



Greater Lynchburg Community Foundation

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www.lynchburgfoundation.org

HOW DOES YOUR NEW FUND WORK?

1. **This fund is permanent and irrevocable**

The Greater Lynchburg Community Foundation serves as a permanent endowment for the community. As such, the fund you establish will be an irrevocable transfer to the Community Foundation and will be a permanent endowment fund subject to the spending policies of the Board of Directors of the Community Foundation.

2. **Distribution Policy**

The current policy of the Board of Directors is to expend annually not more than 5% of the value of the fund, based upon a twelve-calendar quarter moving average. Funds may be established that allow for payment of interest and principal, however. Annual distributions of income require an average value since establishment of the fund or over the twelve-quarter period of at least \$10,000.00.

3. **Investment Manager**

You have a choice of the four banks that have trust department operations in the Lynchburg area: Bank of America, BB&T, SunTrust and Wells Fargo Bank.

You also have the choice of five non-bank managers (through an affiliated entity, GLCF, Inc.); Davidson & Garrard, First Citizens Bank, Flippin, Bruce & Porter, Pettyjohn, Wood & White, Inc., and Wells Fargo Advisors.

If you have no preference, we will assign your fund to one of the four banks on the basis of a rotating schedule.

4. **Investment Fees**

Each of our investment managers will charge fees for services rendered, which will be deducted quarterly from the fund you establish. Fee schedules from investment managers will be provided upon request.

5. **Administrative Fees**

The actual cost of operating the Community Foundation is apportioned among all of the funds with the Community Foundation on the basis of the market value of each fund in relation to the aggregate market value of all funds, with charges applied against each fund quarterly. Current operating costs will be provided upon request. Temporary funds have an additional administrative fee of 1% per annum based on the average balance applied quarterly.

6. Investment Policy

Under the current investment policy of the Community Foundation, our investment managers are requested to adhere to the following asset allocation:

- a. Equities – 55% - 70%
- b. Fixed Income – 20% - 40%
- c. Alternative Investments – 0% - 5%
- d. Cash – 0% - 20%

Each investment manager is requested to seek approval if more than 4% at book value, or more than 6% at market value, of the assets under the manager's supervision are to be committed to equities of any one company, or if more than 20%, at market value, of the assets under the manager's supervision are to be committed to the equities of companies operating in the same economic sector as defined by Standard & Poor's.

Each category of assets has measurable performance objectives.

7. Monitoring of investment performance

The Investment Committee of the Board of Directors receives quarterly reports from our investment managers and meets annually with the investment managers to review investment performance. The Investment Committee reports regularly to the Board of Directors. A list of members of the current members of the Investment Committee of the Board of Directors will be provided upon request.

8. Periodic reporting

The Community Foundation receives quarterly reports from each of our investment managers. We have the capacity to provide information about individual funds on a quarterly basis, and we are happy to answer your questions at any time. However, it is our current policy to provide only one written report – that report covering the period from July 1 through June 30 – our fiscal year. In addition, if you are an agency, which has an annual audit, we will provide a report for your auditors showing the performance of your fund during your fiscal year, if requested.

9. Changes in individual funds

Because your gift to the Community Foundation qualifies for a tax deduction, the IRS rules that the donor no longer has control of the fund other than what is described in the original fund form and attachments. However, if a donor desires a change in the fund, the donor or donor advisor may make a request to the Community Foundation's Board of Directors to consider the change. The Community Foundation's Board of Directors may, at its sole discretion, approve the change. Examples of such changes are: change the type of fund (donor advised, donor designated, field of interest),

change the designee on a donor designated fund, or change the advisor on a donor advised fund.

10. **Power of Variance**

The Community Foundation has the power of variance which means that if a designed not-for-profit ceases to exist or changes its mission, the Community Foundation shall determine, in its sole discretion, the distribution of income from the fund. At the time when a designated fund is established, the donor may give instructions on the fund form in the event a designated not-for-profit ceases to exist or changes its mission.

I have read and understand the foregoing, and if I represent an organization establishing a fund, the governing body of my organization has reviewed and approved the foregoing in accordance with its governing documents.

X_____

X_____

FUNDS IN THE GREATER LYNCHBURG COMMUNITY FOUNDATION

A fund may be established by an initial contribution of \$10,000.00 or more. Additions to a fund may be made during one's lifetime and also by one's will.

A fund may be any one of the following types:

Unrestricted – Discretion is left to the Greater Lynchburg Community Foundation's Board to make grants. These are the Foundation's most useful funds for they allow the grant-making role of a fund to reflect the changing needs and organizations of the community.

Field of Interest – The donor names one or more fields of interest such as health, aging, youth, needy, arts, education, etc. to be served by grants from the Fund at the discretion of the Greater Lynchburg Community Foundation's Board.

Designated – The donor specifies a particular organization or institution to receive an annual distribution of a fund's net income. If conditions change – e.g. a designated organization ceases to exist – the Greater Lynchburg Community Foundation's Board will select an appropriate alternative recipient or recipients.

Donor Advised – The donor makes periodic recommendations to the Board of Directors of the Greater Lynchburg Community Foundation of grants to be made from the fund. Recommended recipients must be non-profit organizations or, under certain circumstances, government agencies. Final discretion on distributions is with the Greater Lynchburg Community Foundation's Board. Donor advised funds are subject to the Foundation's guidelines.

Scholarship – The donor creates a scholarship with specified award criteria that will support local students in their choice of college or university. This fund is subject to the scholarship guidelines. This includes the establishment of a scholarship committee for selection of the grantee.

Temporary – Temporary funds are those funds created when assets are delivered to the Foundation with the expectation that they will ultimately be distributed for charitable purposes. Any funds delivered to the Foundation as temporary funds and held for more than three years will be considered permanent funds and thereafter held as a donor advised fund under the terms and provisions of that fund. There shall be a

charge for temporary funds based upon the schedule of charges in effect upon the date of the first deposit made by the person or organization making the deposit.