

LICKING COUNTY FOUNDATION

PROJECT FUNDS Guidelines and Operations

Project funds are created to hold contributions raised for a specific, short-term community project with disbursements made to cover the costs of the project. One of the key roles of the Licking County Foundation (LCF) is to grow endowed charitable assets to use on behalf of the entire community in perpetuity. Sometimes, though, there is a short-term need for funding to carry out a special program or project which will be of lasting benefit to Licking County. In these cases, LCF has the ability to establish Project Funds as a service to the community.

LCF may choose to create a Project Fund to support a local community project that has a specific and short time frame, is clearly charitable in nature, and falls within LCF's mission. Donations to a Project Fund are tax deductible to the fullest extent allowed by law and become the property of LCF. Services include the receipt and management of contributions to the fund, authorization and payment of grants from the fund, and the preparation of quarterly fund financial statements for the organization carrying out the project (benefited organization).

These services do not include fundraising support, financial support, or extra administrative support beyond what is needed for incoming contributions and outgoing grants as described above. Benefited organizations are typically smaller 501(c)(3) charities without the expertise or staff to handle the potential volume of donations to the project, as well as governmental entities or larger 501(c)(3) charities that may have the expertise and/or staff, but prefer their resources not be used on a project of this size.

Here is an overview of Project Fund features, benefits and operating procedures:

- LCF will review your request and may accept/approve the Project Fund. A fund bearing the project's name will be established as "*The XYZ Fund of the Licking County Foundation*". The project is then accounted for separately as the IRS auditing, financial reporting, marketing, and fundraising purposes.
- A Project Fund releases the benefited organization from the burden of charitable giving paperwork, including acknowledging donors and managing donations. Because the fund is held under the 501(c)(3) umbrella of LCF, fund financial responsibilities, such as IRS 990 preparation, are included in LCF's administration of the fund.
- If the benefited organization chooses to allow pledges, any pledge tracking, and pledge reminders must be managed by the benefited organization.
- Creating a fund at LCF helps add credibility and stewardship to the project. Some donors are more comfortable with entrusting their donations to a separate, highly respected community organization, monitored by a separate, highly respected Governing Committee. LCF also adds another level of oversight and due diligence for the project.

- Assets held in the fund will be invested and managed by LCF’s Preservation of Capital investment portfolio in cash or short-term cash equivalents. LCF cannot guarantee any level of return on the fund assets. It is mutually understood that this is a limited-term project fund and not a true endowment.
- Regular donation reports will be provided to the benefited organization on a schedule to be mutually determined. The report will include donor names and aggregate donation totals, but not individual gift amounts.
- As compensation for its services, LCF’s Administrative Fee Schedule in effect for Project Funds is as follows:

Assets up to \$500,000	1.0 %
\$500,001 to \$1,000,000	0.9 %
Over \$1,000,000	0.8 %
Over \$2,000,000	0.7 %
Over \$3,000,000	0.6 %
Minimum Annual Fee	\$250

- All bank fees or donation fees charged by online donation platforms will be charged against the fund.
- Project Funds are intended to be short-term, usually 1-2 years. However, project funds may continue beyond this period by mutual agreement of LCF and the benefited organization.
- LCF may publish information regarding the fund, including the creation of the fund, the donors to the fund (unless they request anonymity), and the distributions made from the fund.
- A fiscal sponsorship agreement will be executed by LCF and the benefited organization. Such an agreement requires that the benefited organization regularly submit reports to LCF on the usage of Project Fund assets; notify LCF of any changes to the project, the individuals administering the project, or the purposes or tax-exempt status of the benefited organization; and that the benefited organization hold LCF harmless and indemnify LCF against all claims arising from any inappropriate or negligent actions by the benefited organization and its agents.

As a community foundation, we greatly appreciate the opportunity to collaborate with local donors and organizations to fund valuable projects to improve the lives of others in the area.