expenses and the Foundation’s charitable mission. Most funds of the Foundation pay 1% per year; funds that require more administrative support may pay more. The Foundation’s fee policy is available upon request.

The Foundation’s operating expenses are the costs it incurs to carry out its mission, including expenses for fund administration, grants administration, general support services and non-grant charitable activities, such as ongoing outreach activities, convening, partnerships to improve our community, technical support or public policy work. The Board of Directors establishes a maximum operations budget of 1.5% of the assets of the Foundation. That budget is derived from support charges, contract income, and from generous donors who support the work of the Foundation by giving to the Friends of the Foundation Fund.
Governance

The Foundation is governed by a volunteer Board of Directors comprised of civic leaders who live within our service area. All Foundation activities are overseen by its Board and are carried out in compliance with the Articles of Incorporation and By-Laws of the Quad Cities Community Foundation Corporation, which are incorporated by this reference and available upon request.

The Foundation was among the first five of more than 700 community foundations nationwide to receive the National Standards for Community Foundations certification from the Council on Foundations – recognition that is reserved only for those foundations that adhere to the most rigorous policies and practices. The Foundation subscribes to the code of ethics of the Association of Fund Raising Professionals and the Partnership for Philanthropic Planning.

Variance Power

Assets contributed to funds are irrevocable gifts to the Community Foundation and legal control and responsibility for the funds rests with the Community Foundation. All funds of the Foundation are subject to its variance power, as set forth in the Foundation’s By-Laws. The Foundation’s Board of Directors reviews the activities of funds to determine whether they continue to fulfill the functions and purposes the original donor considered worthy of support. If not, variance power gives the Community Foundation the authority to modify any restriction or condition on the distribution of funds or redirect support elsewhere, consistent with the donor’s charitable objectives. Variance power is exercised when the restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

Amendment of Funds

Prior to the receipt of the first gift to a fund, the donor may amend the fund purpose or other features. For example, a donor may establish a fund today to receive assets from the donor’s estate in the future. The donor may alter the terms of such a fund at any time during the donor’s lifetime if no gifts have been made to the fund.

After the first gift to any fund of the Community Foundation, the donor has no right to amend or terminate the fund, and has no ownership in the property transferred to the fund.

On occasion, a donor may request a change or update to the fund they established. Under limited circumstances, certain updates may be made. Permissible updates are limited to non-material changes to the fund. This limitation is required under federal and state law. Gifts that are complete are eligible for tax deductions (and state credits if applicable). For a gift to be considered complete, a donor may not retain control – including the right to make a material change – over the assets given.

Community Foundation fund applications allow updates for donor information, and other non-material changes. Any material updates or changes requested by a donor may be considered by Community Foundation’s Board of Directors, and may be approved at the sole discretion of that Board if appropriate and allowed by law.

Memorial Gifts and Funds

A memorial fund can be established in honor of someone who has passed away. Requests for donations in the name of the deceased can use the following language in obituaries: “Gifts to (insert name) Memorial Fund can be made payable and sent to the Quad Cities Community Foundation with the fund name noted on the memo line.”
Names of donors to memorial funds will be disclosed to the memorial fund advisors; however specific gift amounts will not.

**Anonymity and Donor Information**

Although the Community Foundation appreciates the opportunity to recognize our donors, we honor all requests for anonymity. Donors are given the opportunity on their Fund Application to indicate their preference for communications and recognition from the Community Foundation, grantees, or scholarship recipients. The Foundation does not share mailing lists or personal information about its donors.

**Gift Planning Expertise**

The Community Foundation staff and certain volunteers have expertise in charitable gift planning, and will work closely with donors and their professional advisors. However, the Foundation does not provide tax or legal advice. We recommend consulting your own advisors for specific information about the implications of any gift arrangement in your unique situation.

**Donor Initiated Fundraising Policy**

The Foundation is not in the position to cover liability and support the work required for fundraising activities such as galas, raffles and other event or sale-based fundraisers. Some donors or others associated with funds of the Community Foundation undertake efforts to encourage additional gifts to the funds. If you plan on activities to raise funds, please consult with us prior to beginning your efforts. We will give you guidance on any legal requirements, review your materials, and discuss additional fees. All fundraising efforts, including written materials, must comply with the Foundation’s Donor Initiated Fundraising Policy which is available on its website and upon request.

