

ESTABLISHMENT OF A FUND WITH THE SAVANNAH COMMUNITY FOUNDATION, INC.

WHO MAY ESTABLISH A FUND?

A fund may be established by an individual, family, corporation, private foundation, nonprofit organization or other legal entity. There is no established minimum amount, but it is a vehicle best used by those intending to set aside at least \$20,000 for charitable purposes. Funds currently held by The Savannah Community Foundation, Inc. (the "Community Foundation") range from under \$10,000 to over \$3,000,000, and in the aggregate total over \$16,000,000.

STEPS TO CREATING A FUND

1. Define your charitable objectives and meet with your professional advisor
2. Select the best assets for funding your gift
3. Meet with the Community Foundation Staff
4. Decide the type of fund that is best for you (see below)
5. Name your fund
6. Complete a simple Fund Agreement provided by the Community Foundation customized to your satisfaction (click for sample forms – [Donor Advised Fund](#), [Endowment Fund](#), [Scholarship Fund](#), [Donor Designated Fund](#), [Field of Interest Fund](#), [Unrestricted Fund](#))
7. Transfer gift assets (e.g., cash, appreciated securities, real property) to the Community Foundation, now and/or later

TYPE OF FUNDS

The Community Foundation is a conduit between donors and their favorite nonprofits. Several types of funds can be created during the donor's lifetime, to be funded during life or at death (e.g., by last will and testament, trust, IRA or life insurance beneficiary designation.)

Unrestricted Funds are the most flexible. They are responsive to changes in community needs and are the source from which the Distribution Committee of the Community Foundation, in its discretion, can respond to innovative programs and changing community issues and opportunities.

Donor Advised Funds are the best choice for donors who wish to remain actively involved in recommending grants to charitable organizations, yet want to simplify and consolidate their charitable giving. Additionally, Donor Advised Funds are excellent vehicles for teaching family philanthropy.

Endowment Funds are established by donors for the perpetual support of a particular charity by the distribution of the fund income or a stipulated percentage (e.g., 5%) of assets to the charity annually.

Scholarship Funds are individually designed in conjunction with donors to establish financial assistance programs tailored to target the class of applicants, course of study, educational institution and/or other criteria important to the donor.

Field of Interest Funds are designed for donors who have particular interests or areas of concern but are aware that, over time, the nonprofits that now serve their interests may change. A Field of Interest Fund allows the Distribution Committee the flexibility to respond to the donor's interests for decades to come, e.g., supporting the arts, education, the environment, youth, the elderly, health care, etc., by selecting the nonprofit(s) that most effectively accomplish the donor's goals in the future.

Designated Funds are established by donors who wish to specify one or more nonprofit organizations to receive their gifts as needed, without the annual limitations of an Endowment Fund. Forward-looking nonprofit organizations can establish Designated Funds for their own benefit. By placing funds with the Foundation, nonprofits stabilize financial fluctuations, maximize yields and free their boards from time-consuming money management responsibilities and possibly significantly reduce accounting fees.

ESTABLISHMENT OF FUNDS BY PRIVATE FOUNDATIONS

Private Foundations (and small public charities) often find that it is more cost-effective to transfer all or part of their assets to the Community Foundation because the Community Foundation assumes all administrative and reporting requirements for the assets held by it previously required of the private foundation. Important investment advantages and economies of scale are available to private foundation funds that are component funds of the Community Foundation. This will become even more important as the IRS and Congress increase their scrutiny and regulation of private foundations, with the threat of severe financial penalties on the Private Foundations and personally on its donors, directors and officers.

WHY DONORS CHOOSE THE COMMUNITY FOUNDATION

The Community Foundation is a collection of more than 170 individual philanthropic funds created by citizens of Savannah and the surrounding region for a wide variety of charitable purposes that include giving back to the community and confidence that the Community Foundation will be a responsible steward of the assets.

Key reasons given by various donors for establishing a fund at the Community Foundation include:

- **Permanence:** A Community Foundation fund is a legacy that can benefit the community in perpetuity.

- **Personal Philanthropic Services:** The Community Foundation has particular expertise in working with donors to design philanthropic funds and unique grant making programs tailored to donor's particular charitable values and interests.
- **Flexibility:** As a vehicle for philanthropy, the Community Foundation is extremely flexible. This is true for the variety of funds that may be established, the type of assets used to establish a fund, and the ability to ensure that the donor's wishes are fulfilled now and in the future.
- **Maximum Tax Benefits:** Classified as a Section 501(c)(3) public charity by the IRS, a community foundation offers the most advantageous tax benefits for charitable giving.
- **Timing of Tax Deduction:** Donors can make a gift (e.g., appreciated securities) to the Community Foundation at the time and in the amounts most favorable to them and then suggest distributions of income and principal in the year(s) to come.
- **Professional Fund Management:** Funds held at the Community Foundation are invested and managed locally and nationally. The Investment Advisory Committee and Board of Directors oversee the investment managers who are responsible for the particular investments made.
- **Simplicity:** Creating a fund at the Community Foundation requires execution of a simple three or four page document. A single gift to the Community Foundation can achieve multiple charitable goals and eliminate the need to collect multiple receipts. All required tax returns and governmental filings related to the fund are handled by the Community Foundation. Quarterly reports on individual fund activity and performance make monitoring philanthropic activities easy for the donor and the donor's professional advisors.
- **For the Professional Advisor:** The Community Foundation offers many flexible vehicles for current giving and estate planning that can offer clients an ideal way to realize substantial tax savings while supporting the charities that are important to them. The Community Foundation staff works closely with attorneys, accountants, financial advisors and trust officers.