SOLANO COMMUNITY FOUNDATION

STATE OF CALIFORNIA
COUNTY OF SOLANO

PERMANENT NAMED ENDOWED FUND AGREEMENT

THIS AGREEMENT ("Agreement") is made as of [Date] between SOLANO COMMUNITY FOUNDATION, a California nonprofit corporation and community foundation ("Foundation"), and [Name of Donor/Fundholder] ("Donor/Fundholder") to create a Permanent Fund ("Fund") of the Foundation. All persons and organizations making contributions to this Fund shall be bound by the terms of this Agreement.

In consideration of their mutual promises and obligations, and intending to be legally bound hereby, the parties named above agree to the terms and conditions as follows:

1. Name of Fund. The name of the Fund created hereby is [Fund Name]. Any recipient of grants (scholarships) disbursed from this Fund shall be advised of the full Fund name in writing as follows: "This grant is made possible from the [Fund Name], a component fund of the Foundation."

2. Purpose of the Fund. The purpose of the Fund is to further carry out the general charitable purposes of the Foundation, as set forth in its Articles of Incorporation and Bylaws, as amended from time to time. Specifically, this Fund's purpose is [Purpose and description – include level of detail necessary to satisfy Donor/Fundholder philanthropic goals].

3. Initial Contribution. Upon signing this Agreement, the Donor has voluntarily and irrevocably transferred and delivered to the Foundation the charitable gift for the purpose specified. This initial contribution is described in, and attached hereto as Exhibit A - The Establishing Gift, and is made a part of this Agreement. The contribution is made for the purposes and uses, and on the terms and conditions set forth in this Agreement. Additional irrevocable gifts acceptable to the Foundation may be received from time to time to be added to the Fund, from the Donor and from any other source, all subject to the provisions hereof. All grants, bequests, and donations to this Fund shall be irrevocable once accepted by the Foundation.

4. Successor Donor/fundholder of the Fund. The Chief Executive Officer of the Foundation, under the guidance and governance of the Foundation's Board of Directors, will serve as the Successor Fundholder of the [Fund Name] in the event that the Donor/Fundholder is no longer able to do so, and there is no named successor Donor/Fundholder.

5. Incorporation of Governing Instruments of the Foundation. The Foundation acknowledges receipt of the initial contribution and agrees to hold and administer this contribution and any subsequent contributions to the Fund under this Agreement, in accordance with the terms, and subject to conditions set forth in the Foundation's governing instruments. These instruments include Articles of Incorporation and Bylaws, as amended from time to time, and any resolutions, policies, and procedures in effect. All provisions of such governing instruments are implicit in this Agreement, and by this reference made a part hereof.
6. **Distribution of Assets.** Fund assets, net of the administration fees and expenses as set forth in the attached Fee Policy, may be committed, granted, or expended only for charitable purposes described in Code section 170(c)(1) or (2)(B); provided, however that such purposes are consistent with the exempt status and purposes of the Foundation.

   a. Gifts received to the Foundation for the purposes of the Fund with or without Donor’ conditions or restrictions as to the use of the gift or income therefrom, will be honored, subject, however to the authority of the Foundation’s Board. The Board retains the right to vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Foundation’s Board, found unnecessary, incapable of fulfillment, or inconsistent with the charitable or other exempt purposes of the Foundation or needs of the community served by the Foundation.

   b. No distribution shall be made from the Fund to any individual or entity if such distribution will, in the judgment of the Foundation, endanger the Foundation’s tax-exempt status under I.R.S. Code, section 501(c)(3).

7. **Administrative Provisions.** Notwithstanding anything herein to the contrary, the Foundation shall hold the Fund, and all contributions to the Fund, subject to the provisions of the applicable California laws and the Foundation’s Articles of Incorporation and Bylaws. The Board shall monitor distributions from the Fund to ensure they are used exclusively for charitable or other exempt purposes within the meaning of I.R.S. Code, section 170(c)(1) or (2)(B), and shall have all powers of modification and removal specified in United States Treasury Regulations Section 1.170A-9(e)(11)(v)(B).

8. **Conditions for Acceptance of Gifts.** The Donor/Fundholder agrees to and acknowledges that the establishment of the Fund herein is made in recognition of, and subject to, the terms and conditions of the Articles of Incorporation and Bylaws of the Foundation as amended from time to time. Furthermore, it is understood that the conditions for acceptance of gifts by the Foundation to the Fund shall at all times be subject to such terms and conditions, including, but not limited by, existing and amended provisions for:

   a. Presumption of Donor intent;
   b. Variance from Donor direction;
   c. Amendments to Donor agreement.

