



The Jewish Community Foundation of Greater Kansas City (hereinafter “the Foundation”), through its Board of Trustees, has authorized the establishment of charitable funds (hereinafter “Funds”) as component funds of the Foundation. This document sets forth the rules, procedures, and policies for the establishment and administration of all Funds (the “Procedures”) and requires the approval of the Board of Trustees of the Jewish Community Foundation of Greater Kansas City. These procedures are accordingly prescribed by the Board of Trustees for the guidance of the Foundation staff and for the information of donors and other interested members of the public.

## **SECTION 1. ESTABLISHMENT AND PURPOSE OF FUNDS**

**1.1 Establishment of Funds.** Funds may be established by the donation or transfer by a person(s) or entity (hereinafter “Donor(s)”) to, and acceptance by, the Foundation of money or property, whether by contribution, gift, bequest, or devise or by transfer from a charitable or other organization (hereinafter “contribution”), to further carry out the purposes of the Foundation as set forth in its Articles of Incorporation.

However, the procedures set forth herein are provided in recognition of a particular purpose for the creation of Funds, which is to develop support of, and participation and involvement in, the philanthropic interests and activities of the Foundation by a wide range of donors. The establishment of Funds is designed as a means of broadening the base of financial support, encouraging meaningful interchange of ideas by donors in the Foundation’s philanthropic interests and to provide funds to supplement and extend the programs and interests of the Foundation in serving its charitable, educational, cultural and religious purposes (which purposes are hereinafter referred to as “charitable” and shall encompass only those purposes set forth in Sections 170(c)(1) or 170(c)(2)(B) of the Internal Revenue Code).

**1.2 Nature and Terms of Funds.** Except as provided in Section 3.1.3 below, each Fund shall be the property of the Foundation held in its normal corporate capacity; and shall not be deemed a trust fund held by the Foundation. Except as provided in Section 3.1.3 below, the Foundation shall have the ultimate authority and control of all property in each Fund, and the income derived therefrom, for the charitable purposes of the Foundation, subject to any reasonable limitations imposed by the Donor(s) in the Instrument of Transfer as described in Section 3.1.1 and 3.1.2 below. Each Fund shall be recorded on the books and records of the Foundation as an identifiable or separate fund and may be given a name or other designation as requested by the Donor(s), unless the Foundation deems such name inappropriate or unadministrable.

## **SECTION 2. ACCEPTANCE OF FUNDS**

**2.1 Authorization.** The Executive Director of the Foundation (or such additional officers or employees of the Foundation as the Board of Trustees may from time to time authorize) shall have the same authority and responsibility to accept, on behalf of the Foundation, contributions of cash or publicly traded securities to establish or add to a Fund as in the case of other gifts to the Foundation.

The Donor(s) may not impose any material restriction or condition that prevents the Foundation from freely and effectively employing the contributed assets or the income derived therefrom, in furtherance of the charitable purposes of the Foundation.

**2.2 Minimum Requirement.** Except for B'nai Tzedek Funds described in Section 3.1.4 and Donor Advised Funds described in 3.2.1 below, the minimum amount required for establishment of a new named Fund in the Foundation is \$10,000 in cash or readily marketable property.

**2.3 Non-Cash and Non-Publicly Traded Securities.** Contributions of property other than cash or readily marketable securities must be approved by the Gift Acceptance Committee of the Foundation.

**2.4 Valuation.** The value, for tax purposes, of any property contributed to the Foundation other than cash or publicly-traded securities shall be determined by the Donor(s), in accordance with all applicable laws. The issuance of a receipt by the Foundation for the contribution of any property is not a representation by the Foundation of the tax deductibility of such contribution on an individual Donor's tax returns.

### **SECTION 3. TYPES OF FUNDS**

A Donor(s) may establish one or more of the following types of Funds with the Foundation:

**3.1 Restricted Funds.** Any Fund which is restricted as to use and/or with respect to spending is a "Restricted Fund."

**3.1.1 Use Restrictions.** In the instrument of transfer which establishes the Fund ("Instrument of Transfer") the Donor(s) may restrict payments of the income or principal from the Fund (i) to a specific charitable purpose, such as for education, care of the poor, disabled care, health, etc. or (ii) for the benefit of or in furtherance of the purposes of one or more specified charitable organizations (described in Section 509(a)(1), (2), or (3) of the Internal Revenue Code) in a manner consistent with the purposes of the Foundation (a "Use-Restricted Fund"). The Donor(s) may designate an Advisor or Advisory Committee as described in Section 7 below for any Use-Restricted Fund. The Foundation shall periodically evaluate all Use-Restricted Funds to ensure that grants are being used in accordance with stated restrictions.

