

# Funds, Fund Types and Criteria for Naming

## Preamble

The foundation gives individual donors, family foundations, businesses and charitable organizations a number of ways to fulfill their philanthropic objectives while supporting the wellbeing of our community.

We believe that by strengthening the gifts, assets and capacity of individuals and groups, we strengthen our community. The foundation specializes in building endowment funds, where the capital is not encroached, and uses the funds' earnings to support the ever-changing needs and opportunities of our community.

The foundation has a number of types of funds available for donors. Many of them are **open funds** where gifts may be made by any interested contributor thereby allowing even modest contributions to be joined with others' gifts for maximum charitable benefit.

Donors may name the fund that they endow – for themselves, a family member, a company or a valued friend. Some funds have names that convey specific goals or purposes, or hold special meaning to the donor. The criteria for naming and establishing funds are identified below in each fund definition.

## Funds – General Guidelines

**All funds are open funds, meaning that any donor can make a gift at any time, once the fund is opened.** Donors creating named funds will be provided with an annual fund statement, reflecting additions to the funds, administrative and investment fees charged against the funds, grants from the fund and the determination of annual distributable earnings for the subsequent year. Annual distributions from the fund will be identified as having come from the fund, unless the donor wishes the distribution to remain anonymous. A deed of gift or fund agreement will be required to establish all funds. The board will approve templates for the deeds for each type of fund. The board must approve any changes to the clauses of these

templates. The Board will pass a resolution confirming the terms of each deed of gift.

Deed of Gift agreements can be amended during the lifetime of the donor. The foundation encourages donors to seek independent advice if the proposed gift is a Planned Gift and/or the foundation has any reason to believe the proposed gift might significantly affect the donor's financial position, taxable income, or relationship with other family members.

### **Endowment Fund Definition**

Endowment funds are defined as those funds created where the capital is held in perpetuity and the annual distributable earnings are allocated to charities, as per the type of fund created below. With board approval, donors can setup endowment funds where a portion or all of the capital is disbursed on a regular basis.

### **Dufferin Visions Community Fund**

This fund will consist of donations, large and small, from a variety of sources – individuals, corporations and foundations. Donations to this fund give the foundation the greatest flexibility to respond to current community needs through the provision of grants to charities. The minimum donation to establish a named fund within the Dufferin Visions Community Fund is \$30,000.

### **Field of Interest Funds**

These funds work much like the Dufferin Visions Community Fund, except that donors will identify an area of interest that they would like to target their support (ex. heritage, children and youth, relief of poverty, education, etc.). The donor empowers the foundation's Grants Committee to select worthwhile projects to support. The minimum donation to establish a Field of Interest Fund is \$10,000. A Named Fund can be established within an existing Field of Interest Fund with a \$30,000 donation.

### **Donor Advised Funds**

Donor advised funds enable a donor to have ongoing participation in the selection of charities that will benefit from their gift. Donors can choose this type of fund instead of creating a family trust or private foundation. Existing foundations are able to transfer their assets to the foundation to achieve

higher returns or reduce administrative costs while still remaining involved in allocating grants. A minimum donation of \$250,000 is required to open a donor advised fund.

### **Designated Funds**

By establishing a designated fund, donors have the opportunity to specify which particular charity or charities they would like to support in perpetuity. If an organization ceases to exist, the donor has not named a successor beneficiary and the donor is deceased, the foundation will redirect the funds to a named fund within the Community Fund. Donors are able to establish a designated fund with a minimum donation of \$30000.

### **Agency Endowment Funds**

These funds can be created on behalf of registered charities. The fund allows the charity freedom from investment responsibility and gives donors the confidence of knowing that a permanent foundation is in place to professionally administer the charity's endowment. Once established, the charity will encourage their donors to contribute to their endowment fund. The minimum donation to establish this type of fund is \$15000.

### **Emerging Funds**

By establishing an Emerging Fund, donors are able to open a fund in any of the above categories with an initial donation and a pledge to meet one of the minimum donation levels as described above within a few years of the initial gift. Until such time as the pledge is fulfilled, no distribution will be made from the Emerging Fund, provided that the foundation is still able to fulfill its disbursement quota as determined in its annual T3010. Details to be negotiated and finalized upon request.

### **Dufferin Community Foundation Sustainability Operating Endowment Fund**

The purpose of this fund is to offset the costs of operating the foundation. Donors are able to establish a Named Fund within this fund with a minimum donation of \$30,000. Note that the foundation will also have a non-endowed operating fund (the Dufferin Sustainability Fund) to which donations can be directed.

### **Spend Down Funds (formerly Flow Through Funds)**

These are non-endowed funds whereby the funds are received by the foundation and then provided to a designated charitable organization on behalf of the donor(s). The board will consider other requests to create flow through funds on a case-by-case basis where there is a demonstrated advantage to the long-term growth of the foundation.

### **Capital Disbursement Fund**

This type of fund enables donors to create a fund where an agreed to portion of the capital along with the annual distributable earnings is paid out on an annual basis.

**Monitoring:** This policy will be reviewed every three years.