



## Donor Handbook

October 1, 2013

*Enhance ~ Build ~ Serve ~ Give*

*The mission of the Bryan Area Foundation is to enhance the quality of life for all citizens of our area, now and for generations to come, by building community endowment, addressing needs through grant making and serving as a leader, catalyst and resource for charitable giving.*



PO Box 651 ~ Bryan, Ohio 43506 ~ 419-633-1156 ~ [www.bryanareafoundation.org](http://www.bryanareafoundation.org)

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Donor Handbook Compliance Statement

## **I. Establishing a Fund**

It is easy to establish your own named charitable fund as a donor of the Bryan Area Foundation and its affiliates in Edon, Montpelier and West Unity. Our experienced, knowledgeable staff will work with you to choose the right fund for your philanthropic needs. As a donor you will follow these simple steps:

- 1. Determine your charitable purpose or intent.**
- 2. Select the type of charitable fund that best supports your purpose.** Our staff will outline your options and discuss advantages of each, including any restrictions you wish to place on the fund.
- 3. Complete a simple governing fund agreement.** Our staff will help you create a document that makes your intentions clear.
- 4. Select a name for your fund.** You may use your name, that of a family member, the name of a favorite cause, or a name that allows you to remain anonymous.
- 5. Designate current fund contact.** The fund contact's role is to suggest to the Foundation's Trustees which causes the Fund chooses to support. Advisory privileges are reserved for Donor Advised Funds only.
- 6. Receive tax deduction.** Your gift will receive a tax deduction at the time the fund is established and when you make additional contributions to the fund.

Once your fund is established you may:

1. Add to the fund at any time.
2. Specify how grant disbursements are to be acknowledged – whether in the name of the fund or anonymously.
3. Recommend distributions to qualified charitable causes and organizations if you've established a donor advised fund.

## **Fund Agreements**

The legally binding fund agreement that a donor signs to establish an endowment fund ensures compliance with the applicable rules and regulations of the Internal Revenue Code (the "Code"). The agreement reflects an irrevocable gift transaction so that the donor receives the maximum tax benefit allowed by law. This ensures the Foundation's continued status as a public charity. Any failure to comply with the IRS rules and regulations could potentially deprive the donor of the tax benefits of a charitable contribution to a public charity.

The fund agreement also provides variance authority, which reserves the right of the Foundation's Trustees to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose or to specified organizations if, in their sole judgment, such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation.

## Fund Choices

The Foundation offers a variety of funds to allow donors the opportunity to customize their gift.

- ◆ **Acorn Fund** is created with the goal of eventually becoming a named endowed fund. This fund can be started with an initial deposit of at least \$1000. The Foundation's guidelines require that the fund reach the required minimum of the chosen fund category within five years.
- ◆ **Community Fund (Unrestricted)** is an unrestricted fund that is used to provide grants that address the most urgent needs of our community. You may choose to establish a fund in your name allowing the Foundation to determine where grants will do the most good. Community Funds offer maximum flexibility to react to the changing needs of the community. The minimum gift to establish a Community Fund is \$5,000.
- ◆ **Administrative Support Fund** provides support for the ongoing operations of the Bryan Area Foundation. The minimum gift to establish an Administrative Support Fund is \$5,000.
- ◆ **Organizational Endowment Fund** is a form of a designated fund where the donor is a nonprofit agency or organization contributing funds to provide current income and long-term security for its operation. The minimum gift to establish an Organizational Endowment Fund is \$10,000.
- ◆ **Field of Interest Fund** allows you to support an area of charitable interest defined broadly, such as "education". You can also select a defined geographical area or specific community to benefit from your named fund. Field of Interest Funds can be established for a range of causes from arts and culture to health care. The minimum gift to establish a Field of Interest Fund is \$15,000.
- ◆ **Designated Fund** is created to ensure that support will be provided to one or more specific charitable organizations chosen by you. The Foundation ensures that disbursements are made to the appropriate charitable agencies or causes as specified in the establishing fund document. The minimum gift to establish a Designated Fund is \$25,000.
- ◆ **Scholarship Fund** supports students at an institution (college or technical school), students in a particular field of study, or students from a particular high school. The minimum gift to establish a Scholarship Fund is \$25,000.
- ◆ **Donor Advised Fund** is a flexible tool for charitable giving, operating much like your own personal family foundation. You select the fund name and then enjoy making grants to the non-profit organizations you care about. Grants to individuals, including scholarships, are not permitted by law by a Donor Advised Fund. The minimum gift to establish a Donor Advised Fund is \$100,000.

## **Governing Rules and Regulations Applicable To All Component Funds**

Nature of Funds. Each component fund shall be the property of the Bryan Area Foundation, Inc. and its affiliates ("Foundation") held in its normal corporate capacity. It shall not be deemed a trust fund held by the Foundation in a trustee capacity.