**3.1.2 Spending Restrictions.** The Instrument of Transfer may require the Fund to be managed as an "Endowment Fund", which is a permanent fund that permits only the use of income or a fixed percentage of the Fund's market value to support the intended charitable purposes. An Endowment Fund will generally be created as a Use-Restricted Fund but could also be established for unrestricted purposes. The management of Endowment Funds is governed by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the State of Kansas. UPMIFA permits the Foundation to take into consideration the totality of the history and purposes of Endowment Funds and the general economic conditions and investment environment. Subject to UPMIFA and unless otherwise specifically defined in the Instrument of Transfer, the Executive Committee of the Foundation shall have the authority, from time to time, to set an annual percentage payout rate to be applied against the total market value of the Endowment Fund, to represent the fund "income" for purposes of this Section 3.1.2 (the "Endowment Spending Rate"). The current Endowment Spending Rate is 4.5% of the previous three-year average ending Fund balance. But in those years where the dollars granted would decline from the previous year, the rate can rise to as much as 5.25%.

A signed writing from the Donor(s) and/or The Instrument of Transfer may require a specific spending rate other than the Endowment Spending Rate.

**3.1.3 Organizational Funds.** The Foundation may hold and manage assets for Donors which are other not-for-profit agencies or religious institutions (“Organizations”), which have missions consistent with the Foundation’s mission. An “Organizational Fund” is generally established as a result of a contribution of cash or other property to the Foundation to hold for the benefit of an Organization. Through this type of Fund, the Organization has access to the development, administrative, grant-making and educational expertise of the Jewish Community Foundation to assist the Organization in growing, maintaining and distributing its charitable assets.

**3.1.4 B’nai Tzedek Funds.** B’nai Tzedek is a program of the Foundation that introduces teenagers to Jewish values-based philanthropy. B’nai Tzedek Funds are initially established through a combination of private donations from or on behalf of a B’nai Mitzvah of at least \$125 and contributions from the Foundation. Any minimum contribution shall be determined by the Executive Committee of the Foundation. B’nai Tzedek fund holders may grant up to 10% annually from their Funds to Jewish charitable organizations which are local, in Israel, or on their college campuses. B’nai Tzedek Funds remain open until the participant reaches the age of 35. At, or before, the time when the participant reaches the age of 35, Funds with balances of \$2,500 may be reclassified as Donor Advised Funds (“DAF”) at the request of the account holder and shall be administered subject to the provisions of Section 2 above. Participants with Fund balances below \$2,500 may either add to their fund to enable reclassification to a DAF, use the Fund balance towards participation in J-LEAD, or have the balance transferred to the B’nai Tzedek Program Fund to reinvest in the program for future participants.

**3.2 Unrestricted Funds.** Any Fund that is not a Restricted Fund as provided above will be considered an “Unrestricted Fund”, and both its income and principal may be distributed by the Foundation for any qualified charitable purpose.

**3.2.1 Donor Advised Funds.** Any Fund established as a Donor Advised Fund (or “DAF”) shall allow the Donor(s) (or others as provided in Section 8 below) to make recommendations to the Foundation regarding distributions from the Fund to qualified charitable organizations, such recommendations shall not be binding on the Foundation. A minimum contribution of \$2,500 for donors under the age of 35 and a minimum contribution of \$5,000 for donors 35 and older shall be required to establish a Donor Advised Fund.

## **SECTION 4. POWER TO VARY**

If the Foundation, through its Board of Trustees, determines that a designated beneficiary of any Restricted Fund, other than an Organizational Fund, is no longer in existence or has ceased to function in a manner consistent with the community’s charitable needs (including any change in ownership, management, or affiliation of the designated beneficiary), or is to be used for a purpose that has become unnecessary, obsolete, incapable of fulfillment, impractical or undesirable, the Foundation may, in its discretion, direct such Fund to the next best use consistent with the Donor’s original charitable intent as determined by the Foundation. If the Board of Trustees of the Foundation determines that no such alternative is feasible, the Foundation may convert the Fund to an Unrestricted Legacy Fund in the name of the Donor(s).

