

CenDel Foundation

Terms and Conditions for Component Funds

The CenDel Foundation (“CENDEL”) is a public charity exempt from taxation under Section 501(c)(3) and Section 170(b)(1)(A)(vi) of the Internal Revenue Code of 1986 (the “Code”). CenDel administers donor advised and other types of charitable funds for charitable and educational purposes. CenDel has developed the following Terms and Conditions for Component Funds (the “Terms”) regarding administration of its component funds, which are assets of CENDEL and under the legal control of CENDEL, as required by the Code.

Management of Funds.

CENDEL shall hold, manage, invest and reinvest its component funds, collect income and pay and disburse the net income and principal exclusively for general charitable uses and purposes, in accordance with the provisions specified in the Certificate of Incorporation and Bylaws of CenDel, and as regulated by the Internal Revenue Service, the Code and any future provisions in the Code. The phrase “charitable uses and purposes” is defined as all of those activities, uses and purposes described in Section 501(c)(3) of the Code. The Articles of Incorporation and Bylaws adopted by the Board of Directors of CenDel, and their provisions, as they may be amended from time to time, are hereby incorporated by reference.

Variance Power

To protect funds from obsolescence and maintain the continuity of funds, all component funds are subject to CenDel’s variance power, which provides CenDel’s Board of Directors the power to modify any restriction or condition on the distribution of a fund if, in the sole judgment of CenDel, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by CenDel. When exercising variance power, CenDel shall, to the extent feasible, distribute grants from the fund for purposes consistent with the Founder’s original intent. All grants and other distributions from CenDel and its component funds must be made in compliance with the Code and approved by CenDel. Recommendations and requests to CenDel are not binding upon CenDel and CenDel reserves the right decline a request if it believes the distribution or action is not in the best interest of the fund, the community and/or may jeopardize CenDel’s legal status as a public charity.

Fund Permanence

CenDel offers both endowed and non-endowed funds. Endowed funds are permanent assets of CenDel, are subject to CenDel’s Spending Policy and shall remain at CenDel for the benefit of the community in perpetuity. Non-endowed funds, which may have a special purpose and/or be temporary, are not subject to CenDel’s Spending Policy.

Fund Types

The following types of component funds may be established at CenDel:

Endowed Funds: Designated, Donor Advised, Field of Interest, Scholarship, Unrestricted and Nonprofit

Non-endowed: Donor Advised, Fund Builder, Nonprofit, Pass-through, Unrestricted and Legacy.

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Naming of Fund

The Founder of a fund may select the name for the fund. Fund names should not include “Foundation” unless it appears in the founding organization’s legal name. CenDel may not approve a fund name if it finds it objectionable.

General Advisory Privileges

The Founder of a fund may retain certain ongoing privileges with respect to that fund. For a fund established by one or more individuals, the Founder(s) is/are the signer(s) of the agreement and typically the primary donor(s) to the fund. For funds established by nonprofits or other organizations, the designee(s) of the founding organization’s leadership, named by position or title, who sign the agreement on behalf of the organization, may be treated as the Founder.

The Founder may retain the following ongoing privileges:

- Distributions - The Founder of a Donor Advised, Pass-through, or Nonprofit fund may recommend permissible distributions from the fund (see Making Grants and Other Distributions), as provided for the fund type. The Founder or Founding Organization may also recommend other individuals be given this same privilege (each a “Grant Advisor”)
- Fund Statements and Information – The Founder or Grant Advisor of any fund may discuss the fund established with CenDel and view the financial activity of that fund. The Founder may recommend other individuals be permitted to discuss or view fund activity or receive statements (each an “Associate”).
- Additional privileges – The Founder may retain additional privileges otherwise described in these Terms.

All advice, requests and recommendations to CenDel must be made in writing in accordance with the procedures of CenDel, or electronically as instructed by CenDel. At any time, an individual may cede all advisory privileges regarding the fund to CenDel. CenDel reserves the right to terminate advisory privileges if it determines the individual is unable or unwilling to act in that capacity.

Successor Advisors

The Founder of a Donor Advised fund may name or change the Successor Advisor(s) for the fund at the time the fund is established or at a future date. Upon receipt of sufficient documentation of the death, incapacitation or resignation of the Founder (or last Founder, if more than one), the Successor(s) becomes “active” and may assume the same advisory privileges held by the Founder, except the privilege to alter the fund’s existing final Succession Plan or the Founder’s intent for the fund. The Founder may expressly limit the number of generations of successors or prohibit the future assignment of additional generations of successors.

