

Designated Endowment Fund Agreement

This agreement is made on _____ 20__ between the Baltimore Community Foundation, Inc. ("BCF") and _____ (the "Founder") to establish and govern the administration of a Designated Endowment Fund within BCF.

1. Name _____ (the "Fund").

2. Purpose of Fund

The purpose of the Fund shall be to _____ through the periodic distribution of grants to _____ from the Fund.

3. Property of the Fund

BCF acknowledges receipt of _____ (\$_____) as the initial property of the Fund.

a) The fund shall also include such additional property as may from time to time be transferred to BCF by the Founder or others for inclusion in the Fund and all undistributed income from the foregoing property. All contributions to the Fund shall be administered pursuant to the terms and conditions of this agreement.

b) Founder acknowledges that the delivery of the initial property and any additional property contributed to the Fund, including any income therefrom, constitutes an irrevocable gift of such property to the Foundation, and shall constitute an asset of BCF.

c) To the extent the Founder or other individuals or entities desire to engage in public fundraising on behalf of the Fund, such individuals or entities agree to abide by the rules contained in Exhibit A, a copy of which is attached hereto and made a part hereof.

4. Distributions from the Fund

This is an endowed fund. Distributions will be made under the terms of BCF's spending policy for endowed funds as it is amended from time to time. The Fund will be managed using a total return concept of endowed management based on BCF's spending policy rate, as adjusted from time to time, by BCF's board of trustees. BCF's spending policy for endowed funds is designed to maintain and, if possible, increase the real value (as adjusted by inflation) of the Fund while at the same time providing a relatively stable but predictable level of funding.

Distributions may be made annually according to the spending policy without regard to the recorded principal value of the Fund. BCF's board of trustees reviews the spending policy annually and approves the spending rate for the following year. The undersigned acknowledge that the Fund will be managed using a total return concept of endowment management based on BCF's spending policy rate as adjusted from time to time by the board of trustees.

5. Fees

BCF assesses a fee to help defray the costs associated with the administration and investment of the Fund. A schedule of the administrative fees in effect at the time of this agreement is attached. BCF reserves the right to increase or decrease the administrative fee from time to time.

6. Policies and Procedures

The Founder(s) have received and reviewed the *Policies and Procedures for Establishing and Operating Designated Endowment Funds* (the "Policies"), which are Policies incorporated herein by reference, and agree to the terms and conditions described therein. The undersigned understand that any contribution, once accepted by BCF, represents an irrevocable gift to BCF. All contributions of any kind and from whatever sources, including any earnings and appreciation on such contributions to the Fund, will be subject to the terms of this Agreement. The Fund will become active once the initial gift is received by BCF. The Founder certifies that all information presented in connection with this Agreement is accurate, and agrees to notify BCF in writing of any changes. In the event of any conflict between the terms of this Agreement and the Policies, the terms of this Agreement will govern.

7. Investments

BCF retains final discretion regarding the investment of the Fund. The undersigned understand that investments will be administered in accordance with BCF's investment policies as determined from time to time by its board of

trustees. The undersigned acknowledge that investments are subject to the risk of market and interest rate fluctuation, and that any investment gain or loss generated will be credited or charged to the Fund. The total investment return of each investment vehicle is net of its operating expenses.

8. Changed Conditions

Should the purposes for which the Fund was created ever become obsolete, inconsistent with the charitable needs of the community or incapable of fulfillment, as determined by BCF's board of trustees in its sole discretion, BCF's board of trustees shall have the power and authority to modify any restriction or condition on the distribution of funds set forth in this Agreement. In adopting any such modification, the board of trustees shall endeavor to use the funds for a purpose as similar as possible as those set forth in this Agreement.

The undersigned are the Founders of the Fund and agree to the terms of this Agreement. This Agreement shall be governed in all respects by the laws of the State of Maryland. BCF is authorized to amend this Agreement to conform to the provisions of any applicable law or government regulation.

Founders:

Name, Title

Date

Name, Title

Date

The Baltimore Community Foundation, Inc.

By:

Thomas E. Wilcox, President

Date

Policies and Procedures for Establishing and Operating Designated Endowment Funds

Authorization

The Baltimore Community Foundation, Inc. ("BCF") has authorized the establishment of Designated Endowment Funds by resolution of the board of trustees adopted on February 4, 1972. These policies and procedures, which constitute a part of the Designated Endowment Fund Agreement to which they are attached, may be amended from time to time when deemed necessary or desirable by BCF's board of trustees.

Characteristics of Designated Endowment Funds

Contributions to Designated Endowment Funds, along with any earnings and appreciation on such contributions, represent irrevocable gifts to BCF subject to the legal and fiduciary ownership and control of BCF's board of trustees. Any costs related to stock transactions for the fund's benefit are borne by the fund.