**Endow Iowa and Endow Illinois State Tax Credits**

Taxpayers (individual, corporate, estate and others) in Iowa are eligible for a 25% income tax credit on gifts to certain funds of the Foundation. The credit is available for gifts to endowed funds that benefit Iowans in Iowa. This tax credit is in addition to the federal income tax charitable deduction.

For qualifying gifts, the Foundation will send the donor a tax credit application for signature. The application is returned to the Foundation and submitted to the state of Iowa. The state of Iowa will send the tax credit notification directly to the donor. The notification letter can take up to three months to be received from the state. Credits are on a first-come, first-served basis. Credits not used in the year awarded may be carried over for up to five years.

Taxpayers in Illinois may have a similar benefit available to them in the future. Community Foundations serving Illinois are working to pass this legislation. Please check with the Foundation or our website for the latest information about state tax credits.

**Nonprofit Endowments**

Nonprofit organizations that have endowments with the Community Foundation usually have two accounts. One account is the “Agency Endowment” and will consist of assets transferred to the Foundation by the nonprofit
organization. In general, these assets remain an asset on the financial records of the nonprofit organization, and are an asset and a liability on the financial records of the Community Foundation. The second account is the “Organization Endowment” and consists of gifts that have been made by donors to the nonprofit endowment. Those assets are not recorded on the financial records of the nonprofit organization. Check with your accounting advisor on how to recognize Community Foundation funds in your organization’s financial records.

If the nonprofit organization ceases operations, its Board of Directors may recommend other qualified charitable organizations or programs as successor beneficiaries of the funds. The Foundation’s Board of Directors will exercise its power of variance to redirect the funds consistent with the organization’s charitable purposes and the needs of the community served. The funds will then remain with the Foundation as component funds in perpetuity.

Scholarship Endowments

The Community Foundation encourages scholarships in the form of designated endowments that make distributions directly to schools and universities. Selection of recipients is then done by the school or university. If the donor prefers to have the Community Foundation manage the selection and award process, the scholarship selection committee must be appointed by the Community Foundation. The donor and parties related to the donor may serve on the selection committee but they cannot directly or indirectly control the committee. The Community Foundation disburses scholarship funds to the institution the recipient attends.

Conflict of Terms

In the event of an inconsistency between the fund information contained in this document and any terms and conditions appearing elsewhere in connection with a fund, these terms and conditions, as interpreted by the Community Foundation will govern.

The Community Foundation reserves the right to take any action it deems reasonably necessary or desirable for the proper administration of any fund at the Community Foundation or to comply with applicable law.

Please contact the Community Foundation if you have any questions not answered by this Fund Information.

Additional Information for Funds Advised by Donors:

Non-Endowed Donor Advised Funds
Endowed Donor Advised Funds

Fund Characteristics

A donor advised fund is not a separate legal entity. It is a fund defined by federal law that a sponsoring charity, such as the Community Foundation, creates using a written agreement with a donor. The donor contributes assets to the Foundation which agrees to treat those assets as a separate fund on its books, while the donor retains the privilege of recommending charitable grants from the fund and limited power to recommend investment of the fund’s assets.

The law requires the Community Foundation to make clear, and to obtain the donor’s written acknowledgement, that the assets in a donor advised fund are the property of the Foundation and that the Foundation has discretion and control over the use and investment of the donor advised fund’s assets.
For a donor to take advantage of the tax benefits that flow from a charitable gift, the gift has to be complete. The donor parts with control over the donated assets. Too much donor control could put the donor’s tax deduction in jeopardy.

Fund advisors cannot make pledges on behalf of their fund. Donors can make recommendations for grants to be paid over a period of years. If your fund has sufficient funds to make all grants recommended, the Foundation may sign a commitment to make the requested grants. The Community Foundation Board of Directors controls when and to whom grants will be made.