Establishment of Funds and Distributions. Component funds may be established by the donation or transfer of assets of money or property whether by contribution, gift, or bequest, or by transfer from a charitable or other organization ("Contribution") to further or carry out the purposes of the Foundation as set forth in the Articles of Incorporation. The establishment of component funds is designed as a means of encouraging donors to provide funds to further the Foundation's charitable, educational, scientific and religious purposes within the meaning of Section 170(c)(2)(b) of the Internal Revenue Code as revised from time to time. Distributions from component funds shall be used only to support charitable activities which further the charitable purposes of the Foundation.

Control of Funds. All gifts, and income derived therefrom, made to the Foundation are irrevocable and are subject to the legal and fiduciary control of the Foundation Trustees.

Identification of Funds. Each fund, other than the Unrestricted Community Fund, shall be recorded on the books and records of the Foundation as an identifiable fund and may be given a name or other designation as reasonably requested by the donor within limitations which may be established by the Foundation's Board of Trustees from time to time.

Variance Power. The Foundation Trustees retain variance power over all component funds. This variance power, as required by law and stated in the Foundation's Code of Regulations, allows the Trustees to modify any restrictions or conditions on the distribution of assets.

No Restriction Permitted. A donor may not impose any material restriction or condition which prevents the Foundation from freely and effectively employing the contributed assets, or the income derived therefrom, in furtherance of the charitable purposes of the foundation.

### **Spending Policy for Funds**

The Trustees of the Foundation determine the annual spending amount distributed by each fund by multiplying the distribution percentage (determined annually by the Trustees) times the fund's average balance for the previous 8 quarters, as long as the fund balance does not fall below the minimum required fund balance. Available to spend amounts will be based on the above as of the end of the previous year.

The donor, upon establishing the fund, chooses to follow the Foundation's standard spending policy.

## **Asset Manager/Investment Policies**

The Trustees, through the Investment Committee, have ultimate responsibility for selecting asset managers and determining all asset allocations, performance objectives and all matters pertaining to the funds held by the Foundation. The Foundation has the right to make a change in an asset manager at any time if in the best interest of the Foundation and the endowment fund.

Investment decisions are based on the following:

1. Preservation of Capital – Investment recommendations should be made with reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk aversion – Understanding that risk is present in all types of securities and investment styles, and that some risk is necessary to produce long-term investment results.

## **Inactivity Policies**

An Acorn Fund has five years to reach the required minimum of the chosen fund category. Should it fail to reach that goal, the fund contact will be given 60-days notice before the funds revert to the Community Fund.

## **Donor's Bill of Rights**

- ◆ To be informed of the Foundation's mission and the way donated resources are effectively used for their intended purposes.
- ◆ To be assured your gifts will be used for purpose for which they were given.
- ◆ To receive appropriate acknowledgment and recognition.
- ◆ To be assured that information about your donation is handled with respect and with confidentiality to the extent provided by law.
- ◆ To be informed of the identity of those serving on the Foundation's governing board and staff and to expect them to exercise prudent judgment in its stewardship responsibilities.
- ◆ To be informed whether those seeking donations are volunteers or paid staff.
- ◆ To expect that all interactions with the Foundation will be professional in nature.
- ◆ To have access to the Bryan Area Foundation's most recent financial statements.
- ◆ To ask questions when making a donation and to receive prompt, truthful and forthright answers.

## **II. Contributions**

The Foundation accepts contributions in many forms as explained below. Contributions may be made to an existing fund or to establish a new fund.

### **Acknowledgement of Contributions**

- ◆ The Foundation will substantiate all contributions that it receives, in a timely manner, by written acknowledgment to the donor. This acknowledgment is in accordance with IRS requirements and should be used by the donor to support the charitable deduction taken on his/her tax return.
  
- ◆ The Foundation will include the amount of cash and description of (but not value of) any property, other than cash, contributed. Valuation of donated property is the responsibility of the donor.

### **Contributions Accepted**

1. Bequest in Will
2. Revocable Living Trust
3. Gift of Cash
4. Gift of Securities
5. Gift of Personal Property
6. Gift of Life Insurance
7. Gift of Retirement Assets
8. Gift of Real Estate
9. Gift of Retained Life Estate
10. Charitable Remainder Unitrust
11. Charitable Remainder Annuity Trust
12. Charitable Gift of Annuity
13. Charitable Lead Trust

### **III. Grants and Scholarships**

#### **Grants to Public Charities and Charitable Causes**

All grants and scholarships are granted at the sole discretion of the Foundation. Distributions are made primarily to charitable organizations that are tax-exempt under IRC Section 501(c)(3) but can be given for most charitable causes that meet IRS regulations and are consistent with the policies of the Foundation. Distributions also may be made to governmental agencies and most religious organizations. Foundation policy prohibits making distributions to nonprofit organizations in satisfaction of legally enforceable pledges or for dues, memberships, benefits tickets, goods bought at charitable auctions, fundraising dinners, and golf tournaments or to secure ticket rights. Distributions may not be made for political purposes. The Foundation will distribute checks in a timely manner.