## **SECTION 5. INVESTMENT OF FUND ASSETS**

**5.1 Responsibility.** The Foundation has the responsibility and authority for the investment of the assets of each Fund. The assets of any Fund may be commingled with those of other component funds of the Foundation or may be invested in units of a common investment fund which may be established or utilized by the Foundation. However, the Foundation shall have no obligation to commingle the assets for investment purposes and may, in its discretion, invest or hold any assets of any particular Fund in a manner different from other Funds held by the Foundation, if the Foundation determines that such action will most effectively carry out the charitable purposes of such Fund.

**5.2 Segregated Funds.** The Donor(s) or authorized agent of an Organization who establishes a Fund, or a Fund Advisor who advises a Fund with a balance of \$100,000 or more may request that such Fund be maintained in a segregated account and may recommend investments of the Fund. However, any investment or reinvestment of assets shall be made at the sole discretion of the Foundation and only in such investments as are consistent with the Kansas Prudent Investment Act in a manner specifically approved by the Foundation's Investment Committee.

**5.3 Investment Options.** From time to time the Foundation may offer multiple investment options. As part of the Instrument of Transfer creating the Fund, the Donor(s) may request that any Fund created by such Donor(s) participate in one or more specific investment options. In addition, the Donor(s), or Fund Advisor, of an existing Fund may recommend that such Fund participate in one or more specific investment option. In either event, such recommendations shall be solely advisory. All investment decisions with respect to each Fund shall be made by the Foundation's Investment Committee, taking into consideration any reasonable recommendation of the Donor(s) or Fund Advisor.

**5.4 Administration.** Decisions with respect to the retention, investment or reinvestment of assets of each Fund shall be made by appropriate authorization from the Board of Trustees of the Foundation or by the Foundation's Investment Committee as authorized by the Board of Trustees, taking into consideration any reasonable recommendation of the Donor(s) or Fund Advisor.

## **SECTION 6. FEES CHARGED ON FUNDS**

**6.1 Administrative Fees.** Funds are assessed an administrative fee in accordance with the published fee schedule established by the Board of Trustees as such schedule may be amended from time to time. The fee is charged each month based on the average daily balance of the fund. Minimum fees, when assessed, are also charged on a monthly basis. Fees are paid by automatic withdrawal from the fund.

**6.2 Investment Fees.** The Investment Committee works to keep investment fees as low as possible. Funds are charged the direct actual investment fees as determined by the specific investment option chosen for the Fund. All investment return data is presented net of these fees.

**6.3 Credit Card Fees.** If a donation is made by credit card, the processing fees paid by the Foundation are passed through to the fund into which the donation is made. The deposit into the Fund reflects the contribution net of credit card processing fees.

## **SECTION 7. ADVISORY COMMITTEES**

With respect to any of the aforementioned Funds, other than B'nai Tzedek Funds, an Advisory Committee may be appointed to review applications for grants consistent with the charitable purpose of the Fund. The President of the Foundation is authorized to appoint Advisory Committee members and an Advisory Committee chairperson for any Fund where one has not been so designated. The Foundation has the discretion to accept or reject the recommendations of the Donor(s) concerning membership of any such Advisory Committee. When appropriate, the Advisory Committee will coordinate its efforts with the Foundation's Grants Committee.

The staff of the Jewish Community Foundation shall make every effort to contact the members of the Advisory Committee for any Fund and notify them of their responsibility with respect to such Fund. However, if the Board of Trustees of the Foundation determines that any Advisory Committee is not appropriately performing the duties with respect to the Fund, the Board of Trustees or the Foundation's Grants Committee may assume that responsibility in place of the Advisory Committee.

All Funds with Advisory Committees must have a single spokesperson and a provision for successorship of the Committee and the spokesperson. Funds with committees created solely for advisory purposes which do not conduct competitive grantmaking or scholarship processes requiring Foundation staff facilitation will not be subject to the special administrative fee indicated in the Foundation Fee Schedule.

