

Fundy Community Foundation

Professional Advisors – Answers to Frequently Asked Questions:

1. How do donors give to the Fundy Community Foundation?

FCF is pleased to receive gifts of any amount any time. Donors can give cash or cheques or can sign over ownership of GIC's or shares of stock. Contributions of appreciated stocks and mutual funds qualify for a 50% reduction in Capital Gains Tax. Donors can give any amount to an existing endowment fund or can establish a named fund with a minimum gift of \$5,000. This can be given all at once or over a period of up to five years.

Donors can also consider other planned giving options including charitable remainder trusts or bequests. A donor can bequeath a donation to a "named fund" by establishing up front a fund agreement and attaching said agreement to his or her Will. The Will can then indicate that a donation of "x" amount is to go to the named fund as per attached.

2. How can donors contribute to FCF's community grant making program?

By making a gift to FCF's unrestricted Community Endowment Fund. Any gift of any size will help build this fund to the target of \$1Million. Donors can also establish a named community fund with a minimum gift of \$5,000.

3. What other sorts of funds can donors set up?

Designated Funds – are set up to provide income for a specific organization or cause.

Donor Advised Funds – Donors are consulted each year for their direction on spending from their fund.

Field of Interest Funds – Donors identify a "field of interest" – say early childhood education, performing arts, or environment, and each year grants are made accordingly as opportunities arise in each "field of interest"

Scholarship Funds – Donors determine the terms of scholarships to be awarded to students of Charlotte County – field of study, school or community to be favored, financial need, scholastic ability, etc.

4. Do donors receive charitable receipts for their donations?

Yes. FCF is a registered charity in both Canada and the United States and can therefore issue tax receipts to both Canadian and US donors

5. How do donors set up named funds?

Every named fund has its own fund agreement, which spells out the terms of the fund and the donor's wishes with regard to how the income from the fund is to be directed each year. The FCF Board of directors is responsible for ensuring that the donors' wishes are respected – forever. Once the donor's wishes are determined, the Executive Director of the Fundy Community Foundation will prepare a draft fund agreement for the donor's review. If everything is in order, the donor and two representatives of the Foundation sign it and the fund is created.

6. How can donors be sure that their funds are invested wisely?

FCF funds are invested by an outside professional manager (CIBC Wood Gundy, Saint John). FCF has an investment policy aimed at maximizing returns while managing risks by ensuring a balanced portfolio and high quality investments. The policy is in line with policies and practices of other community foundations across the country. The Board of Directors ensures this policy is adhered to. The overall investment objective is to realize a minimum of 5.5 percent return each year. (4.5 percent for disbursement, 1% for administration fees). The Foundation's finances are audited each year and reports are available to the public. Excerpts from the report are published in the Annual Report.

7. How much of a donation goes to cover administrative costs for the Foundation?

None. One hundred percent of every gift is retained in perpetuity by the Foundation. An administration fee equal to 1% of the capital is charged by the Foundation, but this fee comes out of the *interest earned on the fund* – not the capital.

8. Can anyone ever access any of the capital of a donation?

No. All donations to FCF endowments are held in perpetuity. They are invested with FCF's pool of endowment assets and only the income earned on the fund is available for disbursement each year.

9. How does the Foundation protect the donor's philanthropic interests?

Every fund has its own fund agreement spelling out the donor's philanthropic interests. If a donor establishes a fund, say to support a specific organization, the Board of Directors of that organization would never have access to the capital of the fund. Similarly if the organization were ever to encounter financial difficulty, the endowment fund, held and owned by the Fundy Community Foundation would be protected from any potential creditors. If the organization were to cease to exist the Foundation would find some other way to continue supporting the "cause" rather than the organization.

10. How does establishing a fund with Fundy Community Foundation help the communities of Charlotte County?

Not only does an endowment fund provide sustained funding in support of the cause of the donor's choice, but the administration fee charged on the income earned from the fund enables the Foundation to provide valuable community services. The Foundation works with and assists non-profit organizations by helping develop fund raising strategies, encouraging collaboration among community partners and making efficient use of community resources. The Foundation also plays a catalytic role by bringing interest groups together to find community-based solutions to issues of concern.

11. Why should I as a financial advisor encourage my clients to consider FCF as a vehicle for meeting their philanthropic wishes when I might stand to lose money in the transaction?

First, as a professional your client will value your advice if they express a desire to give to their community as FCF is in the best position to ensure their philanthropic wishes are met – in perpetuity. Your attention to client service will pay back as your client continues to have you manage the remainder of his or her portfolio.

Second, for donations of significant size, it is possible that you can retain the management of the funds by establishing an account for the Fundy Community Foundation and arranging a transfer of ownership of capital. This would be discussed on a case-by-case basis.