

**COMMUNITY FOUNDATION FOR THE TWIN TIERS, INC.
ADMINISTRATIVE POLICIES AND OPERATING PROCEDURES**

Donors From Whom Gifts Will Be Accepted

1. Corporate or institutional donors - the Foundation will accept restricted or discretionary gifts from churches, service clubs, fraternal organizations, other foundations, for profit corporations, not-for-profit corporations, etc. for purposes consistent with the mission of the Foundation.
2. Individuals - the Foundation will accept restricted or discretionary gifts from individuals for purposes consistent with the mission of the Foundation.

How Can Donors Give

1. Donors can and are encouraged to make unrestricted gifts to the endowment or permanent fund of the Foundation.
2. Donors can make restricted gifts to the Foundation that are consistent with its mission. Such donors shall enter into an agreement with the Foundation detailing the terms of the investment, distribution, etc. under the gift.
3. Donors may make additional gifts or pledges to the already established permanent funds of the Foundation.

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Types of Gifts

The Foundation may accept the following kinds of gifts:

1. Cash.
2. Securities - Gifts of securities are subject to sale by the Trustees at any time.
3. Life insurance - Such gifts will be valued on receipt at the cash surrender value. Fully paid policies transferred to the Foundation may be retained or cashed in at the discretion of the Foundation. Special arrangements must be made by the donor for policies on which premiums are still due and owing. Insurance policies shall not be listed on the Foundation's balance sheet.
4. Real Property and Tangible Assets - Such gifts must be appraised at the cost of donor. They may be sold at the discretion of the Foundation. A careful study of environmental problems, cost of retention, and ease of sale should be made by the Foundation before accepting such gifts.
5. Charitable Gift Annuities – Donor gives assets to the Foundation for a fixed dollar return for the life of the donor and/or other beneficiaries in exchange for the contribution. The amount of payment is dependent upon the age of the donor and the size of the gift.
6. Charitable Remainder Trusts - Since benefit to the Foundation is deferred, they do not appear as gifts on the balance sheet. The Foundation may have to assist the donor in finding a trustee. The Foundation may not wish to act as a trustee. Acceptance is in accordance with the adopted minimum fee schedule.
7. Charitable Lead Trusts - Donor gives assets to Foundation for a stated time, during which income goes to the Foundation or for a specific purpose. It is not a permanent asset and may not be listed as such on the balance sheet. The Foundation may not wish to act as a trustee. Acceptance is in accordance with the adopted minimum fee schedule.
8. Bequests.
9. Agency Funds or Endowments - To protect against misunderstanding or disappointment in investment policies of the Foundation, a clear understanding of agency expectations and Foundation investment policies should be established. The terms creating the fund should state whether only income shall be distributed, or whether fixed distributions may use capital appreciation or invade principal.
10. Project or Pass-Through Gifts - These gifts are temporary in nature and should be viewed as a service to the donor. Where labor-intensive or for projects marginally within the Foundation's Mission, the decision to accept the gift rests with the Board of Directors. An appropriate fee will be charged.

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Types of Funds to be Maintained

- I. **Permanent Funds** - Funds held by the Foundation in perpetuity. They can be either discretionary or restricted funds. Gifts to the Foundation for current use, either restricted or discretionary, may be accepted by the Foundation for use within its mission statement.
- A. **Discretionary Funds** - One or more funds may be established by the Trustees for discretionary gifts. From the interest from such fund or funds, the Trustees may make grants to projects selected in accordance with community needs and priorities established by the Trustees.
- B. **Restricted Fund (Donor designated)** - the donor directs the Foundation to pay annual income to a specific, named organization in perpetuity. Fall within five categories of funds listed below.

The minimum size for any fund to be created in the permanent endowment is \$10,000. Additions may be made to an existing fund in any amount. Donors have the opportunity to build to the minimum over a period of years.

1. **Field of Interest** - such as art, education, health care, etc., consistent with the mission of the Foundation. Also geographic field of interest funds such as county, township, village, etc.
2. **Scholarship Funds** - funds to support students in their educational pursuits.
3. **Donor Advised** - The donor may participate in the selection of the purpose or recipient of a gift from annual income from such a fund by recommendation to the Board of Trustees, who are empowered to make the final selection.
4. **Agency Endowment** - Foundation may accept for management and investment existing funds from other non-profit organizations. Annual income is distributed to the organization for its general purposes.
5. **Private Foundation Transfers** - tax free rollover of private foundation funds in such a way to preserve the identity and purposes of the original donor.

- II. **Temporary Funds** - Funds held for a limited amount of time by the Foundation. They can be either pass-through or project funds.
- A. **Pass-Through Funds** - Funds held by the Foundation for a limited amount of time. Distribution of funds falls within the mission of the Foundation.
- B. **Project Funds** - Foundation may establish and maintain project funds to meet community needs identified by the Directors.

