



Endowment Fund with Donor Recommended Investment Manager Contribution Form

This document may be completed electronically using Adobe Acrobat® Reader..

Donor Name(s) _____

Address _____

Street City State Zip

Alternate Address: Business Seasonal

Street City State Zip

Telephone _____

Work Home Cell

Email: _____ Alternate email: _____

Recommended Investment Manager _____

Address _____

Street City State Zip

Telephone _____ Email: _____

How did you hear about the Community Foundation? Whom may we thank for referring you to the Foundation?

1. The donors give the sum of \$ _____ and/or the following described property _____ (description of assets given) to The Community Foundation of North Central Massachusetts (Foundation); with the request, subject to the Articles of Organization and By-Laws of the Foundation, as they currently exist or may hereafter be amended, that the funds or property thus transferred be used to establish, or add an Endowed Fund to be known as the:

_____ Fund (Name of Fund).

The purpose of the fund is:

2. Donor Recommended Investment Manager Policy:

Upon request by a donor at the time of a gift and establishment of a fund, and subject to the approval of the Foundation Board of Trustees, the Foundation may enter into a contract with an individual investment manager

or management firm (“Recommended Manager”) to manage assets given to the Foundation by said donor, provided:

Minimum Requirements:

- The donor is establishing an endowment fund at the foundation of at least \$500,000 (unless a fund minimum waiver is granted by the Foundation Board of Trustees);
- The assets must be managed in a separate account belonging to the Foundation and the donor may exercise no control over that account.
- The Recommended Manager, at a minimum, must be a registered investment advisor under the Investment Advisors Act of 1940 and must comply with any state requirements;
- The donor requests in writing that the gifted assets be managed by the Recommended Manager;
- The donor certifies in writing that he or she will not personally benefit from the Foundation’s relationship with the Recommended Manager and does not have a family relationship with the Recommended Manager or with the employees or owners of the Recommended Manager’s firm;

Fees:

- The donor acknowledges that the fees and expenses charged by the Recommended Manager will be deducted solely from the total return on the funds held by the Recommended Manager. The Foundation will discuss these fees and expenses with the Recommended Manager to reach an agreement establishing fees and expenses that are commensurate with the services the Recommended Manager will provide.
- The donor agrees that an annualized Consultant’s fee will be deducted from the total return on the funds.
- The donor agrees that an annual Community Foundation administrative fee will be deducted from the total return on the funds. Administrative Fee charges will be assessed on an annual basis as per the Foundation’s Guidelines, which are subject to reasonable modification by the Board of Trustees.

Investment Management:

- The donor acknowledges and the Recommended Manager agrees that the Recommended Manager will monitor investment performance of the funds and will communicate regularly with the Consultant. The Recommended Manager will provide monthly investment performance reports to the Foundation and inquiry only access to account data to the Foundation’s Consultant.
- The Recommended Manager will play a primary role in applying due diligence standards to the managers held in their respective accounts, including monitoring.
- The Recommended Manager manages fund on a standalone basis. Such funds will increase or decrease in value as a result of the Recommended Manager’s standalone investment performance.
- The Recommended Manager must adhere to the Investment Guidelines set forth in this Investment Policy Statement, including but not limited to, approved asset classes and investment restrictions. The Recommended Manager must mirror the approved asset allocation prescribed in Section IV for Long Term, Non-Agency funds as closely as possible, and at a minimum, must adhere to the overall stock/ bond allocation. The portfolio should be a diversified allocation of stocks and bonds consisting of a minimum of two stock asset classes and two bond asset classes.

- The donor acknowledges and the Recommended Manager agrees that the Recommended Manager will be evaluated according to the same criteria and benchmark requirements as apply to the other investment managers holding funds for the Foundation.