If, at any point, more than two individuals in a generation are named as Successor Advisors, CenDel may require a single spokesperson be selected by the Founder or the members of the generation. This person shall be identified by CenDel as the Grant Advisor to interact with CenDel on behalf of the other members of the generation. When the Founder of a Donor Advised Fund desires to name multiple Successor Advisors who have different charitable priorities, CenDel may allow the Founder to request the balance in the original Fund be divided upon their death, with a single Successor Advisor named to

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each newly created successor fund, if each successor fund balance would meet the current minimum to establish a Donor Advised Fund.

All successor assignments, including documentation of the spokesperson, must be made in writing and be approved by CenDel.

Multiple Grant Advisors

When more than one individual is named as the Founder and/or Grant Advisor for a fund, CenDel shall accept instruction independently from any of these parties, unless a requirement for unanimous or majority consent has been required in writing. CenDel may limit the number or individuals with advisory privileges.

Divorce and Separation

When two individuals who are co-Founders or the only current Grant Advisors for a fund become legally separated or initiate legal proceedings for divorce, CenDel may, upon receipt of notice of such action, take one or more of the following steps:

- Suspend processing any grant recommendations unless approved by both parties,
- Suspend processing any grant recommendations until both parties have agreed in writing to a procedure for recommending grants.
- Bifurcate the fund into two equal successor funds, with one individual named to each, provided each successor fund meets the current minimum to establish a fund.

Selection Committees for Funds

All committees formed for the selection of grants or scholarships must be appointed by CenDel. The Founder of a Scholarship, Field of Interest or Committee Advised fund may recommend a selection committee for the fund, other than an existing CENDEL committee, by identifying the members by name or by position or role within an organization. CenDel may appoint the recommended committee and may continue to appoint a committee with a composition consistent with the Founder's original recommendation.

Any desired changes to the recommended committee must be submitted by the Founder or current committee chairperson to CenDel for review and approval. The Founder or committee chair shall provide CenDel with the committee membership list annually or when requested. At no time may the Founder or any related parties have majority control of the committee.

The chair of the selection committee shall be the individual authorized to communicate the committee selections to CenDel.

Succession Planning

The Founder, where permitted and agreed to by CenDel, may request a specific succession plan be put in place, to be implemented when all advisory privileges regarding the fund have terminated. The Founder, while still an active advisor, may request to change an existing succession plan for the Fund. Possible plans include using all or a portion of the fund to provide grants to nonprofit organizations serving Kent County, converting the fund to a designated sub-fund to benefit an organization, a field of interest fund for the benefit of a cause, or transferring the balance [or a %] of the Fund to the CenDel Foundation Fund.

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If an Advised Fund has no succession plan on file when all advisory privileges have terminated, CenDel shall determine the succession plan. If the balance is less than the current minimum to establish that fund type, it may be granted out to organizations consistent with the Fund's intent. If the balance meets the minimum, the Fund may be maintained as an endowed legacy of the Founder to support CenDel's activities or discretionary grants and/or make grants consistent with original intent or grantmaking history of the Fund.

Annual Distribution & Spending Policy

CenDel Board of Directors utilizes a Spending Policy to determine the Annual Distribution Amount (the "Annual Distribution") for endowed funds. The Annual Distribution is the dollar amount available for distribution in the current fiscal year from an endowed fund and is intended to maintain the fund's strength over time. Annual grants distributed from CenDel funds are limited to five percent of the balance as of June 30th of each year. The amount available to be granted is calculated by the Foundation once per year. The minimum grant amount is \$250 and fund advisors may elect to grant a less percentage. This policy is subject to modification and may be increased or decreased at the sole discretion of CenDel's Board of Directors.

Making Grants

Grants, including awards from Scholarship Funds, must meet the following guidelines:

Grants must be for charitable, scientific or educational objectives, subject to the purpose and intent of CenDel, applicable law and Internal Revenue Service regulation.

- Grants must be a minimum of \$250 per recipient organization per grant.
- Recommendations from advised funds must be submitted to CenDel. Committee selections must be submitted in writing as required by CenDel with any requested documentation.
- For endowed funds, grants may not exceed the Annual Distribution available for the fiscal year.

