

# ENDOWMENT FUND TYPES with Definitions

## **Discretionary Fund (Unrestricted):**

A Discretionary Fund (endowment or pass-through) typically is established to provide support for general, unspecified charitable purposes at the discretion of the Community Foundation, with no advice or recommendation from the Donor (or any persons designated by the Donor.)

## **Designated Fund:**

A Designated Fund (endowment or pass-through) typically is established to provide support for a specified public charity (e.g., the local art museum, symphony, or hospital), with no future or advice or recommendations from the Donor (or any person designated by the Donor).

## **Field of Interest Fund:**

A Field of Interest Fund (endowment or pass-through) typically is established to provide support for a specified charitable purpose (e.g., cancer research, the arts, public schools, impoverished children), with no future advice or recommendations from the Donor (or any persons designated by the Donor).

## **Advised Fund:**

An Advised Fund (endowment or pass-through) typically is established at the request of a Donor to the Community foundation to provide support for charitable and similar exempt expenditures or recipients recommended by the Donor or persons designated by the Donor to advise the Community Foundation. The recommendations must be advisory only, and the Community Foundation must be free to reject any or all recommendations.

## **Discretionary Scholarship Fund:**

A Discretionary Scholarship Fund (endowment or pass-through) typically is established to provide educational scholarships to individuals, with no advice or recommendations from the Donor (or persons designed by the Donor). If the Donor wishes to be involved in the selection of scholarship recipients (or wishes one or more persons to be involved in the selection of scholarship recipients), the Advised Scholarship Fund should be used.

## **Committee Advised Scholarship Fund:**

A Committee Advised Scholarship Fund (endowment or pass-through) typically is established to provide education scholarships to individuals, where the Donor or persons designated by the Donor are to be involved in the selection of scholarship recipients. Under new Code provisions added by the Pension Act, the Donor (or his or her designee) may only participate in such selection as a member of a larger advisory committee, and the following additional requirements must be met:

- i. Each and every member of the committee must be appointed by the Community Foundation (rather than by the Donor);
- ii. The Donor and his/her designees may not control or constitute a majority of the committee, and
- iii. All scholarship grants must be awarded pursuant to objective and nondiscriminatory procedures, approved in the advance by the Community Foundation's Board of Directors, that are designated to satisfy Code section 4945(g)(1), (2), or (3).

## **Advised Charitable Organization (Agency) Fund:**

An Advised Charitable Organization Fund (endowment or pass-through) typically is established at the request of a charitable organization (the "Agency"), utilizing assets of the Agency, to provide support for Agency's exempt purposes, as recommended by the Agency. The Agency's recommendations must be advisory only, and the Community Foundation must be free to reject any recommendations.

## **Community Project Fund:**

An individual or a group that do not have 501(c)(3) status who would like to raise money for a charitable community program or project. The charitable work can be a one-time project or a start-up program. Expenditure responsibility is required.