Administration of Designated Endowment Funds

Each Designated Endowment Fund shall be the property of BCF, owned by it in its normal corporate capacity. In such capacity, BCF shall have the ultimate authority and control of all property in the fund, including earnings and appreciation, for BCF's charitable purposes. Each fund may be recorded on BCF's books and records of BCF as an identifiable and separate fund and may be given a name or other appropriate designation as requested by the founders in the agreement. Anything herein or in the deed of gift or other instrument of transfer creating a Designated Endowment Fund to the contrary notwithstanding, each fund shall be a component part of BCF, as defined in Section 1.170A-9(e)(11) of the Income Tax Regulations, or any successor regulation, and shall be subject to BCF's governing instruments, including the Articles of Incorporation and Bylaws, as amended from time to time.

Distributions

The Foundation shall collect the income and shall pay and distribute an amount as provided in the Foundation's spending policy, as in effect from time to time, exclusively for charitable, educational and other purposes, as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time (the "Code") consistent with the Purpose of the Fund as described in Section 2.

Spending Policy

BCF's board of trustees may adjust the spending policy rate from time to time. In determining the spending policy rate, the board of trustees may consider the expected total return on the investments of BCF's permanent funds, and the desirability of maintaining the value of BCF's permanent funds, and other factors that it deems relevant.

Endowed Funds – Calculation of Spendable

Endowed funds are managed using a total return approach, which utilizes both income and capital appreciation. The spendable amount available for grantmaking is calculated annually by applying the spending rate— currently set at 4%-5% depending on the type of fund—to the average of the fund's principal value for the previous twelve quarters ending each September 30th.

For newly created funds, no calculation will be made until four quarters after the September 30 following creation of the fund. After that time and until the fund has been in existence for twelve full quarters, the average will be based on the number of quarters the fund has been in existence as of each September 30th.

The full amount available for grantmaking is not required to be distributed annually; any portion may remain in the investment pool for long-term growth or may be carried forward for future grantmaking.

Conflict of Terms

In the event of an inconsistency between these policies and the agreement, the terms of the agreement will govern. In the event of any inconsistency between these policies and any other procedures, terms or conditions appearing elsewhere in connection with any fund, these policies, as interpreted by BCF, shall govern, and BCF reserves the right to take any actions at any time which, in its sole discretion, it deems reasonably necessary or desirable for the proper administration of any fund.

Fees

Designated Endowment Funds are subject to administrative and investment fees and BCF reserves the right to change its fee structure at any time.

Exhibit A

Policies Regarding Fundraising for Funds of The Baltimore Community Foundation

Occasionally groups want to increase the amount of money in a particular fund at the Baltimore Community Foundation by undertaking some form of fundraising to benefit the fund. BCF is structured to raise endowment through acquisition of major and planned gifts. BCF is not equipped to operate public fundraising events for its component funds.

In order to protect its status as a 501(c)(3) public charity, of which your fund is a component, BCF must ensure that all fundraising efforts meet IRS guidelines.

If you are considering a fundraising event, solicitation or special project of any kind for a fund of the Baltimore Community Foundation, you must discuss your plans with BCF's VP Philanthropy and Chief Development Officer in advance.

We will review your plan, determine whether your plan meets IRS guidelines and confirm that BCF's role is appropriately represented in any materials you are planning to use to promote your charitable fund. All fundraising events require insurance; depending upon the circumstances you may need to purchase additional insurance before BCF can approve your fundraising plans.

To help you understand the ways you may fundraise and to clarify the role of the Baltimore Community Foundation in such efforts, we provide the following information.

The most common ways that funds of the Baltimore Community Foundation receive money from a fundraising event are:

- 1. Fund founders ask other individuals through a personal ask or direct mail to make an outright gift to a fund.**

Solicitation letters and other direct mail material must be approved by BCF's VP Philanthropy and Chief Development Officer prior to mailing. We will review your solicitation and confirm that BCF's role is appropriately represented. BCF will process all gifts received for your fund and issue a tax receipt for each gift directly to the donor.

2. Proceeds from an event/solicitation sponsored by another 501(c)(3) organization with a fund at the Baltimore Community Foundation.

An organization with its own tax exemption may sponsor a fundraising event/solicitation and deposit the proceeds (which may include individual contributors' checks) into their Baltimore Community Foundation fund. The organization issues its own acknowledgement letters, and the contributors receive a charitable deduction for their gifts because the sponsoring organization has its own charitable tax status.

3. Proceeds from an event/solicitation for which donors were not offered a tax deduction.

This is the most common way component funds of the Baltimore Community Foundation receive money from a fundraising event. The net income is forwarded to BCF and is designated for a particular fund. BCF has neither endorsed the activity nor been involved in its planning or execution. *BCF does not acknowledge the individual contributors of the dollars, and no one receives a charitable deduction for participating in the event.* A receipt for the net amount received is sent to the organizing group. Any published materials related to the fundraising event should include the following wording: "The net proceeds of this event will be contributed to the XYZ Fund of the Baltimore Community Foundation."

4. Galas, golf tournaments, silent auctions and other events held to benefit the fund

BCF does not support and cannot accept donations which result from galas, golf tournaments, silent auctions and other event based fundraising where the donor receives a benefit for making a contribution.

Please consult BCF's VP Philanthropy and Chief Development Officer before planning any fundraising effort for your charitable fund.