Grants may be made to organizations defined as tax exempt public charities under Sections 501(c)(3) and 509(a) of the Code or to governmental divisions such as schools or libraries. CenDel may consider recommendations for grants to other U.S. nonprofits or other organizations that are not tax-exempt public charities or to an international organization believed to be the equivalent of a qualified public charity, to support a specific charitable project. Grants to these entities require additional due diligence by CenDel and should be discussed with CenDel in advance. If any additional costs are associated with processing the grant, CenDel may charge an additional fee to the fund or decline the recommendation.

Grants shall not be made:

- To fulfill any individual's pledge obligation, existing or future, to pay for memberships, tickets, or sponsorships which provide any tangible benefit, to support political campaigns or for lobbying,
- To any individual directly,
- For the benefit of a specific individual, except as an award from a Scholarship Fund paid directly to the educational institution,
- To private non-operating foundations, or,
- That result in any tangible benefit to the Founder, Grant Advisor, Successor, family member or related party. To support political campaigns or for lobbying,

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Grant recommendations from advised funds must be made by a Founder, Grant Advisor or active Successor. Committee selections must be submitted by the chairperson of the Fund's committee. All grants must be approved by CenDel's Board of Directors or its authorized designee(s) prior to payment. CenDel's Director of Operations is CenDel's authorized designee and may approve grant requests after consultation with CenDel's Board President.

Other Distributions

CenDel shall consider requests for distributions, other than grants described above, from Pass-through funds, when accompanied by appropriate documentation.

- Pass-through Funds may distribute payment of expenses for an approved fundraising activity (see Fundraising for a Fund). These expenses must be reasonable and customary for such an activity and approved by CenDel for payment.

CenDel has established the following general guidelines for payment of expenses:

- Expenses should be submitted as invoices for payment directly to the vendor. Other arrangements should be discussed in advance. Repeated disregard of this procedure may result in refusal of payment.
- Durable goods needed for fundraising events should be rented rather than purchased. Any requests to purchase such items should be discussed with CenDel in advance for approval.
- Reimbursements
 - CenDel shall not reimburse any individual or organization for fundraising or project expenses without adequate documentation of the purpose of the expenditure and proof the expense was incurred.
 - Advance notice and approval is required for reimbursement of any expense over \$250.
- Any anticipated payment or reimbursement to a Fund's Founder, Grant Advisor, committee member or related individual or business should be discussed with CenDel in advance.
- No distribution shall be made for the personal benefit of a specific individual or family.

CenDel may pay expenses from other fund types when deemed necessary for the acceptance of a complex gift to the fund or appropriate for efficient administration of the fund and its purpose.

Investment Pool Selection

CenDel maintains an Investment Policy Statement (IPS), as amended from time to time, which governs the investment of CenDel's assets. All funds are invested in accordance with CenDel's IPS, with the exception of pass-through funds and fund builder funds.

If the balance in a fund invested in the CenDel designated investment pool falls below \$10,000, CenDel may transfer the balance in the fund to a Cash equivalent until the balance again reaches \$10,000.

Low balance funds policy

CenDel periodically reviews fund balances. When an endowed fund balance falls below \$10,000, CenDel shall attempt to contact the Founder or an active advisor to discuss the fund's status. If contact cannot be made or there is no active advisor and the fund does not receive additional donations to bring the balance in the fund above \$10,000 in a reasonable period of time, CenDel shall determine the disposition of the balance in the fund, which may be granted to recipients in central Delaware consistent with the original intent of the fund.

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When a non-endowed fund balance falls below \$10,000, CenDel may contact the Founder or active advisor to discuss the fund's status. If contact cannot be made, there is no active advisor or no additional donations are anticipated, CenDel may determine the disposition of the balance in the fund, which may be granted to recipients in central Delaware consistent with the original intent of the fund.

Funds with a zero or negative balance for 12 consecutive months shall be closed.

Inactive funds policy

A fund shall be considered inactive if the fund has made no grants for a period of three years. When a fund is deemed inactive, CenDel shall attempt to contact the Founder or active advisor to discuss the fund's status. If contact cannot be made in a reasonable period of time or there is no active advisor, CenDel shall begin making annual grants from the fund to support CenDel activities or to organizations consistent with the original intent or grantmaking history of the fund.