Revocation or Termination:

The donor and the Recommended Manager acknowledge that the Board of Trustees of the Foundation may, at any time, revoke the privilege of the donor recommendation and terminate any contract or agreement with a Recommended Manager. The donor acknowledges that I.R.S. regulations require that the Foundation Board retain the sole discretion to terminate the Foundation’s relationship with the Recommended Manager, and to transfer the funds held by the Recommended Manager to other investment managers under any facts or circumstances that the Board in good faith believes warrant such termination and transfer. Such facts and circumstances will include but not be limited to a determination made in the sole discretion of the Board that the Recommended Manager has failed to meet benchmark requirements then in effect; has failed to perform comparably to other managers; has charged fees that are incommensurate with services provided; has failed to communicate and confer with Consultant; or has otherwise failed to perform as requested by the Foundation.

Each request that gifted assets be managed by a Recommended Manager will be evaluated individually. The Board of Trustees of the Foundation must approve each use of a Recommended Manager and reserves the right to refuse any gift deemed to be against the best interests of the Foundation.

3. Distributions:

Distributions will be made from the Fund in accordance with the Foundation’s Investment, Distribution & Fee Guidelines, which may be modified by the Board of Trustees from time to time. Distributions will be made from the annual distributable amount determined in accordance with the Foundation’s spending rule for endowed funds as in effect.

Subject to the foregoing, grant recommendations may be made from time to time, for the Foundation’s approval, by the advisor(s): _____.

If the above named advisor(s) is/are unable to serve, then the following person(s) is/are named as successor advisors: _____.

Note: All distributions are subject to the variance power contained in Article II (1) of the Articles of Organization of the Foundation.

4. I/We hereby acknowledge that I/we have been offered copies of and have reviewed the following documents:

- a. The Foundation’s Investment Policy Statement (Initial) **X** _____
- b. The Foundation’s Articles of Organization (Initial) **X** _____
- c. The Foundation’s By-Laws. (Initial) **X** _____

5. The gift or property described above will be transferred to the foundation using the following method: (Please check one of the following:)

- Check
- Securities-Certificates Transfer *
- Securities-Electronic Transfer *
- Securities-Gift Account Transfer *
- Other:

(* Please contact the Community Foundation for instructions on securities transfers.)

6. The donor understands that the gift described above will become an asset of the Foundation and is irrevocably committed for charitable purposes. (Initial) **X** _____
7. The donor understands that, upon the death of the advisors and successor advisors named (if any), the assets of the fund created by this document will be added to the Foundation's General Fund. (Initial) **X** _____
8. Contributions are Irrevocable. All gift contributions made to the Foundation become assets of the Foundation and are irrevocable as tax deductible gifts. All gifts to the Foundation must further the charitable purpose and mission of the Foundation. The Foundation reserves the right to review and approve all contributions.
(Initial) **X** _____
9. Estate Plans: Do you plan to name this fund as a beneficiary in your estate plan? If so, please indicate the type of planned gift:
- | | | |
|----------------------------|----------------------------|----------------|
| Bequest | Charitable lead trust | Life insurance |
| IRA/retirement plan assets | Charitable remainder trust | Other: _____ |
10. Amendments. This agreement may be amended from time to time by a document in writing signed by the Foundation and by the donor(s) if they are living or the acting fund advisors.

DONOR RECOGNITION:

Please publish my Fund Name in your publication(s) as it appears on page 1, under "Name of Fund".

Please do not publish my name in your publication(s).

Please do not publish my name in your publication(s), however, you may use my name to invite others to join the Foundation.

I would like my name and my Fund to remain anonymous

Person(s) will be using the online access to your fund and making grant distributions:

Name: _____

Email: _____

Name: _____

Email: _____

Person who can have read-only access:

Name: _____

Email: _____

What are your charitable interests?

Arts and Culture

Education

Environment

Health and Human Services

Housing and Community
Development

Civic Engagement

Workforce Development

Nonprofit Sector

Other:

INVESTMENT, DISTRIBUTION, AND FEE GUIDELINES

Investment Options

The donor may select an investment objective that best suits the fund's intended purpose. The Foundation provides information on performance, asset allocation, and fees for each of the three investment options. An explanation for each option follows:

Short Term Fund (Less than 3 years) – The primary investment objective of this Fund is stability of principal. This fund is appropriate for non-endowed funds or other situations where funds can be withdrawn with little or no advance notice, and/or in situations where only minimal fluctuations to principal can be tolerated. Agencies and donors with time horizons under three years should consider this strategy.