9. **Continuity.** The Fund shall continue so long as assets are available in the Fund and the purposes of the Fund can be served by its continuation. If the Fund is terminated, the Foundation shall devote any remaining assets in the Fund exclusively for charitable or other exempt purposes that:

   a. are within the scope of the charitable or other exempt purposes of the Foundation's Articles of Incorporation and that
   b. serve, or closely approximate, in the good faith opinion of the Board, the original purpose of the Fund.

10. **Not a Separate Trust.** The Fund shall be a component fund of the Foundation. All money and property in the Fund shall be held as general assets of the Foundation and not segregated as trust property of a separate trust, Foundation, or other charitable entity.

11. **Accounting.** The receipts and disbursements of this Fund shall be accounted for separately and apart from those of other gifts to other Funds, or to the Foundation.
12. **Investment of Funds.** The Foundation shall have all powers necessary, or in its sole discretion desirable, to carry out the purposes of the Fund, including, but not limited to, the power to retain, invest, and reinvest the Fund assets. The Foundation shall have the power to commingle the assets of the Fund with those of other funds for investment purposes while separately accounting for Fund activity.

13. **Annual Examination of Finances.** The Board agrees to provide the Donor/Fundholder a copy of the annual examination of the finances of the Foundation as audited and reported by an independent certified public accountant, to the Board of Directors.

14. **Fees Paid by the Fund.** It is understood and agreed that the Fund shall share a fair portion of the total administrative costs of the Foundation. Those costs and fees annually charged against the Fund (also known as Community Development Fees) shall be determined in accordance with the then current policy on administrative fees and schedule identified by the Foundation as applicable to funds of this type. Any fees or costs to the Foundation incurred by accepting, transferring, or managing gifts of appreciated stock or property donated to the Foundation for the Fund, shall also be paid from the Fund. Attached hereto as Exhibit B – Community Development Fee Structure provides the Foundation’s current cumulative, stepped-fee schedule used to calculate annual fees for an Endowed Fund and is made part of this Agreement.

15. **Donor Services.** The Foundation performs a myriad of fund-related activities, and provides specific services (with stipulations) to all Donor/Fundholder. These activities and services include detailed conditions and apply to all Funds. In that:

   a. The Fund is a “component fund of the Solano Community Foundation.” This language should be used in all publicity and fundraising communications.
   
   b. Contributions to the Fund can be made at any time. Checks must be made payable to the Solano Community Foundation for deposit to the Fund.
   
   c. In keeping with I.R.S. guidelines, the Foundation does not accept cash gifts.
   
   d. Gifts of appreciated stock and other assets may be made to this Fund, accepted in accordance with the Foundation’s Gift Acceptance Policy.
   
   e. The Foundation will send gift acknowledgement (thank you) letters to all contributors to the Fund, providing the Foundation’s EIN (Employer Identification Number) and tax-exempt status.
   
   f. The Foundation will never sell or distribute any contact information about the Fundholder, or any other Donor, unless given express permission by the Donor.
   
   g. All fundraising activities conducted by the Donor/Fundholder (or by those acting on their behalf) to generate donations to the Fund must be held in compliance with federal, state and local gift solicitation laws and regulations.
   
   h. The name of the Fund and its purpose will be posted on the Foundation website. The Donor/Fundholder may provide text, photographs, video clips, quotes, and other information to add to the Fund’s webpage. All content regarding the Fund or Donor must be approved by the Foundation, and will be posted by the Foundation. Links may be provided to other websites and other websites may link to the Fund page.
   
   i. The Donor/Fundholder is not covered under the Foundation’s liability insurance policy.
   
   j. In-kind donations (i.e. gifts in lieu of cash) may be made to the Fund if acceptable to the Foundation. In-kind gifts are subject to the Foundation’s Gift Acceptance Policy, and it is the responsibility of the Donor to assign a specific monetary value for the gift. In-kind gifts with a declared value in excess of $5,000 must be appraised by the Donor or Foundation prior to acceptance.
k. The Donor/Fundholder shall submit a Grant Request Form (provided by the Foundation) to request (recommend) a disbursement (grant) from the Fund. The Foundation’s Board has final approval authority for all requests submitted.

l. The Foundation will send a Quarterly Fund Statement to the Donor/Fundholder as a summary of the Fund’s activity and current balance. A monthly statement or Fund balance may be requested as needed.

16. Donor/Fundholder agreement and understanding of the terms and conditions described herein is acknowledged by signatures of the parties named herein, and attached hereto as EXHIBIT C – Fund Agreement Signature Page.

