



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.
- ◆ An investment and distribution policy which emphasize the preservation of capital, protection against inflation and a continuing source of income 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:

- I. A Charitable Organization Endowment Fund may be started for the benefit of any nonprofit organization or charitable purpose with approval of the Board of Trustees of the Community Foundation. *The minimum fund amount of \$40,000 is required to receive an annual distribution and to be listed as an organization with an endowment fund in the Community Foundation's publications and website. After approval of a COE application, the fund may be initiated with less than the minimum. It is expected that the \$40,000 gift value will be reached within 3 years of the initiation of the fund.* 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 organization that they may benefit.

Ia. Additional sub-funds can be established under the same agreement for the parent organization in the amount of \$20,000 to receive an annual distribution and to be listed in the Community Foundation's publications and website.

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.

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 12 quarters. Adjustments may be made for additional contributions received late in the fiscal year. 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 which are used to defray the administrative expenses of the fund and are less than the annual operating costs of the fund. The balance of the cost is subsidized by the Administrative Endowment Fund of the Community Foundation. The current fee schedule is attached to this policy statement as Appendix A.

4. A Charitable Organization Endowment Fund is fully established when approval is given by the Trustees and an initial contribution of at least \$40,000 is received. 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. 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 will be requested annually. Participation in GiveSmartOKC.org is encouraged to fulfill the annual request for updated organizational information.

8. If a charitable organization ceases operation or becomes otherwise in-eligible to receive the annual distribution from a fund, the Trustees shall review the donor and charity fund agreements and utilize funds according to the following process:

Living donors of \$5,000 or more may ask that their gift be redirected to another fund.

The board of the organization may request that funds donated by the organization be used for another purpose in the community to be approved by the Community Foundation Trustees. The fund agreement establishing the fund will be the default for these funds if the organization does not provide any direction.

Any funds provided by the Community Foundation or other entities through a matching program will be directed by the Trustees of the Community Foundation to similar purposes in the community or to appropriate Field of Interest funds. Any other funds without specific direction shall be used in the same manner.

July, 2016

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Appendix A

Annual fees for Charitable Organization Endowment Funds are assessed quarterly based on the market value at the end of the quarter and the following schedule:

6/10 of one percent of the first \$500,000 of market value

4/10 of one percent for the next \$500,000 of market value

2/10 of one percent for the market value in excess of \$1,000,000

The minimum annual fee for a charitable organization endowment fund is \$300. For funds with at least one sub-fund, the market value is aggregated; the fee is calculated on the total market value and is prorated to individual sub-funds. *An additional fee of \$100 will be charged for each additional sub-fund.* An annual fee of \$100 will be charged for any fund below the minimum and not fully established.

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