



OKLAHOMA CITY
COMMUNITY FOUNDATION
Helping you help the community

Charitable Organization Endowment Fund Policy Statement

Policy Guidelines for Establishing
A CHARITABLE ORGANIZATION ENDOWMENT FUND
at the OKLAHOMA CITY COMMUNITY FOUNDATION

A Charitable Organization Endowment Fund is a permanent endowment fund at the Oklahoma City Community Foundation which has a nonprofit organization or specific charitable purpose in the community as a specified beneficiary. The purpose of the Charitable Organization Endowment Program is to provide a vehicle for the development and management of endowment funds which will provide annual support for organizations or charitable purposes in the community. The Trustees of the Community Foundation have developed the following policies for Charitable Organization Endowment Funds which recognize the three elements of an endowment fund:

- ◆ A common fund to which many donors can make contributions to establish and build permanent charitable support for a charitable purpose or organization.
- ◆ Management and investment policies which provide the best opportunity for enhancing the long-term growth of the endowment as well as providing annual cash distributions to support the charitable purpose.
- ◆ Protection of the endowment fund from both inflation and invasion of principal to insure that it will always be available to support the charitable purpose in the community for which it was established.

The Oklahoma City Community Foundation actively works with both donors and nonprofit organizations to develop contributions to Charitable Organization Endowment Funds. Gifts of cash and non-cash assets are accepted into the funds. The receipt and deductibility of non-cash gifts, bequests, and trusts are described in the Community Foundation's Gift Acceptance Policies. The following policies have been adopted by the Trustees regarding the establishment and operation of Charitable Organization Endowment Funds:

1. A Charitable Organization Endowment Fund may be established for the benefit of any nonprofit organization or charitable purpose with approval of the Board of Trustees of the Community Foundation and a minimum fund amount of \$20,000. The initial contribution may come from a single donor, a group of donors, or from the beneficiary organization. The fund is part of the permanent endowment of the Oklahoma City Community Foundation and all assets are legally those of the Community Foundation and not those of any agency that they may benefit.
2. All contributions to a Charitable Organization Endowment Fund are invested in the Community Foundation's pooled investment program which is managed by a group of investment managers chosen by the Investment Committee. The investment policy emphasizes preservation of capital, protection against inflation and a continuing source of income.
3. Allocation of Investment Results, Cash Distributions, Administrative Fees:

Investment Return. Total investment return to the fund is made up of current income (dividends and interest), realized gains and losses on the sale of investment assets, and unrealized gains and losses on changes in market value. Investment return is allocated to a fund each month based on its share of the investment pool plus any additional contributions which are placed in the fund.

Cash Distributions. The amount distributed to the beneficiary organization or charitable purpose shall be five percent of the average market value of the fund, which will be calculated on a rolling quarter average of the previous eight (8) quarters. Allowances may be made for additional contributions. This method serves to smooth out market value fluctuations and provide a stable and predictable source of income. Cash distributions shall be made once each year, following the annual audit of the Community Foundation.

Administrative Fees. The Community Foundation will remove fees from the fund based on the current fee schedule to defray administrative expenses. These fees are less than the operating costs for a Charitable Organization Endowment Fund and the balance of the cost is subsidized by the Administrative Endowment Fund of the Community Foundation. The current annual fee schedule for Charitable Organization Endowment Funds, updated July 1, 2004 is:

4/10 of one percent of the first \$500,000 average market value of the Fund
2/10 of one percent for the next \$500,000 average market value of the Fund
1/10 of one percent for average market value of the Fund in excess of \$1,000,000

4. A Charitable Organization Endowment Fund is established when approval is given by the Trustees and an initial contribution of at least \$20,000 is received. The fund may be started with less than \$20,000 with the expectation that the value will reach the minimum level within 12 months. No cash distributions will be made until the fund reaches the minimum size. The beneficiary organization or charitable purpose will be that named by the donor or organization initiating the request for approval from the Trustees. Subsequent contributions may be made to the fund by any donor for any amount. All contributions are immediately added to the investment pool and begin to generate earnings for the fund. Acknowledgment of each contribution to the fund is sent to the donor and to the beneficiary organization. Memorial contributions are also acknowledged to family members. At the time of the annual cash distribution, an annual report on the activity and investment results for the fund is made to the beneficiary organization and to major donors. Fund balance information for the most recent month-end can be received from the Community Foundation office or on-line using Donor Central.
5. The purpose in operating the Charitable Organization Endowment Program is to help nonprofit organizations attract and manage endowment fund support and to provide donors with the assurance that their endowment contributions will be safeguarded. The principal of an endowment fund must be protected from invasion if the fund is to provide for the future income for the organization or purpose. In accepting a contribution to a Charitable Organization Endowment Fund, the Trustees of the Community Foundation commit to the donor that the contribution will be protected for the endowment of the charitable purpose indicated. The variance power, as described in the governing documents of the Community Foundation, insures donors that if a beneficiary organization or charitable purpose is no longer functioning, the distributions will be directed to similar purposes in the community.
6. The Community Foundation actively promotes the Charitable Organization Endowment Program to its donors and to the general community. The staff of the Community Foundation will actively work with any donor interested in making a contribution to a Charitable Organization Endowment Fund through any contribution vehicle accepted by the Community Foundation. The Community Foundation does not actively promote any specific Charitable Organization Endowment Fund except through certain matching programs which may be offered by outside donors.
7. As a protection to the donor's intentions, organizations with Charitable Organization Endowment Funds are required to be actively providing service to receive the annual distribution. If the organization is not active, the cash distribution will be held until service is resumed. All Charitable Organization Endowment Fund organizations and charitable purposes may be re-evaluated annually by the Community Foundation. Information regarding governance, financial performance, and program status may be requested annually.