**Designating Advisors**

Donors beginning a donor advised fund may designate advisors to the fund who can make grant recommendations. If a fund is advised jointly, on the death, incapacity or resignation of one fund advisor, the remaining fund advisor retains the privileges associated with the fund.

**Successor Advisors**

The donor may choose any person within one generation to be a successor advisor to exercise the privileges and duties of a fund advisor. Successor advisors assume the privilege to advise the fund only after the deaths, incapacity or resignations of all initial fund advisors named for the fund.

**Grant Recommendations by Advisors**

Fund advisors may recommend that grants be issued from their fund to charities without restriction on the types of organizations or their location, so long as the organizations are recognized by the IRS as public charities. Grants must be for a minimum of $250. Organizations engaged in charitable work that are not recognized by the IRS as public charities may also receive grants if the Community Foundation staff can obtain documentation of the charitable purpose of the grant. Grants to such organizations must be for a minimum of $1,000. (Please see “Grant Requirements” and “Restrictions on Grants” section of Fund Information.)

Fund advisors may submit their recommendations in various ways – over the phone, on paper, via email, or through our online system MyFund. All recommendations must eventually be recorded in written form, so recommendations made verbally will be confirmed in writing (for example, Community Foundation staff will send an email describing the recommendation, to which the donor will reply confirming its accuracy).

Upon receiving a recommendation from a fund advisor, Community Foundation staff will conduct a review of the recommendation according to our Due Diligence policy. Community Foundation staff ensures that the grant meets all requirements under the law, IRS regulations, and our policies (for example, grant is for a charitable purpose, avoids any benefit to the donors, etc.). If there is any question about the recommendation or the fund advisor’s intent, Community Foundation staff will contact the donor and/or the recommended grantee as appropriate for more information, and will document the information gathered in the Fund file. If a recommendation must be denied, Community Foundation staff will notify the fund advisor promptly.

Approved grant recommendations are typically sent within 2 weeks of the recommendation being received. Grants are issued on checks with the name and logo of the Foundation, or via electronic funds transfer. Whether sent by mail or electronically, grants are accompanied by a letter in hard copy or PDF on Community Foundation letterhead. The letter states the purpose of the grant and discloses the name of the fund, the fund advisor’s name.
and, unless requested otherwise by the donor or fund advisor, the fund advisor’s address to allow the grant recipient to thank the fund advisor directly.

**Decisions Among Fund Advisors**

All fund advisors must be in agreement regarding grant recommendations from the fund. If agreement cannot be reached among the advisors, the Community Foundation Board of Directors will make the final decision regarding the grants in question.

**Divorced or Legally Separated Advisors**

If co-advisors to a donor advised fund are subsequently divorced or legally separated, the Community Foundation reserves the right to decline grant recommendations from either spouse unless unanimous consent is communicated in writing, or the appointment of advisors is restated or confirmed as deemed sufficient by the Community Foundation. The Community Foundation further reserves the right to separate the assets in the fund into two separate and equal donor advised funds in appropriate circumstances. The Community Foundation relies on the donor advisors to inform the Foundation of divorce or legal separation.

**Benefits to Donors from Grants**

Donors, fund advisors and related parties (such as family members or business interests) may receive only “incidental” benefits from a grant from a donor advised fund. If a donor, fund advisor or related party receives more than an incidental benefit, substantial penalties are possible.

Direct distributions from the donor advised fund to the donor, fund advisor or related party for any reason are not allowed by law.

**Fund Inactivity**

If a fund advisor is no longer willing or able to advise the fund and no successor advisor is named, the Community Foundation’s Board of Directors will assume responsibility for grant making. When no grant recommendations or gifts are received for a period of two consecutive years and the fund advisor cannot be contacted, the Community Foundation’s Board of Directors will advise an annual payout to support the community grantmaking program in accordance with the Foundation’s spending policies. If two more years pass with no contact from the advisor, the fund in its entirety will be transferred to the Community Impact Endowment. A fund will have been inactive for a total of four years before being transferred to the Community Impact Endowment.