

## **Frequently Asked Questions Giving to NCCF and Establishing a Fund- FAQs**

### **Giving to NCCF**

#### **What is a Community Foundation?**

A community foundation is a tax-exempt public charity created by and for the people in a local area. The first Community Foundation was established in Cleveland in 1914. Since that time, over 700 community foundations have been established nation-wide.

A community foundation serves as administrator of what is, in essence, a community endowment, a collection of gifts, large and small, unrestricted and donor advised, given to enhance the quality of life for the citizens of the geographic area it serves.

A community foundation is an attractive alternative to creating and running a private foundation, as community foundations allow a donor to establish and name a grant-making fund, or contribute to existing funds that match their charitable passions.

The structure of community foundations allows for great efficiency and economies of scale. Separate endowment funds, established by individuals, families, businesses and nonprofit organizations, are pooled for investment purposes; this model minimizes management fees and accounting expenses for each individual fund.

The structure also provides for the responsive and effective distribution of charitable funds into the community. Members of the volunteer Board of Directors, selected for their knowledge of the community served by the community foundation, regularly assess the needs and opportunities facing its residents, and identify the areas in which the community foundation can have the greatest impact with its resources. This flexibility allows the foundation to grow and change with the communities it serves, maintaining its viability and relevance forever.

Community foundations enable people with philanthropic interests to easily and effectively support the issues they care about—immediately or through their will or estate plan.

#### **What options do I have in making a gift to NCCF?**

NCCF has many options for donors who are interested in becoming more involved in philanthropy in our community. A donor may:

1. Make an unrestricted donation to the Foundation at any time to our Community Impact Fund which makes annual grants to support critical needs at non profit organizations serving our community.
2. Make a donation to our Neighbors United Program which makes annual operating support grants to health and human services programs in our area. This program was created in 2009 to continue the grant making legacy of the former United Way of New Canaan.
3. Make a contribution to one of our existing component funds. For instance if the donor is interested in the youth in our community, they may want to contribute to the Fund for Children and Youth or to the Young Philanthropists Fund. Other component fund options include The Spirit of New Canaan Fund and the Sapienza Scholarship Fund.
4. Make a contribution to establish a donor advised fund. This may be the best option if the donor has their own charitable passion or area of interest. Funds may be established to involve one's family in philanthropy, in memory of an individual, as a scholarship, or to directly benefit a non profit organization or organizations of your choice.
5. Make a contribution that will be the first of additional contributions to build a grant making fund over time with NCCF's Acorn Fund option.
6. Name NCCF as a beneficiary in their will. This gift may be an unrestricted contribution or may establish a fund.
7. Make a pass-through grant from their private foundation.

### **What types of gifts do you accept?**

NCCF accepts gifts of cash, securities, life insurance policies, IRAs and real estate.

### **How can I make a gift of securities?**

You can give stock at any time. Please call the Foundation's office at 203-966-0231 to get instructions for transfer.

### **What is the difference between a community foundation and a private foundation?**

There are several similarities and several differences. A chart outlining the differences is available for review by clicking [here](#).

### **How do I make a contribution to NCCF?**

To contribute cash, send a check to the New Canaan Community Foundation, 111 Cherry Street, New Canaan, CT 06840. If you would like your contribution to be directed to a specific existing fund or to your donor advised fund, please put the name of the fund in the memo line.

For gifts of securities or other gift options, please contact the Foundation's office at 203-966-0231.

### **Is the New Canaan Community Foundation a non-profit?**

Yes. NCCF is a non profit 501(c)(3) public charity under the IRS tax code.

### **Is my contribution to NCCF tax deductible?**

Yes. Donors receive the maximum tax advantage when they contribute to NCCF.

## **Establishing a Fund: Most Frequently Asked Questions**

### **How does a fund at NCCF work?**

Each fund has its own set of parameters and guidelines as described in each unique fund agreement. Some funds are permanently endowed, allowing grants to be awarded in perpetuity based on spending a percentage of the endowment balance, according to the Community Foundation's spending policy. As mentioned above, NCCF distributes 4.5% of our assets annually as grants. Other funds are non-endowed, which means that the principle can be spent down through grants, within a set period of time.

Grants are awarded from funds to non-profit organizations locally and anywhere in the United States. Grants may also be made from Funds to support the grant requests received annually by the Community Foundation. A Fund advisor may be actively involved in this process, or leave the details of grant awards to the Community Foundation. A Fund advisor may make recommendations for the grants from the Fund, which in turn are reviewed and approved by the Foundation's Board.

NCCF provides philanthropic advice, professional investment management, and handles all reporting requirements. In addition, private foundations and individuals can collaborate with us to make pass-through grants.

We can usually work with donors to complete a fund agreement and open a fund within a matter of days. If you want to establish a fund in December and take advantage of a year-end tax deduction, please contact us as early in the month as possible.

### **I would like to establish a fund. What do I do?**

It is easy to establish a fund with NCCF. You can give cash, appreciated securities or other assets to begin a fund with a minimum initial contribution of \$10,000. If you would like to build to a grant making fund over the course of several years you may choose our Acorn Fund option. A simple fund application is completed and signed, a fund agreement is created and once funds are received, your fund is established. The whole process may be completed in just days.