If a clear explanation of the purpose for withholding grants for a period of time is documented and approved by CenDel, CenDel may permit the fund advisors to retain advisory privileges and not consider the fund inactive.

Fund Fees

Funds may be assessed the following fees described below:

- **Administrative Fees** – The Administrative fee assessed to a fund is set in accordance with the Administrative Fee Schedule, as amended from time to time. These are annual fees, charged to the fund on a quarterly basis. These fees support CenDel and cover the costs of grant and fund administration and reporting, CenDel's support and services to donors and fund holders, and CenDel's community engagement initiatives. The Administrative Fee Schedule is subject to change at the sole discretion of CenDel. Notice of any changes shall be made prior to implementation.
- **Investment Fees** – The investment fees charged to a fund vary are set by CenDel's investment Committee and approved by the Foundation's Board of Directors. Investment returns are reported net of any other fees incurred within a particular pool.
- **Credit Card Fees** – Credit card processing fees (typically between 3-4% of the transaction amount) are charged at cost to the fund receiving the contribution.
- **Complex Gift Fees** – Gift assets that require special review and/or services, including but not limited to real estate, closely-held stock, and Charitable Remainder Trusts, may incur additional fees to cover tax, legal or other expenses associated with the transaction, acceptance or maintenance of the gift or asset.
- If there is excessive and unexpected activity related to a fund, CenDel reserves the right to charge additional fees to cover the expenses incurred as a result.

Fund Reporting

CenDel makes reports of a fund's financial activity available to the fund's Founder, Grant Advisors, Associates and active Successors. The names of donors to the fund requesting to remain anonymous shall not be disclosed.

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Gifts to CENDEL Funds

As a public charity exempt from taxation under Section 501(c)(3) and Section 170(b)(1)(A)(vi) of the Code, all contributions to CenDel receive the maximum charitable contribution deduction permitted under federal law.

- Gifts to component funds of CenDel are legally contributions to CenDel for the purpose of tax-deductibility.
- All donations should be made payable or directed to CenDel, with a reference to the complete fund name (e.g. check made out to CenDel Foundation and fund name in the memo section).
- All gifts to CenDel or any of its component funds are irrevocable, subject to CenDel's Gift Acceptance Policy, and must be free of any material restriction imposed by the donor in accordance with Section 1.507-2(a)(7) of the U.S. Treasury Regulations.
- CenDel shall send a gift acknowledgement confirming the date of the gift and tax-deductible nature of the contribution, as long as the donor's correct name and address have been provided. The gift date is the date on which the gift is considered completed and CENDEL has obtained legal ownership of the donated asset.
- CenDel staff is available to assist potential donors and their professional advisors with non-cash gifts such as stock and real estate or planned gifts such as bequests.

Note: CenDel does not provide tax advice and all donors are encouraged to consult with a professional advisor regarding their individual circumstances.

Fundraising for a Fund

CenDel may accept additional contributions into a fund from the fund's Founder, Grant Advisor, Successor or any of their friends, family, associates and/or the public. Guidelines and limitations related to fundraising into a CENDEL fund are necessary in order for CenDel, including its component funds, to comply with all tax and other laws. All fundraising activities undertaken by Founders, advisors, committees or other parties to solicit donations into a Fund must comply with these Terms, be approved by CenDel in advance and adhere to all CENDEL fundraising guidelines. This includes but is not limited to events, mailings, online campaigns, web pages, grant applications and written solicitations.

Donations may be solicited to any fund through individual personal requests, in memory or honor of an individual, or via an electronic "Donate" button or link (e.g. organization web sites, Facebook pages). The solicitation should always include the full name of the fund and disclose any specific charitable purpose of the Fund. All online fundraising for a fund must direct the donor to the giving page for the fund on CenDel's website, unless approved in advance by CenDel.

Only Pass-through funds may engage in the following types of activities, unless granted an exception by CenDel.

- Any fundraising or other events.
- Broad fundraising campaigns, including mailings and online campaigns.
- Any fundraising activity in which expenses may be incurred and paid by the fund.

Current Founders or advisors of any other fund type, who wish to undertake a fundraising activity, must establish a separate Pass-through fund for that activity.

When engaging in any fundraising activity,

- All revenue and expenses related to the activity must be received by or paid from the fund respectively. No exceptions.