Medium Term Fund (3-5 Years) – The primary investment objective of this Fund is to provide payouts with moderate year to year volatility. This Fund may experience some reduction of purchasing power over time due to inflation. This fund is appropriate for endowed funds that require minimal, or no, real growth after payouts, or non-endowed funds that have a time horizon that is between three and five years. This fund will most likely experience moderate fluctuations to principal.

Long Term Fund (5+ Years) – The primary investment objective of this Fund is preservation of purchasing power to provide a relatively stable, inflation adjusted, annual payout to support grant-making or other donor missions. This Fund is appropriate for endowed funds or non-endowed funds with time horizons beyond five years. There will be some inevitable volatility in principal value from this strategy but it may offer the potential for a sustainable payout plus inflation protection, understanding that this may result in a less stable asset balance from year to year.

Distribution Policies

Endowment Funds

The Foundation, maintaining exclusive legal control of all contributed assets, has adopted a total return approach to investment management under the Uniform Management of Institutional Funds Law for Permanent Endowment Funds. This allows the Foundation to capture more of the historically higher appreciation in the equity markets. "Total return" is a term used to describe the total change in fund value over a given time period that results from both income (interest and dividends) and capital appreciation (realized and unrealized gains).

Under this approach, a fund's income for grant making and/or distributions will be calculated by using a "**spending rule**" – a fixed annual rate established by the Foundation's Board of Trustees and defined as a percentage of the market value of the assets in the fund. For example, a spending rule for a given year might be 5% of the four-year average of a component fund's asset value. The amount available for grant making determined by this spending rule can include interest and dividend income, as well as realized and unrealized gains. Currently the spending rule is 4.5% of the average market value over the past 20 quarters. No distributions are allowed for one year from the time the endowment fund is established. Grants from Field of Interest Permanent Endowment Funds will be made at the June Trustees' meeting.

It is important to note that depending on market conditions, in some years the spending rule may require the distribution of a portion of the principal balance in a fund.

Donor Advised and Scholarship Funds

The Foundation will from time to time receive advice from donors or their designees regarding disbursements from donor advised, or scholarship funds. This advice will be considered upon written request to the Foundation. The President and/or the Executive Committee of the Foundation are authorized to consider this advice and make distributions. (Please note that IRS regulations prohibit distributions to fulfill pledges and/or to secure benefits from the distribution recipient. With regard to Donor Advised Funds, all disbursements must be for the benefit of a charitable organization.)

As Founder of a Donor Advised Fund or Scholarship Fund you may appoint new advisors at any time by submitting them in writing to the Foundation.

Reports

The Foundation will provide donors or designees with quarterly statements on your Fund's activity and investment performance. You can access your monthly fund performance by going to our website at CFNCM.org and creating a user name and password to view your fund balance, performance and initiate distributions/grants.

Administrative Fees

Distributions will be made from the Fund in accordance with the Foundation's spending rule as stated here in the Investment, Distribution & Fee Guidelines, which may be modified by the Board of Trustees from time to time. Administrative tasks associated with the management of funds include investigation of grants, receipt and acknowledgement of contributions, payment of grants, oversight of investment management, and compliance with federal and state reporting requirements. To support these activities, the Foundation currently charges fees on funds. The fee is calculated as 1/12th% of the fund's market value at the end of each month.

The tiered fees are broken down as follows:

<u>Type of Fund</u>	<u>Fees</u>
(Endowed or non-Endowed Funds)	
Donor Advised Funds:First \$5,000,000	1.25%
Amounts over \$5,000,000	0.50%
Scholarship Funds:	1.25%
Agency Funds:	1.00%
Fiscal Sponsor:Additional 4% on all transactions	1.00
(Endowed Funds)	
Designated and Field of Interest Funds:First \$2,000,000	1.25%
Between \$2,000,000 and \$5,000,000	0.50%
Over \$5,000,000	0.25%

Minimum Annual Fee on all funds is \$250.00

A note about administrative fees: **The Administrative Fee for endowed and non-endowed funds are subject to reasonable modification by the Board of Trustees.**