#### **Minimum Grant Amount**

- ◆ Minimum grant amount is \$500.00.
- ◆ Grant applications are available on the Foundation's website, [bryanareafoundation.org](http://bryanareafoundation.org)
- ◆ Telephone: (419) 633-1156
- ◆ E-Mail: [jbrace@bryanareafoundation.org](mailto:jbrace@bryanareafoundation.org)

#### **Due Diligence**

If there is sufficient evidence to believe that a grant has not been used for the specified purpose, the Foundation will request that funds be returned to the Foundation immediately. Discrepancies or irregularities in the recipient's handling of distributions(s) will be reported to the donor.

### **IV. Fund Contacts**

#### **Designation of Fund Contacts**

In order to protect your fund and ensure proper communication, all contacts to an endowed fund must be documented with the Foundation. All records pertaining to your fund are confidential.

#### **Successor Advisor**

The Foundation allows Donor Advised Fund donors to create succession plans that meet their charitable objectives including the ability to transfer advisory privileges to successor advisors, including spouse, children, grandchildren, friends or professional advisors, upon the death or incapacity of the original donor. The original donor, only may assign their right to advise, however, the Foundation must be notified in writing of any assignment for it to be effective. The original donor may also add or change advisors by a direction in his or her will. Successor advisors cannot appoint additional successors.



The Foundation allows successor advisor privileges for two generations (original donors children and grandchildren). At the end of two generations, the Foundation shall determine how assets are distributed consistent with the donor's charitable interests as outlined in the original fund agreement or by considering any relevant information about the donor's particular civic or charitable interests. The fund will remain a named component fund of the Foundation.

## **Fund Contacts Responsibilities**

### 1. Donor Advised Fund

- ◆ Recommend grant(s) by completing a Grant Recommendation form
- ◆ Select succession plan as described above
- ◆ Serve as fund representative for questions, information, correspondence

### 2. Donor Designated Fund

- ◆ Serve as fund representative for questions, information, correspondence
- ◆ Person associated with designated organization is also listed representative to receive the grant check

## **V. Investment of Funds**

The Bryan Area Foundation has ultimate responsibility for investing component funds and allocating investment earnings. The Foundation Trustees have appointed an Investment Committee to advise the Trustees as to its investment and allocation functions. The Investment Committee along with the Foundation staff monitors performance of component funds.

The overall objective of the Foundation is to preserve and protect principal while averting risk. This is accomplished by:

1. Maximizing interest and dividends
2. Achieving a balance return of current income and modest growth of principle.
3. Emphasizing long-term growth of principle while tolerating short-term volatility that is consistent with the volatility of a comparable market index

The Investment Committee reviews the investment objectives at minimum quarterly or as the financial markets may dictate.

## **Retention of Investments**

The Foundation has entered into revocable agreements with financial managers for the actual investment of component fund assets in their general combined investment pools.

Endowment fund assets are commingled, for investment purposes, with those of other endowment funds. The Foundation, however, shall have no obligation to commingle assets for investment purposes and may, at its discretion, retain any assets received or hold the assets of a component fund as a separate unit for investment purposes.

Upon request, the Foundation will provide investment information to the public, including the names of investment manager, investment and administrative fees, and committee members responsible for the Foundation's investment objectives, policies and decisions.

## **Allocation of Income/Market Adjustment**

On a quarterly basis, all component funds will have interest, dividends, and realized and unrealized gains or losses allocated to the fund. Allocations are based on the average daily fund balance for the quarter.

## **VI. Fees**

<b>Fund Type</b>	<b>Fees (annually)</b>
Acorn Funds	Corresponding Fund Type
Community Fund	1.0%
Administrative Fund	No Fees
Organizational Endowment Fund	1.0%
Field of Interest Fund	1.2%
Designated Fund	1.2%
Scholarship Fund	1.5%
Donor Advised Fund	1.5%

## **VII. Financial Reporting**

The Bryan Area Foundation's financial statements are prepared in accordance with generally accepted accounting principles. The Foundation's fiscal year ends on June 30. The financial statements are reviewed annually by an independent accounting firm and are available upon request.

All fund contacts are eligible to receive fund financial reports. These reports summarize the activity in the fund. Reports are available upon request by donors or contacts of the funds.

### **VIII. Confidentiality**

The Foundation respects donors and prospective donor's right to confidentiality. The Foundation does not provide donor contact information to any outside source. Gifts and grants can be made anonymously by communicating this desire to a member of the Foundation staff.

<b>DONOR HANDBOOK COMPLIANCE STATEMENT</b>
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**I verify that I have read and agree to the policies set forth in this Donor's Handbook from the Bryan Area Foundation and its affiliates. I understand that these policies will be applied to my fund, the \_\_\_\_\_ Fund.**

**Signed** \_\_\_\_\_ /\_\_\_\_\_/\_\_\_\_\_  
Name Date