## **SECTION 8. DISTRIBUTIONS FROM DONOR ADVISED FUNDS**

**8.1 In General.** The Board of Trustees has the right to direct all distributions of income or principal from each Fund in accordance with the terms of such Fund. However, as provided in this Section 7, the Donor(s), or any other properly designated party, may make recommendations to the Foundation as to distributions from any Donor Advised Fund administered by the Foundation. All such distributions must be made to tax exempt charitable organizations described in Section 501(c) (3) of the Internal Revenue Code, other than private non-operating foundations. The Foundation shall consider and evaluate all such recommendations, but any such recommendations will be solely advisory, and the Foundation is not required to follow any such recommendations.

**8.2 Donor's Privilege to Make Recommendations.** Ordinarily, the privilege of making recommendations is limited to the Donor and the Donor's spouse. In the event of any Fund created from a contribution made jointly by a married couple, the term "Donor" shall refer to both spouses, but recommendations may be made by them separately or jointly, unless otherwise provided in the Instrument of Transfer. Such privilege of a Donor or spouse will be continuous with the existence of the Fund unless earlier terminated by (i) their deaths, (ii) written notice to the Foundation of a release of such privilege or (iii) a finding by the Board of Trustees of the Foundation that the person involved (or each of them) is not available or is incompetent to exercise the privilege.

In addition, as part of the Instrument of Transfer or in a subsequent written document delivered to the Foundation, the Donor may designate a person or persons other than or in addition to the Donor or the Donor's spouse who will have the privilege of making such recommendations. In such case, this privilege will exist only during the lifetime of the Donor, except as otherwise provided in Section 7.3 below. Furthermore, the recommendations of any such other person or persons shall continue to be advisory only, and the Foundation shall not be required to follow the

recommendations of any such person. Where the privilege to make recommendations extends to persons in addition to the original Donor or the Donor's spouse, the Foundation requires a single designated person to act as spokesperson for purposes of submitting recommendations to the Foundation and for purposes of other communications with the Foundation ("Designated Representative").

All Donor Advised Funds for which the advisory privilege has ended under Sections 8.3 and 8.4 below, shall become "Unrestricted Legacy Funds" in the name of the Donor(s). Grants from the Community Legacy Fund and Unrestricted Legacy Funds are recommended by the Foundation's Grants Committee and approved by the Foundation's Board of Trustees.

**8.3 Fund Successorship.** As part of the Instrument of Transfer or in a subsequent written document, the Donor may designate one or more of the Donor's children and/or the spouses of such children, or any other person or persons to be "Successor Advisors" to make recommendations after the death or legal incapacity of the Donor and/or the Donor's spouse. Such designation of a successor or successors to the original Donor is intended to further continue intergenerational participation, support and involvement by such successors. Where the privilege of making recommendations extends to persons in addition to the original Donor or the Donor's spouse, the Foundation may require all those having such privilege to designate a Designated Representative in the same manner as provided in Section 8.2 above.

If no Successor Advisor(s) is named, and no other written instruction for distributions from a Fund is made, then after the death or legal incapacity of the Donor and/or the Donor's spouse, the Fund will become part of the Community Legacy Fund, or if the balance is greater than \$10,000, the Fund will be converted to an Unrestricted Legacy Fund in the name of the Donor, to be administered in accordance with section 8.2 above

Subjective to the dollar limits in this section, the original Donor(s) may recommend one of the following dispositions of funds following the death, resignation or legal incapacity of the initial Fund Advisor(s).

- (a) Under \$5,000 - Balance transferred to Legacy Fund, unless Successor Advisor(s) has been named, in which case Advisor(s) will have 1 year to make grants with remainder going to the Community Legacy Fund.
- (b) \$5,000 or more – Fund may continue and be advised by Successor Advisor(s) named by the Donor(s) during their lifetimes.
- (c) \$10,000 or more – The remainder of the Fund may be transferred to establish a named Restricted Fund and/or advised by Successor Advisor(s) named by the Donor(s).