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- Expenses must be reasonable and customary for such an activity, submitted by a Founder or Grant Advisor, and approved by CenDel for payment. (also see Other Distributions above).
- The Founder or advisor must review all related fundraising guidelines, complete and sign an application (if required) and receive written approval from CenDel prior to undertaking any fundraising activities, including but not limited to promoting the activity and securing vendors.

Funds may receive grants from large institutions including corporate and other foundations. Formal grant requests, such as online applications, those requiring official signatures or grants with reporting requirements, must be discussed with CenDel in advance. CenDel must review and sign any application or related report prior to submission to the funder or potential funder. These grants must be made to CenDel and designated for the Fund.

Marketing and Promoting a Fund

Any time a fund is referenced in materials or communications by any party other than CenDel, the fund should be referred to as “the [full name of fund] at CenDel Foundation” or “the [full name of fund], a fund of CenDel Foundation.” When a specific charitable purpose exists for the fund, it must be disclosed so potential donors understand the organization or cause(s) to benefit as a result of donations to the fund (e.g. “to make grants to nonprofits in Kent County”, “to support nonprofits providing mental health counseling”). Publicity or communications of any kind, including websites, print material, press releases, paid advertising, and solicitations must be provided to CenDel in advance for review of content and must be approved by CenDel before use. This includes activities directly or indirectly related to the fund.

Privacy and Anonymity

CenDel values its relationship of trust with donors and Founders. CenDel shall not sell, trade or exchange information about its donors, Founders and other parties to a fund and shall honor all requests for anonymity. Donors may request their giving be made anonymously. Founders, Grant Advisors and active Successors may request grants be made anonymously and may request the fund and/or its grants be omitted from any public listings.

Additional Guidelines for Specific Fund Types

- Designated Funds
 - The Founder may name up to five eligible public charities as beneficiaries of the fund at the time it is established, which may not be changed by the Founder. The Founder may, at that time, include contingent beneficiaries or specify a reallocation of the Annual Distribution to be used in the event CenDel determines it cannot grant to one or more of the original beneficiaries.
 - Grant distributions shall be paid annually or semi-annually
 - For endowed funds, the grant(s) shall be a percent (%) allocation of the Annual Distribution to the beneficiary(ies).
 - For non-endowed funds, the grant(s) shall be a fixed dollar amount to the beneficiary(ies). The Founder may request an increase or decrease the grant amount(s), provided any change is applied proportionally to all beneficiaries.
 - Designated funds created by the establishment of a Nonprofit Fund are exempted from this distribution requirement.
 - The Founder may recommend the timing or purpose of grants to the named beneficiaries.

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- Nonprofit Funds (Endowment or Non-Endowed)
 - Nonprofit Funds may only be established for public charities or government agencies qualified to receive grants from CenDel (see Making Grants) for the benefit of that entity. All grants from a Nonprofit Fund must be made to that entity only.
 - The unused portion of the Annual Distribution in a Nonprofit fund may be carried forward for use in a future fiscal year, creating an accumulating Annual Distribution.
- Scholarship Funds - No scholarship award may be made from a Scholarship Fund to a family member of either the Founder of the fund or any member of the selection committee for the fund. A family member is considered a spouse, biological ancestor or descendant, sibling, step-sibling, cousin, niece/nephew, aunt/uncle, or any of their spouses or children.
- Fund Builder Funds will be held in a cash-equivalent account until the balance of the fund reaches \$10,000. At that time, the account balance will be used to establish a sub-fund of the CenDel Foundation. CenDel will work with the donor to determine the appropriate type of fund to be established. Donors are required to offer at least a \$1,000 contribution to the fund on an annual basis. If the donors cease making contributions, CenDel, at its discretion, and after consulting the donors, may allow the account to continue. Absent such agreement, the Foundation reserves the right to transfer the balance into the CenDel Foundation Fund or grant the balance to nonprofits in Kent County.

Conflict of Terms and Governing Provisions

Should an inconsistency arise between these Terms and the terms and conditions for component funds of CenDel appearing elsewhere in connection with a fund, these terms and conditions shall govern and CenDel reserves the right to take any action, which in its discretion, it deems reasonably necessary or advisable for the proper administration of any fund at CenDel or to comply with any applicable law.
CenDel reserves the right to revise these terms and conditions at any time