



## **FREQUENTLY ASKED QUESTIONS ABOUT ENDOWED FUNDS AT SOLANO COMMUNITY FOUNDATION**

**Permanence:** An endowed fund is a permanent fund that earns dividends and gains from investment. When you establish an endowed fund, the assets are transferred irrevocably to the Solano Community Foundation (SCF) in compliance with federal UPMIFA regulations. Contributions of 4% of the average market value are available for your annual contributions. This ensures that contributions could be made in your name (or the name of the fund) forever. Additional contributions to the fund may be made at any time.

**Pooled funds:** The fund balances of endowed funds at SCF are commingled with all other endowed funds under management at the Foundation. Your fund, however, is tracked and reported separately.

**Reporting:** All the administrative reporting, accounting, and IRS functions for your SCF fund are handled by the Foundation. You receive quarterly fund statements and advice when desired.

**Donor Services:** Each fund is customized to the donor's wishes and charitable intent. The Foundation staff and Board members are available to you for advice about grantmaking, to answer investment questions, to structure or restructure funds, and related matters.

The annual community development fee supports SCF operations and programs. Effective October 31, 2009, the cumulative, stepped structure for funds under management at the Foundation is:

- a. For the first tier, amounts up to \$99,999, 4% (with a minimum of \$400)
- b. For the second tier, \$100,000 to \$299,999, 3.5%
- c. For the third tier, \$300,000 to \$499,999, 3%
- d. For the fourth tier, \$500,000 to \$999,999, 2%
- e. And for amount over \$1,000,000, 1.5%.

Example: For a \$4M endowment fund, the APR is 2.2%, with an annual fee of \$87,000. This is the total cost. There are no embedded fees.

**Minimum gift** to establish an endowment fund is \$10,000. This may be paid over two years.

**Waiting period:** To assure that your fund has sufficient available funds to make grants, you must wait twelve consecutive quarters before recommending any grants from the accumulated dividends and interest. The principal is never invaded.

**Eligible grantees from funds** established at SCF are only qualified nonprofit organizations. No other payments may be made from the fund, such as pledges, payments to vendors and fundraising expenses.