



## Organization Fund Guidelines

Revised October, 2010

Organization Funds benefit nonprofit organizations by:

- providing a vehicle for endowed giving for supporters of the organization;
- providing exposure of the organization to potential donors;
- providing investment management of endowed funds;
- providing expertise that can be shared with donors for the benefit of the organization
- providing income to further the charitable work of the organization

Organization Funds are funds created by or for charitable organizations exclusively for the benefit of those organizations. Individuals, businesses, and other third parties may establish or contribute to an organization fund.

The following policies and guidelines have been established to govern the handling of Organization Funds in a manner consistent with the purposes of the Foundation and in keeping with applicable tax regulations.

### **1. Minimum Amount**

The minimum amount required to establish an Organization Fund is \$10,000, designated as endowment. Organizations who intend to establish a fund may take up to 5 years to reach the fund minimum. If, at the end of five years, the fund has not reached the minimum, all assets in the fund will become part of the unrestricted grant fund within the Foundation.

### **2. Investment of Funds**

Organization Funds belong to the Foundation and are subject to the terms and conditions of its governing instruments. Organization funds are co-mingled with other Foundation funds to encourage maximum investment performance. The Foundation's portfolio is managed with a view toward maximization of total return considering inflation risk, interest rate risk, and business or economic risk, while at all times being prudently diversified. A copy of the Foundation's investment policy is available on request.

### **3. Outside Investment Managers**

Organizations may request to use an outside investment manager if the fund maintains a minimum balance of \$25,000. If the request is granted, the fund remains a component fund of the Foundation, but is managed and invested by a bank, trust company or other entity recommended by the Organization. In order to manage component funds for the Foundation, outside fund managers are required to sign an investment management agreement with the Foundation, and maintain an investment performance level that is acceptable to the Foundation's Investment Committee. Investment decisions cannot, at any time, be made by representatives of the Organization.

#### **4. Accounting**

Financial Accounting Standard 136 applies to accounting for assets transferred to a fund in a community foundation by nonprofit organizations. Under FAS 136, when a nonprofit organization transfers a portion of its own assets to a fund in a community foundation, the nonprofit organization continues to report those assets as its own, with the offsetting activity reported in net assets. The community foundation also reports the asset, and the offsetting entry is classified as a liability to the nonprofit organization.

When a private individual establishes an endowment fund in a community foundation to benefit a nonprofit organization, FAS 136 specifies that the assets in the endowment be reported *only* in the books of the foundation.

An endowment fund in a community foundation that contains a mixture of assets transferred from the nonprofit organization and gifted by private individuals must treat each type of transaction separately as specified above.

##### Donations

Because of FAS 136, every organization fund within the Foundation is comprised of two separately maintained funds. All donations contributed *by the organization* are placed in the organization's named fund. All donations made to the fund *by third-party donors* are placed in the organization's endowed fund unless specified differently in writing by the donor. The total of both funds are combined to achieve the minimum fund balance.

##### Restricted Endowments

By special request, some organizations have asked the Foundation to permanently restrict all or part of the gifts to its fund. By the organization's own request it does not want to invade principle of gifts (some or all) made by the organization or by third party donors. Because the accounting standards still require that the organization reflect gifts made by itself to its fund in the Foundation, the Foundation again will account separately for funds which the organization itself wishes to restrict. In these instances, the Foundation will create a third fund, titled a Restricted Fund. The request of a nonprofit board to establish a restricted fund is a permanent request. A future board of the nonprofit cannot vote to release the funds from endowed status.

Similar to designated funds in the Foundation, restricted funds will pay out, at the organization's request, an annual grant equal to 5% of the fund balance, calculated as an average of the previous 20 quarters.

Organizations with Restricted Funds will receive three separate statements each quarter. Again, it is the total of these three funds that make up the minimum balance for the Organization Fund.

##### Statements

The Foundation will print a separate statement for each fund: the named organization fund, the endowed organization fund (third party donations) and the restricted fund. Statements are mailed quarterly. Organizations may sign up for on-line access to fund information and statements by calling the Foundation. The organization will be assigned a user name and password that will allow access to fund information through our website, [www.gscf.org](http://www.gscf.org). Information on grants and gifts is updated nightly. Fund performance information is downloaded at the end of the month.

#### **5. Grant Recommendations**

Organizations may request a grant from their fund at any time. A grant request form is available from the Foundation. Foundation staff will verify the availability of funds and the charitable nature of the grant request.

At the end of the Foundation's fiscal year (June 30), the Foundation calculates the spendable balance from each fund. The spendable balance is calculated based on 5% of the average daily balance of the fund from the previous 20 quarters. The available to spend amount will appear on the quarterly statement. If a fund is below the minimum of \$10,000 at the end of the fiscal year, no allocation will be made from the fund to the spendable balance for that year.