Pertaining to (b) and (c), above, the original Donor(s) may recommend:

- Collective grantmaking by successors (requires a single spokesperson)
- Individual grant-making by multiple Successor Advisors, each with access to the full balance of the Fund
- Separate remaining balance into funds for each Successor Advisor (minimum of \$5,000 for each new fund created - If the balance is not sufficient, the Successor Advisors must add to the Fund bringing it to that level)

**8.4 Distribution Rules.** The following limitations apply to all distributions from Donor Advised Funds:

- The minimum amount of any one distribution from a Fund shall be \$100; provided however that Memorial grants or grants from Funds with a balance of \$100,000 or more are not restricted to the \$100 minimum.
- Any recommendation for a Fund distribution must be made in writing on forms provided by the Foundation, or via the Foundation's secure web interface, or, in the Foundation's discretion, by telephone, e-mail or text message.
- The Foundation, as a public charity, will not make any distribution from Funds except as a distribution from the Foundation for its charitable purposes, and no such distribution may be used to discharge or satisfy a non-charitable obligation or for any non- incidental private benefit.
- All distributions shall be subject to any additional restriction(s) imposed by applicable federal or state law.

**8.5 Approval of Grants.** All distributions made from a Donor Advised Fund must be approved by the President, the Treasurer and one other officer of the Foundation. All distributions shall be reported quarterly to the Trustees, without attribution to a specific Fund, for review and monitoring by the Board. The Board may then ratify the actions taken by the approving officers or adopt additional guidelines as may be required to meet specific charitable needs of the Foundation.

**8.6 Staff Investigation.** The Staff of the Foundation will maintain a record of all organizations approved by the Board of Trustees to receive grants from the Foundation. With respect to any recommended distribution to an organization for which the Foundation does not already have information, the Staff of the Foundation shall investigate (a) whether the recommended distribution is consistent with the charitable purposes of the Foundation and (b) the charitable status of the new organization, as well as any other information upon which a decision should be made whether or not to make a recommended distribution in whole or in part. Upon request by the President of the Foundation, Staff shall provide a report with the findings of such investigation. The degree of formality employed by the Staff in making an evaluation and obtaining the necessary information will depend upon the nature and category of the grantee organization and the information already available to the Staff with respect to the grantee and the purposes of the grant. Additionally, where necessary for its evaluation, the Staff may request an organization to submit other information as needed.

**8.7 Recommendations Not Consistent with Charitable Purposes.** If it is determined that a recommended distribution is not consistent with the charitable purposes of the Foundation or that the charitable status of the intended recipient is unclear, the Donor(s) (or the Successor Advisors, as appropriate) will be advised that the recommendation does not meet the standards for distributions. If the Donor(s) (or the Successor Advisors, as appropriate) believes that the Staff's investigation is in error or, by reason of unusual circumstances, the recommendation otherwise has merit, such person may request that the recommendation be referred to the Grants Committee of the Foundation for further review.

**8.8 Grants Committee.** A Grants Committee as appointed by the Board of Trustees of the Foundation shall review all requests to further consider a determination that a recommendation is not consistent with the charitable purposes of the Foundation. In reviewing such reports or requests, the Grants Committee shall review all relevant information provided to it. If the Grants Committee desires further information, it may request such information from the Staff or the person making the recommendation. The Grants Committee shall act on all recommendations presented to it in accordance with established procedures for distributions from the Foundation. If the Grants Committee determines that the grant should be made, this decision shall be

communicated to the Board of Trustees, who shall then approve such grant unless two-thirds of the Board of Trustees continues to disagree with the determination of the Grants Committee. If the Grants Committee determines that the grant should not be made, this decision shall be communicated to the Executive Director of the Foundation, who shall communicate this information to the person who requested the Grants Committee review.

## **SECTION 9. CONVERSION OF DONOR ADVISED FUNDS**

Conversion of Funds. With respect to each Donor Advised Fund, after the death of the Donor and/or the Donor's spouse (if any) for whom the Fund is named, and the last living Successor Advisor authorized to act with respect to such Fund, the Board of Trustees shall have the power to convert the Fund to an Unrestricted Legacy Fund in the name of the Donor. In such event, all advisory privileges shall terminate and distributions from such Fund shall be made by the Foundation's Grants Committee. Notwithstanding the foregoing, if the balance remaining in the Donor Advised Fund is \$10,000 or greater, and the Donor has so requested in writing, the balance remaining in the Donor Advised Fund may be converted into a named Endowment Fund for one or more qualified charitable purposes or organizations. If the Donor Advised Fund converts to an Endowment Fund, an Advisor(s) or Advisory Committee may be appointed in accordance with Section 7 above, to recommend distributions from the Fund. Grants may be made to other non-profit Donor Advised Fund sponsor organizations, whether terminating or otherwise. The Foundation will withhold the final monthly administrative fee prior to making any terminating grant.