### **When can I start recommending grants from my fund?**

Most donors wait until the next calendar year before making their first grant requests. This process is consistent with the Foundation's overall spending policy, and also allows the fund to gain some investment income and have greater grant-making ability. The specific timeframe for your fund's grant-making can be adjusted to meet your charitable needs, and should be documented in the fund agreement when the fund is created.

All grant recommendations must be approved by the Foundation's Board of Directors. It usually takes no more than a week or so to process your request. The Foundation must ensure that all grant recipients are eligible non-profit organizations. If you would like to take advantage of the annual grant process of the foundation, simply notify the office at 203-966-0231 and we will share the grant requests we receive with you. The Foundation's Distributions Committee reviews the grant proposals from area non-profit organizations in early spring.

### **Is there a minimum grant size?**

We can process grants of \$250 or more.

### **How much is available for my grant making?**

In keeping with the official distributions policy of NCCF for endowed funds, 4.5% of the balance of the fund at year end is available from your fund for grants in the current year, as long as the minimum fund balance of \$10,000 is maintained. If you are establishing a fund at the minimum level of \$10,000, we recommend that you allow your fund to grow or make additional contributions, to enable greater impact with your grant distributions.

### **What types of organizations/programs may I recommend grants to?**

As part of the Community Foundation, your fund may make grant to any non-profit organization with a 501(c)(3) tax status, based in the United States.

### **May I make a grant outside New Canaan?**

Yes. You may make grants to any approved non-profit organization of your choice. The Foundation will need to verify the eligibility of the organization before approving a grant, if we have not already made a previous grant to the entity. NCCF does not make international grants.

### **I would like to grant more than I have available from my fund. May I add to the grant amount?**

Yes, if you would like your grant to have a greater impact than what is available from your fund, you may make an additional contribution to the Foundation in the form of a pass through grant to a specific organization.

### **How do I request that a grant be made from my fund?**

Requesting that a grant be made from your fund is simple. You simply make the request in writing and for your ease, a form is available online.

### **I am not sure what organizations I would like to give to this year. What should I do?**

Helping to guide donors in their grant-making decisions is where NCCF can make a major difference in your philanthropic process. Our staff and Board of Directors are well versed in the needs and organizations of our area. We would be happy to assist you in this process.

### **How quickly will my grant be processed after my request?**

Generally, all grant requests are approved at a Board of Directors' meeting, which are held monthly. If your request needs faster consideration, please alert the professional staff and we can gain approval before the next scheduled meeting.

### **I would like to build up my fund's endowment. Is there a minimum that I must add at any one time? May I add to my fund any time I wish?**

You may add any amount to your fund as often as, and whenever, you wish.

To contribute cash, send a check to New Canaan Community Foundation, 111 Cherry Street, New Canaan, CT 06840. The check should be made out to "New Canaan Community Foundation." Please write the name of your fund in the memo line of the check.

If you would like to contribute securities, to add to your fund, please call the Foundation's office at 203-966-0231 to make the arrangements.

### **What type of fees are charged to my fund?**

NCCF assesses each fund a modest annual fee to partially offset the cost of administrative and investment services. A current fee schedule is available online.

### **What is variance power?**

One of the distinguishing characteristics of a community foundation is its variance power. For any component fund to be considered by the IRS a fund of the community foundation, and not a separate private foundation, NCCF's Board of Directors must demonstrate variance power with respect to that fund. In essence, once a contribution is given to NCCF to establish a fund, those resources become the property of NCCF and subject to control by the Board of Directors. It is this change of control that allows the donor to receive credit for the tax deduction of the gift.

Inclusion of the variance power in the foundation's governing documents is a requirement of the tax regulation applicable to the community foundation. The New Canaan Community Foundation was founded in 1977 and this principle was clear in our initial articles of incorporation. Variance power permits the Board of the Foundation to modify a restriction on a fund if necessary. For example, this power may be exercised when the Board determines that the restriction is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Perhaps more importantly as a practical matter, the variance power allows the community foundation to take changing times into account – for instance, to modify the purpose of a fund designated to fight a disease that is then defeated, such as polio. It is important to note that the Foundation would only exercise the variance power with great care, giving full consideration to the original intent of the donor and attempting to arrive at the closest similar purpose. Retaining and exercising the variance power ensures that the donors' interest in the community is efficiently executed and continues to remain relevant to that community's changing needs and opportunities.

A full statement of the variance power is outlined in the fund agreements and in NCCF's governing documents.

### **What are the advantages of setting up a fund under NCCF rather than donating directly to a non-profit organization?**

- Your fund is a permanent legacy that demonstrates your commitment to helping your community, and other communities you care about, thrive over the long term, and gives you the assurance that your philanthropic goals will be carried on in the future.

- You can still recommend a donation from your fund to be directed to your favorite non-profit organizations. Your fund can make grants for the immediate benefit of an organization and will continue to remain available for future needs that can not be anticipated at this time.
- You receive expert administrative services, tools, and advice on a broad spectrum of community needs---including areas that you may not have considered.
- You have the opportunity to make a difference where it is most needed and best utilized, because you have the resources of NCCF Board members and staff that monitor community needs and are up-to-date on community issues, opportunities and resources.