



## COMMUNITY FOUNDATION OF SWITZERLAND COUNTY, INC.

### **What is the Community Foundation of Switzerland County?**

The Community Foundation is a public charity that primarily accepts endowed gifts from individuals and organizations, invests the funds, and distributes the investment earnings to groups and programs that match the donor's interests and charitable goals. It is unlike other charities that focus on specific areas such as youth or historic preservation, but instead looks to the well-being of the total Switzerland County community.

### **How is the Community Foundation governed?**

By a volunteer board of directors representing the diversity of Switzerland County. Board members can serve up to two three-year terms.

### **Where does funding to operate the Foundation come from?**

From several sources. The Foundation annually charges a 1.5% administrative contribution to endowments, an Administrative Endowment makes grants for operating costs, and the Foundation's current and former directors also contribute.

### **What is an 'endowment'?**

It is a permanent fund set up by an individual or organization through a written agreement between the donor and the Foundation. Gifts to the fund are invested. Investment income is used to make grants and scholarships. The original value of the fund is not spent. All of the Foundation's more than 100 endowment funds are pooled for investment purposes but each individual fund is accounted for separately.

### **What kinds of grants can be awarded from an endowment?**

The Foundation is a very flexible tool for people to use and as long as a project, program, or organization is charitable, anything is possible. Founding donors establish how grants should be distributed from their endowment. Some go directly to the donor's favorite charity or charities, some make grants in certain fields of interest such as the arts, and some are scholarships. A donor-advised fund allows donors to annually suggest where grants should go. The most useful funds to the community, however, are unrestricted endowments. The Foundation uses grants from these funds for its annual grant programs and to make awards that address the community's changing needs.

### **What does it cost to set up an endowment?**

There are no start-up fees. An annual administration contribution of 1.5% from the fund is used to help with administrative expenses, including reporting annually to founding donors about their funds' financial activity. In addition, the fund is assessed a 1% investment fee.

### **What is the minimum amount needed to start an endowment?**

An endowment must reach \$5,000 (\$10,000 for scholarships) before it can start awarding grants. However, an Acorn Fund can be established with \$500 as long as a donor commits to contributing \$500 or more annually until the fund does reach \$5,000. The fund will not pay out any grants until it reaches \$5,000 and that amount has been invested for one full fiscal year.

### **How are my gifts invested?**

The Foundation's Investment Committee, with the assistance of an investment consultant firm, seeks to prudently maximize returns by investing in a balanced portfolio of stocks and bonds and diversifying over a number of asset categories. The Foundation tries to preserve the 'purchasing power' of the funds over time by reinvesting a portion of the investment returns back into the fund. That way the endowments keep pace with inflation.

### **How are the endowment grants determined?**

The Foundation has adopted, along with hundreds of endowment managers in the country, a Total Return Policy. The policy has two goals: to maintain and increase the real value of the endowment and to smooth out the short-term roller coaster ride that inevitably results from investing in the marketplace.

Depending on the current climate, the Foundation generally awards up to 4% of a fund's average market value over the preceding 20 quarters. New funds must be invested a full calendar year before they can make grants.

### **Why do people give to the Community Foundation?**

There are many reasons to donate to a community foundation, but a few include:

1. It allows individuals to make their charitable donations to a local organization for the benefit of their local community.
2. A gift to the Foundation keeps on giving for years to come.
3. It provides the donor with flexible giving options. The Foundation's staff can assist a donor in determining what their charitable goals are and will make every effort to find ways to accomplish the goal.
4. As community needs change, the Foundation is equipped to adapt to these changes and find solutions to address them.

### **How can I give to our community through the Foundation?**

1. You may establish and endow a fund through direct gifts such as cash, publicly traded securities, or real estate.
2. You may establish and endow a fund through a bequest in a will.
3. You could name the Foundation as beneficiary of your retirement fund or life insurance in full or in part.
4. You or anyone can add to any endowment at any time for any amount-large or small-through memorials and tributes in honor of birthdays, anniversaries, and other significant events.

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P.O. Box 46, Vevay IN 47043

812.427.9160

info@cfsci.org