Exhibits A, B, and C follow on the next pages and are legal components of this Agreement.
EXHIBIT A – The Establishing Gift

The [Fund Name] is initially funded with an establishing gift in the amount of $[amount]. Additional contributions may be made to this Fund at any time. All additional gifts will be accepted as permanently restricted unless otherwise designated. Gifts designated as other than permanent (i.e. unrestricted gifts) are rarely accepted by the Foundation and require a compelling reason, time, and purpose. All gifts are managed in accordance with the current distribution policy and conditions under which all permanent named endowment funds are held.

Distribution Policy & Conditions for Permanent Named Endowment Funds

As Donor/Fundholder, I understand and agree to the following terms and conditions:

1. That this Fund is permanent and irrevocable; the principal (permanent gift balance) in this Fund may never be deliberately invaded, disbursed, or granted.

2. By law, the establishing gift, or any subsequent gifts to this Fund will not be returned to me or to any donor. As per Foundation Investment Policy, monies within the Fund may be pooled and invested but remain Foundation assets. Permanent monies will not be relinquished for transfer to any other charitable fund or institution.

3. That the permanence of this Fund dictates that the Foundation will hold the monies in perpetuity, maintaining the name, legacy, and purpose of the Fund as set forth by me in the Fund Agreement.

4. That to allow the Fund to grow, there is a waiting period of twelve quarters (three years) from the date this Fund is established before grants/scholarships may be made from the unrestricted earnings (dividends and interest) generated by the permanently restricted gift balance.

5. That in accordance with Foundation requirements, a portion of the establishing gift or a portion of any subsequent gift may be designated for unrestricted use with a compelling reason, and for a specific time and purpose. These monies are to be used for grants/scholarships while waiting for the twelve quarters to lapse.

6. That grants/scholarships may only be made from this Fund to local nonprofit organizations or educational institutions, in accordance with Solano Community Foundation’s current Spending Policy.

7. That the amount Available to Spend (ATS) for grants/scholarships from this Fund is calculated annually, not to exceed 4% of the total Fund balance, and may not invade the permanent/restricted fund balance. The exact ATS amount will be conveyed in writing at the beginning of each calendar year.
EXHIBIT B - Community Development Fee Policy

Community Development Fees (a.k.a. administrative fees) are paid from each fund held, to the Foundation annually (depending on the existing fund balance) to help cover administrative and managerial costs. These fees are used by Foundation for program support and operating expenses.

Endowed funds established by a nonprofit organization does not pay fees until the fund balance reaches $100,000. Thereafter, an annual fee of 1% will be calculated and deducted in twelve monthly increments. A nonprofit organization may set up agency, designated, or field of interest type of endowed fund, and there is a $200.00 minimum establishing gift.

In accordance with the Policy on SCF Fee Structure for Funds and Services, the Foundation uses a cumulative, stepped-fee structure to calculate the monthly fees for each endowed fund. Fees are paid from endowed funds at the end of each month based on the reconciled fund balance. The minimum annual fee is $200.00 or 2% of the fund balance, whichever is greater. In short, the larger the fund balance, the lower the fees paid.

Using the schedule shown below, the fund balance in each step (tier) is multiplied by the “fee percent” assigned to that step. The amount calculated for each step is then added together to determine the cumulative total fee amount. That total is paid in twelve monthly increments, and varies with the rise and fall of the fund balance each month. APR is calculated by dividing the total annual fees by the average daily fund balance at year end.

- For the first step, fund balances of up to $100,000 are assessed a 2.0% annual fee.
- For the second step, the fund balance amount between $100,000 and $300,000 is assessed a 1.75% fee.
- For the third step, the fund balance amount between $300,000 and $500,000 is assessed a 1.50% fee.
- For the fourth step, the fund balance amount between $500,000 and $1,000,000 is assessed a 1.25% fee.
- For the fifth step, the fund balance amount over $1,000,000 is assessed a 1.00% fee.

Community Development Fees are deducted from the aggregate earned income generated by the Fund (interest and dividends).

Quarterly Fund Statements sent to the Donor/Fundholder report fund activity, earnings, and monthly balances.
EXHIBIT C – Fund Agreement Signature Page

I, (Name of Donor/Fundholder) (Donor/Fundholder) have read the Fund Agreement, and all Exhibits attached hereto, and agree to the terms and conditions contained herein.

IN WITNESS WHEREOF, the Donor, and the Solano Community Foundation have executed this Agreement, as of the day and year first written on page one of this document, by signing below.

For the (Fund Name)

Signed by: __________________________________________________________________________ Date: ___________

Fundholder Name

Signed by: __________________________________________________________________________ Date: ___________

Co-Fundholder Name

For Solano Community Foundation

Signed by: __________________________________________________________________________ Date: ___________

Constance Harris, Chief Executive Officer

Signed by: __________________________________________________________________________ Date: ___________

Teresa Fitzgerald, Board Chair

END OF FUND AGREEMENT