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## Schedule A

### Appendix to The Banff Community Foundation Fund Policy

#### 2.1 The Community Endowment Fund

What it is:

- A pooled fund, held for general charitable purposes, enabling the foundation to respond to a broad range of community needs and take advantage of new opportunities

How it Works:

- Donations of any size are made to the community fund and pooled for investment purposes
- The Board of Directors administers a Community Grants program which distributes income generated by the fund. A volunteer advisory committee conducts preliminary adjudications of the applications and makes recommendations to the Board, based on levels of need and community values.

Advantages:

- This all purpose fund is the most flexible for responding to emerging charitable needs in the community
- This fund is a good option for Donors who recognize that community needs and opportunities change over time. Donor may recognize that they do not have the ability or time to continually monitor needs.
- Gifts can be made as a named fund within the community fund (Currently Brewster Memorial Fund is a named fund under the umbrella of the Community Fund)
- Donors may be invited to sit on the Grants Advisory Committee, giving them an opportunity to influence grant-making activities

Disadvantages:

- Donors are not necessarily consulted as to which agency/program receives support

#### 2.2 Operating Fund, Endowed

What it is:

- A permanent fund that supports internal operating costs

How it Works:

- Donors recognize that it takes money to run a foundation and their donations support operational and administrative costs
- Money is used to pay for rent, insurance, salaries, communications, professional fees, professional memberships, costs associated with conducting community foundation business

Advantages:

- Money supports needs of foundation, helping it to thrive

Disadvantages:

- The money does not help other community groups directly, nor does it help the community endowment fund to grow



*Community Foundation*

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### **2.3 Field-of-Interest Fund, Endowed**

What it is:

- With a minimum donation of \$10,000. Donor chooses to support a general area (i.e. education, relief of poverty, or the environment) without limitation to a specific organization or beneficiary.
- Field of interest funds can have instructions as broad or as narrow as The Board of Directors, in consultation with the Donor(s) decides.

How it works:

- Donors who make a minimum contribution of \$10,000. can chose their particular "Field(s) of Interest". Eligible charities are qualified donees, working in one of the following sectors: Arts, Education, Environment, Health, Heritage, Recreation and/or Social Services

Advantages:

- Donors can donate to a particular field that is close to their hearts, knowing that their money is supporting a personal cause

Disadvantages:

- Donors do not choose the exact charity they are supporting

### **2.4 Designated Fund, Endowed**

What it is:

- This type of fund attracts Donors who have identified specific charities but do not want the administrative burden of managing their own fund.
- With a minimum donation of \$15,000., Designated Fund may be established
- Fund carries specific instructions from the Donor
- Donors may choose particular agency(ies) or organization(s)
- Earned income is disbursed annually to the specified beneficiary(ies).

How it Works:

- The Donor indicates in writing the names of the beneficiary to receive annual income.
- The foundation continues to monitor the designated beneficiaries to ensure that they are meeting the original intent of the Donor and stays in contact with the Donor
- In the absence of Donor instructions, and if a charity significantly changes its focus, or merges with another, or closes its doors, or the purpose it serves becomes obsolete, the foundation adjusts disbursements to the nearest similar purpose to the original intent of the Donor.

Advantages:

- A good fund for Donors who have a strong preference for a favourite charity

Disadvantages:

- Allows less flexibility to respond to new and emerging needs in the community if Donor loses involvement

### **2.5 Donor Advised Fund**

What it is:

- Attracts philanthropists who wish to be actively involved in the granting process
- With a minimum donation of \$25,000., a Donor-Advised Fund may be established
- Earned income is disbursed annually to the specified beneficiary(ies) in consultation with Donor or named agent

How it works:

- Donor works with foundation staff to describe goals and objectives of fund



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- As much as possible, the foundation will encourage applications that meet Donor's guidelines

#### Advantages:

- A good fund for Donors who wish to provide advice in relation to strategic plans related to grant making and investments. This input is advisory and not binding. The community foundation, as trustee, retains responsibility for final decisions
- Donors who wish to be actively involved in the grant making process

#### Disadvantages:

- Requires an ongoing commitment from Donor (or agent) to support grant-making process with time and energy

### **3.0 Flow-Through Fund, may be Restricted**

#### What it is:

- Non-permanent, pass-through funds received for distribution to qualified donees
- The Banff Community Foundation currently uses this fund for granting purposes in its Community Grants program

#### How it Works:

- Flow through funds are passed through the community foundation to a charitable organization or a qualified donee for grant making purposes
- Unless the donor requests differently, flow-through funds are used for unrestricted granting purposes
- If a donor wishes, s/he can stipulate that the money support only some sectors, such as 'education' or 'for the environment'. This is known as a **Restricted Flow through fund**.

#### Advantages:

- Money flows to qualified donees on an immediate basis

#### Disadvantages:

- The money does not help the community endowment fund to grow

### **4. Recognition or Anonymity**

- Community foundations offer Donors the opportunity to remain anonymous or to be recognized in perpetuity
- Naming or recognition efforts will vary at the foundation's discretion and by taking Donor's wishes into consideration

#### How it Works:

- A donation is made to a fund to be held and administered by the foundation
- The foundation clarifies with the Donor if the donation will be labelled "Anonymous", guaranteeing confidentiality, or if recognition is preferred
- Anonymity is granted to any Donor who requests it, regardless of the size of gift
- Recognition opportunities may/may not depend on the size of the gift, at the discretion of the Board
- Recognition opportunities include: Annual reports, notes in financial statements, web announcements, media releases, appendices to the fund agreement
- Recognition will attract Donors who wish to see personal legacy information or tribute records become part of the foundation files
- Anonymity will attract Donors who wish to work with foundation on a confidential basis