



ADMINISTRATIVE SERVICE FEE POLICY

I. PURPOSE. The purpose of this Administrative Service Fee Policy is to establish a schedule of fees for funds established with Benton Community Foundation (“BCF”) and for pass-through gifts. The policy also establishes minimum gift amounts and the criteria for each type of fund.

Administrative fees help support the work of BCF. Fees vary based upon the type of fund and services performed; those funds requiring greater involvement from BCF staff are charged higher fees than those funds requiring less administrative staff involvement. Administrative fees on short-term, pass-through funds are charged on the gifts received, not the daily fund balance. For most funds, administrative fees are assessed on the daily value of each fund.

II. SCOPE. BCF has established the following policy pursuant to which Administrative Fees shall be assessed on all funds established with BCF and for pass-through gifts received by BCF. This policy shall be interpreted so as to ensure BCF's compliance with all applicable requirements of law. This policy is subject to periodic review and revision by our Board of Directors, but increases in fees, if any, will be effective only upon thirty (30) days written notice to the donor.

III. DEFINITIONS. For the purpose of this policy, the following terms shall be defined as set forth below:

- A. “Charitable purpose” means the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose or any other purpose the achievement of which is beneficial to the community.
- B. “Endowed Fund” means a fund that, under the terms of the fund agreement or other gift instrument (such as a will or a trust), is not wholly expendable by BCF on a current basis.

IV. NAMED FUNDS. Many of our donors establish “named funds.” A “named fund” is a fund established in the name of the donor or in memory of specific individual(s) as specified by the donor(s). Named funds are listed separately in BCF’s financial records and marketing materials. All grants (including scholarship awards) made from named funds are awarded to the entity or individual in the name of the fund. Except for scholarship funds, a minimum contribution of \$15,000 is required to establish a named fund. A minimum contribution of \$25,000 is required to establish a named scholarship fund. Donors may elect to contribute in annual installments over five years to build the fund. BCF has many types of named funds.

- A. **ENDOWED DESIGNATED FUNDS.** A Designated Fund allows the donor to name (at the time the fund is established) specific organizations to which grants will be made. These funds are endowed to support one or more specific charitable organizations with annual grants from the distributable income of the funds’ endowment in accordance with the Foundation’s Endowment Fund Spending Policy. No set-up fee is charged to the donor to establish a Designated Fund. The Administrative Fee for a Designated Fund is 1.5% per annum on the first \$2,000,000 and .75% on the value of the fund above \$2,000,000.

- B. **ENDOWED COMMUNITY GRANTS FUNDS.** Our Community Grants Funds support charitable work in a particular field of interest, such as health, welfare, education, culture,

recreation or the environment. These funds are endowed and address pressing community needs in the area of greatest priority to the donor. Distributable income from the Community Grant Funds are paid to those charitable organizations selected by the Foundation's Board of Directors during the annual granting cycle as best qualified to meet the donors' charitable intent. No set-up fee is charged to the donor to establish a Community Grants Fund. The Administrative Fee for a Community Grants Fund is 1.5% per annum on the first \$2,000,000 and .75% on the value of the fund above \$2,000,000.

- C. ENDOWED SCHOLARSHIP FUNDS.** Our Endowed Scholarship Funds support those who want to further their education; e.g. high school graduates pursuing a college degree; young musicians seeking assistance with additional training; or, students who need vocational training to enter or return to the work force. Our Scholarship Funds are generally endowed. No set-up fee is charged to the donor to establish a Scholarship Fund. The Administrative Fee for a Scholarship Fund is 1.5% per annum on the first \$2,000,000 and .75% on the value of the fund above \$2,000,000.
- D. ROTC ENDOWED SCHOLARSHIP FUNDS.** ROTC Endowed Scholarship Funds are a subset of our scholarship fund. These endowed scholarship support ROTC students in completing their programs and pursuing their commission in military service. The ROTC Scholarship funds are often named in honor or memory of those who have served in the military. No set-up fee is charged to the donor to establish an ROTC Endowed Scholarship Fund. The Administrative Fee for a ROTC Scholarship Fund is 1.5% per annum on the first \$2,000,000 and .75% on the value of the fund above \$2,000,000.
- E. BCF SUSTAINABILITY FUNDS.** Our Sustainability Fund group support the foundation itself to ensure that BCF continues to meet the changing needs of the community in perpetuity. These funds are used for operations, staff development, and to build our capacity, both in infrastructure and professional resources to timely meet the needs of our donors. Our Sustainability Funds are endowed funds. No set-up fee is charged to the donor to establish a BCF Sustainability Fund. The Administrative Fee for a BCF Sustainability Fund is 1.0% per annum.
- F. DONOR ADVISED FUNDS.** A donor advised fund enables donors to be actively involved in promoting their personal philanthropic vision. Donor advised funds are especially useful for donors who want to take a charitable deduction one year and spread charitable giving into the community over future years. Many donors choose to set up a donor advised fund rather than commit valuable grant dollars to the administration and taxation of a private foundation. Donor Advised funds are not generally endowed. No set-up fee is charged to the donor to establish a Donor Advised Fund. The Administrative Fee for a Donor Advised Fund is 1.25% per annum on the first \$2,000,000 and .75% on the value of the fund above \$2,000,000.
- G. IV. AGENCY FUNDS.** An agency endowment is a type of designated fund established by a charity at a community foundation for the charity's own benefit. All payments of distributable income are paid directly to the charity that establishes the fund. No set up fee is charged to the agency to set up an agency fund. The Administrative Fee for an Agency Fund is 1.0% per annum on the first \$2,000,000 and .75% on the value of the fund above \$2,000,000.

V. FISCAL SPONSORSHIP FUNDS. A fiscal sponsorship fund may be established with BCF to provide program support and financial services for groups that have not attained their 501 (c) 3 status from the Internal Revenue Service but wish to engage in charitable and beneficial community projects. Because the level of BCF administrative staff involvement varies greatly depending on the complexity and duration of

any specific Fiscal Sponsorship Fund, the Administrative Fee for these funds also varies; however, the range of Administrative Fees for Fiscal Sponsorship Funds is a minimum of 3% and a maximum of 12% per annum. A set-up fee may be charged to the donor to establish a Fiscal Sponsorship Fund depending upon the complexity of the administrative serves required.

VI. UNRESTRICTED GIFTS. Donors who do not wish to establish a named fund, may make an unrestricted gift of any amount. There are no fees charged to unrestricted gifts made to BCF. Unrestricted gifts afford BCF the greatest flexibility to support the frequently changing needs of the community and BCF.

VII. PASS-THOUGH GIFTS. Donors may also make “pass-through” gifts of any amount. Such gifts are made to the foundation for payment to a specific charity or for a specific charitable purpose. Donors who wish to make a gift to a specific charity but desire to remain anonymous often elect to make a pass-through gift. The Administrative Fee for pass-through gifts is 3%.

VIII. OTHER GIFTS. Donors may make gifts of any amount to any existing BCF fund. There is no Administrative Fee charged to such gift.

*Approved by the Board of Directors on November 21, 2013
Revised by the Board of Directors on September 15, 2016
Scheduled for Review by the Finance Committee in 2018*