



ENDOWED (Permanent) Funds

Fee Structure & Information Summary Sheet

Permanence. An endowed fund is a permanent fund that earns dividends and gains from investment. When you establish an endowment fund, the gift assets are held as permanently restricted monies, in compliance with federal UPMIFA regulations.

All gifts donated to an endowed fund are made to the Solano Community Foundation (SCF) and are irrevocable. Contributions may be made at any time to an endowed fund. All donations received are acknowledged in writing by SCF. The Donor/Fundholder may recommend grants up to 4% of the fund balance, while not invading the total permanent gift balance (principal), from the accrued earnings of the endowed fund.

Pooled Funds. Endowment funds, gifts, and earnings are combined (fund balance) and commingled with other endowed funds and invested by the Foundation according to policy. The fund activity (gift and grant transactions) and all allocated earnings, are tracked and accounted for individually.

Waiting Period. To assure an endowed fund has sufficient time to produce earnings from which to make grants, a Donor/Fundholder must wait twelve consecutive quarters from the date the fund is established, before recommending grant disbursements. This policy helps to ensure that the fund will grow over time allowing grants to be made from the fund in perpetuity.

The Donor may designate a portion of their gift as unrestricted monies for grantmaking while waiting for the permanent gift principal to grow. Or, a Donor may set up a separate non-endowed fund wherein all gifts are non-permanent, unrestricted monies and therefore available to make grants.

Eligible Grantees. Only 501c (3) public charities may be recommended as grant recipients. Requesting or using funds to fulfill memberships or pledges, to pay for attendance or for admission to events or social functions, or for anything that provides benefits to the Donor, advisors, or related parties is prohibited. Donor funds may not be used to make grants directly to individuals or grants to organizations for the benefit of specified individuals. SCF Board approval of grant recommendations is required to make grant disbursements.

Community Development Fees. Community Development Fees (a.k.a. administrative fees) are paid from each fund held, to the Foundation annually (depending on the existing fund balance) to help cover administrative and managerial costs. These fees are used by Foundation for program support and operating expenses.

Endowed funds established by a nonprofit organization does not pay fees until the fund balance reaches \$100,000. Thereafter, an annual fee of 1% will be calculated and deducted in twelve monthly increments. A nonprofit organization may set up agency, designated, or field of interest type of endowed fund, and there is a \$200.00 minimum establishing gift.

Fee Structure. In accordance with the Policy on SCF Fee Structure for Funds and Services, the Foundation uses a **cumulative, stepped-fee structure** to calculate the monthly fees for each endowed fund. Fees are paid from endowed funds at the end of each month based on the reconciled fund balance. The minimum annual fee is \$200.00 or 2% of the fund balance, whichever is greater. In short, the larger the fund balance, the lower the fees paid.

Using the schedule shown below, the fund balance in each step (tier) is multiplied by the “fee percent” assigned to that step. The amount calculated for each step is then added together to determine the cumulative total fee amount. That total is paid in twelve monthly increments, and varies with the rise and fall of the fund balance each month. APR is calculated by dividing the total annual fees by the average daily fund balance at year end.

- For the first step, fund balances of up to \$100,000 are assessed a 2.0% annual fee.
- For the second step, the fund balance amount between \$100,000 and \$300,000 is assessed a 1.75% fee.
- For the third step, the fund balance amount between \$300,000 and \$500,000 is assessed a 1.50% fee.
- For the fourth step, the fund balance amount between \$500,000 and \$1,000,000 is assessed a 1.25% fee.
- For the fifth step, the fund balance amount over \$1,000,000 is assessed a 1.00% fee.

Fee Example. Using the stepped-fee percentages above, an endowed fund with an average daily balance of \$1,385,000.00 would pay cumulative total annual fees of approximately \$18,600.00. This calculated amount represents an APR of 1.34% of the fund balance. There are no hidden or embedded fees, and no additional costs. To establish an endowment fund, the recommended minimum gift amount is \$10,000.00 and may be contributed to your fund over three years.

Donor Services & Reporting. A Fund Agreement is carefully crafted for each fund established and specifically states the purpose of the fund and the donor’s charitable intent in making grants. All Donor/Fundholders receive a quarterly fund statement and may request more frequent statements. SCF manages and is responsible for the administration, accounting procedures, and IRS reporting requirements of all funds held. The CEO, Foundation staff and Board members are available to offer advice about how to structure or restructure funds, answer investment questions, grantmaking, and to address related matters. Please call the Foundation at 707-399-3846 for additional information.