CFTT Personal Funds

It is the policy of the Community Foundation for the Twin Tiers to set-up and maintain two funds specifically for providing yearly administrative operating funds for the organization. These funds are:

- 1.) CFTT Operating Fund and
- 2.) CFTT Operating Endowment Fund.

The CFTT Operating Endowment Fund is a restricted fund designated so the income earned from the fund yearly is deposited into the CFTT Operating Fund.

**COMMUNITY FOUNDATION FOR THE TWIN TIERS, INC.
FUNDS ACCEPTANCE POLICY**

1. GENERAL

The Community Foundation for the Twin Tiers (“Foundation”) encourages each donor to design a gift that best carries out the donor's charitable intentions. To that end, the Foundation offers each donor the ability to make a gift to any one of several types of funds. These funds are described in the following policy guidelines.

2. TYPES OF FUNDS

- A. Permanent Funds. A permanent fund is held by the Foundation in perpetuity. Some of the fund’s net income (as defined by the policies of the Board of Directors) will be distributed. Most of the Foundation’s funds are permanent funds and are either discretionary or restricted.
- B. Temporary Funds. Funds held for a limited amount of time by the Foundation. They can be either pass-through or project funds.

3. DESIGNATION OF FUNDS

- A. Discretionary. A discretionary fund can be temporary or permanent. In either case, the Board of Directors may make distributions at their discretion, free of any condition imposed by the donor.

Unless a donor delivers a written intent to the contrary, funds donated to the Foundation shall be deemed permanent and discretionary.

- B. Restricted (Donor Designated). A donor places restrictions on their donation by directing the Foundation to follow certain conditions for the allocation of its annual income in its agreement. There are different kinds of restricted funds.
 - 1. Field of Interest Funds. A field of interest fund is dedicated to one or more general charitable purposes reflected by the donor, i.e. health care, education, etc. It can be used as a memorial in honor of someone’s life work. It may also be restricted to specific geographical area, i.e. county, village, township, etc. Any field of interest designation must fall within the general charitable purposes of the Foundation and is subject to acceptance by the Finance Committee.
 - 2. Scholarship Funds. A scholarship fund makes distributions to or on behalf of one or more students to attend an educational institution, which may or may not be located in the foundation’s service region. Each scholarship fund is subject to acceptance by the Finance Committee.
 - 3. Donor Advised Funds. Donors may create a permanent or temporary fund and, subject to the conditions listed below, advise the Foundation with regard to grantmaking from the fund.

The Foundation will give such advice most serious consideration, provided:

- a. No more than 50 percent of the fund's annual distributions are made to organizations operating outside of Foundation's service region.
 - b. The period of donor advice, in the case of an individual donor, must end at the last to occur of either (a) the donor's lifetime or (b) the lifetime of any spouse or children of the donor who are living and specified when the fund is created.
4. Agency Funds or Endowments. Donors, including nonprofit agencies, may create a fund within the Foundation that limits its distributions to one or more specific agencies, subject to acceptance by the Finance Committee. CFTT has an administrative endowment fund set up to assist in providing funds to support its on-going work.
 5. Private Foundation Transfer. The tax-free transfer of funds from a private foundation is set up to preserve the identity and purposes of the original donor and allowing family members and other designees to still participate if they so wish.
- C. **Pass-Through Funds**. A pass-through fund is held by the Foundation for a limited period of time. In most cases, the donor will establish the time frame for complete distribution of principal and income.
- D. **Project Funds**. Foundation may establish and maintain project funds to meet community needs identified by the Directors.

4. MINIMUM SIZE AND PENDING FUNDS

- A. Minimum Size of Funds. The CFTT has these funds with minimum sizes:
- 1.) Charitable Gift Annuities - \$25,000 (\$10,000 with Board Approval)
 - 2.) Charitable Lead Trusts - \$100,000
 - 3.) Charitable Remainder Trusts - \$100,000
 - 4.) Donor Advised Fund - \$25,000
 - 5.) A Permanent Fund - \$12,500
 - 6.) Scholarship Funds - \$12,500
 - 7.) Pass-Through - \$25,000
 - 8.) Project Funds - \$50,000
- B. Acorn Funds. An acorn fund is a start-up version of any fund. All earnings will be reinvested by the Foundation until the minimum size of a fund is reached.

The Board of Directors may transfer an acorn fund to the Corporation's discretionary funds at any time which is five years after the pending fund was first funded if the value of the fund at that time does not equal the amount of the initial contribution for a named fund or an agency fund then in effect. Any fund that does not meet the initial agreed upon fund size after five years will be evaluated by the Foundation's Board of Directors, *who* may continue the fund without change, or redistribute the fund within the Foundation's other funds, as the Board of Directors shall select.