## **SECTION 10. ADMINISTRATIVE PROVISIONS APPLICABLE TO ALL FUNDS**

10.1 Notification to Grantee as to Source of Distribution. Unless otherwise requested by the Donor (or Successor Advisors, if applicable to a Donor Advised Fund), any distribution from a Fund shall identify to the grantee organization the name of the Fund from which the distribution is made.

10.2 Annual Report. Each Donor (or the Designated Representative of a Donor Advised Fund) shall at least annually receive a report of all distributions made from the Fund which they established (or as to which they continue as Successor Advisors). In addition, each person who otherwise would have a right to receive a Report under this Section shall have the right to designate one additional person to whom such Annual Report will be delivered.

10.3 Publicity. The Foundation shall publicize these Procedures to Donors and other interested persons in the community.

10.4 Contributions. Any contribution received from any source that is not designated for a particular named Fund or purpose shall be deposited into the Community Legacy Fund. In case of receipt of any contribution that requires the formation of an Advisory Committee prior to distribution, the President of the Board of Trustees and the Executive Director are to be notified in writing by the Chief Investment Officer within 10 business days. The President and Executive Director will use best efforts to form the Advisory Committee within 45 days of such notice.

10.5 Unclaimed Stock Donations. Occasionally stock donations come into the Foundation's online brokerage accounts without the Donor's identification. Online brokerages are rigidly confidential and rely on the Donor to provide this information. When such a gift is received, it is liquidated, placed in a holding fund, and invested in a money market fund until the Donor is identified. If, after a year from receipt, the Donor remains unidentified, the gift will be placed in the Community Legacy Fund.

## **SECTION 11. CLOSING OF FUNDS**

11.1 Application of Section. If a Fund is terminated, assets held in such Fund shall be distributed, as provided in Section 10. The date the Fund Advisor or Organization's Agent, as designated in the Fund Agreement, requests the termination of the Fund, or the date the Foundation otherwise determines that such Fund should be terminated, shall be referred to below as the "Termination Date."

11.2 Funds Less than \$250,000. If the balance of the Fund to be terminated is less than \$250,000, then a grant will be issued for 80% of the determined Fund balance as of the Termination Date. Once income and expense allocations on the remaining balance are completed, the final grant will be made equal to the remaining net balance in such Fund. No income or fee allocation will be made with respect to such Fund for the period after the Termination Date.

11.3 Funds of \$250,000 or more. If the balance of the Fund to be terminated is at least \$250,000, then a grant will be issued for 50% of the determined Fund balance as of the Termination Date; and 30 days after the Termination Date, a second grant will be issued for 80% of the remaining Fund balance. Once income and expense allocations on the remaining balance are completed, the final grant will be made equal to the remaining net balance in such Fund. No income or fee allocation will be made with respect to such Fund for the period after the Termination Date.

11.4 Funds Invested in Outside Managed Accounts. The availability of assets held in accounts outside of the Foundation's pools is dependent on the nature and liquidity of such investments. The timing of the final distribution might be delayed beyond the normal provisions of this section. The Foundation shall not be held responsible for any detrimental effect upon investment performance that comes as a consequence of the liquidation of an outside managed account.

## **SECTION 12. AMENDMENTS AND EFFECTIVE DATES**

12.1 Initial Effective Date. These Procedures shall be effective immediately after approval by the Board of Trustees.

12.2 Amendments. These Procedures may be amended by a majority vote of the Board of Trustees of the Foundation at any regular or special meeting. Any such Amendment shall be effective for all Funds in existence at that time.

12.3 Exceptions as to Certain Funds. No change in these Procedures (either as a result of the initial effective date or the effective date of any subsequent amendment) shall be applicable to any existing Fund to the extent that (i) the Donor(s) of such Fund could have reasonably relied upon a provision of these Procedures that was in existence at the time such Fund was created and (ii) such change would materially alter the status of any existing Fund. To the extent that a provision of these Procedures cannot be applied to any specific Fund as a result of this Section 12.3, then with respect to such provision, the applicable Procedures to be utilized for such Fund shall be the Procedures in effect immediately prior to the effective date of any such change.