As long as the minimum fund balance is maintained, organizations can request grants that invade the principal of the organization's named fund. At no time will grants be made that invade the principal of the endowed fund. All such requests are advisory only, and the Foundation retains the ultimate authority to determine grant amounts.

Grant requests made by organizations can be used for any purpose that furthers the charitable work of the organization. Grants can be used for operations, capital projects or special programs. Grant requests are evaluated by Foundation staff and then acted upon by the Foundation's Grant Committee. Grants are ordinarily processed within 30 days. Each grant requested from an Organization Fund must be for a minimum of \$250.

#### **6. Subject to Governing Instruments**

All funds are subject to the terms and conditions of the Foundation's governing instruments, as amended. Among other things, the governing instruments provide that the Foundation has the power to modify and vary any Organization Fund request in the event it becomes inconsistent with the charitable purposes of the Foundation.

#### **7. Administrative Contributions and Special Fees**

All component funds are required to share in the administrative costs of operating the Foundation. Although the Foundation has a separate and permanently endowed administrative fund that supports the Foundation's work, the Foundation reserves the right to annually assess from each fund a contribution in an amount not to exceed 1% of its average daily fund balance as of June 30; provided, however, that for funds greater than \$1 million in size, the contribution will be based only on the first \$1 million of their average daily fund balance. The administrative contribution supports the charitable work of the Foundation by assisting in covering administrative costs so the Foundation can achieve its goal of increasing philanthropic giving and improving the quality of life in our community. Administrative contributions are assessed annually in the third quarter of the calendar year.

Each specific component fund will be charged for any extraordinary expenses incurred on behalf of that fund, such as commissions for the sale of contributed securities. Additional fees may be charged for extraordinary services, such as special grant processing, large numbers of transactions, or other non-standard services.

#### **8. Additional Benefits**

The Foundation will, from time to time, offer educational programs for the benefit of nonprofit organizations, their staff and board members. The Foundation will offer such programs at a reduced rate for those who represent an organization with a fund in the Foundation.

Foundation staff is available for consultation with staff and potential donors of nonprofit organizations with funds in the Foundation.

Organization funds are listed in the Foundation's annual report, on our web site, and are sometimes featured in our quarterly newsletter.

The Foundation offers opportunities for all nonprofit organizations and others performing charitable work in the Salina area to apply for grants from the Foundation's Fund for Greater Salina. A call for applications is announced in the Foundation's newsletter, on our website, and through the mass media. Additional information and application forms are available on the Foundation's website at [www.gscf.org](http://www.gscf.org).

Seize the Moment Grants are offered on an ongoing basis throughout the year. These are small, quick grants that respond to immediate needs in our community. A limited amount of the Foundation's unrestricted grant funds are set aside to support these grant opportunities that occur outside our regular grant cycle. Additional information and application forms are available on the Foundation's website at [www.gscf.org](http://www.gscf.org).

#### **9. How to reach us**

The Foundation office is open Monday through Friday until 3:00 p.m. The office is located at 113 N. Seventh Street, Suite 201, in Downtown Salina. Our office number is 785-823-1800. Our fax number is 785-823-9370. Our email address is [communityfoundation@gscf.org](mailto:communityfoundation@gscf.org), and our website is [www.gscf.org](http://www.gscf.org).



**Organization Fund Grant Request Form**

**Date:** \_\_\_\_\_

1. Name of Organization			
2. Organization's mailing address			Attention:
3. City	State	Zip	Phone
Amount of grant from <u>Organization Fund</u> (\$250 minimum) \$	Special instructions/purpose (e.g., operating expenses, capital campaign, special project)		
Amount of grant from <u>Endowed Organization Fund</u> (\$250 minimum) \$	Special instructions/purpose (e.g., operating expenses, capital campaign, special project)		
Amount of grant from <u>Restricted Organization Fund</u> (\$250 minimum) \$	Special instructions/purpose (e.g., operating expenses, capital campaign, special project)		

Once the grant request(s) is approved, a check will be mailed to the organization at the address listed above.

I certify that the above request will be used by the nonprofit organization listed above to further the charitable work of the organization for the greater good of the community. I also certify that the undersigned, or any family member of the undersigned, will not receive any personal benefit from this charitable distribution. I also acknowledge the above request is subject to approval of the Board of Directors of the Community Foundation.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name and Phone Number

Return completed recommendation form to: Greater Salina Community Foundation, P.O. Box 2876, Salina, KS 67402-2876, or Fax to: (785) 823-9370. Questions? Call the Foundation at (785) 823-1800.

Please note that this request form is used only for grant requests from Organization Funds. Grant application forms for the Foundation's Fund for Greater Salina or Seize the Moment Grants are available on the Foundation's website at [www.gscf.org](http://www.gscf.org).