



## **DONOR ADVISED FUNDS**

A Donor Advised Fund is a convenient way for philanthropically minded individuals to simplify their charitable giving and take advantage of maximum tax savings. Donors make an irrevocable contribution to the Orcas Island Community Foundation to establish the fund. These funds are then available for the donor to make grant recommendations to charitable organizations.

Benefits of a Donor Advised Fund:

- Immediate tax benefits
- OICF has knowledge of local needs and programs
- Active involvement in the grant making process by recommending grants from your fund to the charities of your choice at your convenience
- Construction of a legacy of philanthropy to be shared by your family and passed on to your heirs
- OICF handles all the administrative tasks, due diligence and financial management of the fund
- Secure asset management
- Donations may be made anonymously if desired

## **DESIGNATED FUNDS**

Designated Funds are established by a donor to benefit a specific organization or an area of interest. Orcas Island Community Foundation provides professional financial management for the funds and regularly pays grants to the charities donors have chosen. Funds may either be endowed (restricted) or non-endowed (unrestricted or temporarily restricted).

### **Endowed Designated Funds**

An endowment is a permanent fund whose assets are invested to generate income to be used for charitable purposes. The preservation of the principal is the primary goal of an endowed fund. Disbursements are made according to the OICF spending policy.

#### **Spending policy**

OICF sets an annual disbursement formula that recognizes the desire to maintain principal on restricted funds. Our current formula is to disburse 4% of the past 12 rolling quarter balance average for a fund. Restricted funds are held to this policy.

#### **Variance Power**

The Community Foundation's governing body retains variance power by which it may modify restrictions or conditions on the distribution, if circumstances warrant.



Retaining and exercising the variance power insures that the donors' interest in the community is efficiently executed and continues to remain relevant to the community's changing needs and opportunities. As well, variance power is consistent with Internal Revenue Service regulations.

### **Non-Endowed Designated Funds**

#### **Temporarily Restricted Funds**

Restrictions on the disbursements of these funds are limited by either time or purpose (such as a building fund or a limited fund that makes set distributions until it is exhausted.)

#### **Unrestricted Funds**

The principal of the fund, as well as the earnings, are available for disbursement. Timing and amount of disbursements are generally made at the request of the Fund designee Board.

### **Investment Options – OICF has 3 investment options**

- **Mid-to-Long Term Merged Pool** - a balanced portfolio consisting of a mix between common stocks, both domestic and international, and shorter term fixed income instruments. The allocation of assets between the two primary classes is periodically adjusted based upon a valuation analysis conducted by our advisors and the Investment Committee. Recommended for funds intended to be held long term, e.g., endowments, scholarship funds, DAFs.
- **Short Term Account** - a certificate of deposit portfolio designed to address the aspirations of some of our partners to prioritize preservation of capital. At present, the average maturity of this portfolio is under one year in order to address risks associated with an anticipated rise in interest rates. Recommended for funds that are likely to be distributed within 3 years or that require the least possible risk, e.g., operation reserves, memorials, DAF's.
- **Short Term Interest Account** - a balance of \$50,000 or greater invested in the Short Term Account that earns interest.