
2012 Community Foundation Affiliate Fund Handbook

The Alaska Community
Foundation

October 2012



Affiliate Handbook

Table of Contents

Letter from The Alaska Community Foundation.....	3
Board List and Staff Contact	4
The Alaska Community Foundation	5
ACF Strategic Plan - Strategy Map	7
Council on Foundations - Statement of Ethical Practices	8
How The Alaska Community Foundation Works.....	9
Types of Funds Available.....	11
Services and Benefits.....	13
The Legacy Society for Alaska	15
Fundraising Policy.....	16
Gift Acceptance Overview.....	17
Investments Overview	19
2012 ACF Investment Committee.....	21
Financial Operations FAQs	23
Community Asset Building Initiative (CABI)	25
Current ACF Affiliate Fund Communities.....	26
National Standards for U.S. Community Foundations and Affiliate Funds	28
ACF Affiliates.....	29
ACF and Affiliate Roles & Responsibilities.....	33
Getting Started	36
Affiliate Advisory Board Development.....	37
Guidelines for Advisory Board Service.....	40
Confidentiality and Conflict of Interest Policy	41
Sample Advisory Board Member and Officer Job Descriptions	45
Grantmaking and Community Leadership	50
Affiliate Grantmaking Basics	51
Communications and Marketing Notes for Affiliates.....	56
ACF Communications and Graphics Standards Manual	60
Resources	65
Glossary.....	66
Attachments.....	73



October 21, 2012

Dear ACF Affiliates and Prospective Affiliates:

The first community foundation was started almost 100 years ago, in 1914. Today, there are over 1400 community foundations around the world, 700 of which are in the United States. Engaged in hundreds of communities worldwide, community foundations are the fastest growing area of philanthropy, according to the Council on Foundations. While classified by the Internal Revenue Service as 501(c)(3) organizations, community foundations are unique from many other nonprofit organizations. They facilitate the establishment of endowments by individuals, families, corporations and nonprofit organizations as an instrument of social good using grantmaking dedicated primarily to the social improvement of a particular community or place.

The Alaska Community Foundation (ACF) was established in 1995 in order to strengthen Alaskan communities by assisting individuals and organizations in creating charitable funds. Today, with over \$55 million in assets and over 280 funds, ACF supports individual giving, corporate grants, scholarships, organizational endowments, governmental grantmaking and community based giving throughout our state. ACF's vision is to support a sustainable quality of life for all Alaskans. People who want to make a difference in Alaska look to ACF for leadership and help with translating their ideas and passions into real support and opportunity for Alaskans.

In 2008, ACF partnered with the Rasmuson Foundation to launch the Community Asset Building Initiative (CABI) in order to further support the growth of philanthropy across Alaska by working more directly with local Affiliate communities. Today, ACF works with its current Affiliates, Chilkat Valley, the Kenai Peninsula, Petersburg, Seward and northern Susitna Valley (Jessica Stevens). We look forward to the continued work with our current Affiliates, as well as embarking on new journeys with our additional Affiliates in 2013 and beyond.

This handbook provides an introduction to the community foundation concept and the Affiliate Program as envisioned by ACF, and this approach is supported by the Rasmuson Foundation and the CABI program. We hope that this handbook will serve as an activity guide that can further facilitate dialogue at the community level. The information in this handbook was compiled from a variety of sources and adapted for our communities in Alaska.

Our efforts are statewide, and our impact is statewide. Thank you for your commitment to your community and your leadership.

Warmly,

Candace Winkler, President & CEO



Board List and Staff Contact

The Alaska Community Foundation - 2012 Board of Directors

Susan Behlke Foley, Chair Foley & Foley	Carla Beam, Past Chair University of Alaska Foundation	Leo Bustad Anchorage Neighborhood Health Center
Blythe Campbell, Vice Chair Northrim Bank	Morgan Christen U.S. Court of Appeals for the Ninth Circuit	Angela Cox, First Vice Chair Arctic Slope Native Association
Kathryn Dodge Cold Climate Housing Research Center	Rick Nerland Nerland Agency	Kris Norosz, Secretary Icicle Seafoods
Bill Sheffield Former Governor of Alaska	Alex Slivka McKinley Capital Management	Kate Slyker Nerland Agency
Lane Tucker Stoel Rives	Bernie Washington, Treasurer Alaska Public Telecommunications Inc.	Don Zoerb, III Mat-Su Health Foundation

The Alaska Community Foundation Staff

400 L Street, Suite 100
Anchorage, AK 99501
Phone: 334-6700
Fax: 334-5780
Web: www.alaskacf.org
**Please note: ACF will be relocating to a new address in early 2013.*

Candace Winkler, President and CEO; cwinkler@alaskacf.org
Kate Gerlek, CFO; kgerlek@alaskacf.org
Ricardo Lopez, Program Officer; rlopez@alaskacf.org
Anne Remick, Program Officer; aremick@alaskacf.org
Brooklyn Baggett, Communications Specialist; bbaggett@alaskacf.org
Mariko Sarafin, Program Associate; msarafin@alaskacf.org
Anna Dalton, Program Associate; adalton@alaskacf.org
Vicky Parks, Accounting Associate; vparks@alaskacf.org
Jessie Menkens, Executive Assistant/Board Liaison; jmenkens@alaskacf.org

Rasmuson Foundation Staff

301 W Northern Lights, #400
Anchorage, AK 99503
Phone: 297-2700
Toll Free: 877/366-2700
Fax: 297-2770
Web: www.rasmuson.org

Diane Kaplan, President and CEO; rasmusonfnd@rasmuson.org
Chris Perez, Program Officer; cperez@rasmuson.org



The Alaska Community Foundation

History

The Alaska Community Foundation (ACF) was established in 1995 to grow philanthropy and assist individuals and organizations in creating charitable funds.

The original articles of incorporation were restated and amended in 1998, establishing ACF as it exists today, a statewide platform for philanthropy. In 1999, ACF managed assets of \$433,000 held in five funds. By the end of 2001, there were 11 donor-advised funds, one nonprofit organization endowment fund and managed assets totaling \$2.7 million.

In 2007, ACF received “National Standards” recognition based on its processes and operational excellence from the Council on Foundations. This recognition indicates that The Alaska Community Foundation has met the nation’s highest philanthropic standards for best practices. These standards were developed by community foundations from around the country and the Council on Foundations, a national professional association based in Washington, D.C.

Today, The Alaska Community Foundation has more than 280 funds, including numerous Affiliate and partner community funds, and has assets totaling more than \$55 million. ACF awards approximately \$5 million in grants each year to charitable projects and nonprofit organizations across Alaska.

Mission

The Alaska Community Foundation advances philanthropy to strengthen Alaska's communities now and forever. Together with our Affiliates, we connect people who care with causes that matter by encouraging and nurturing philanthropy. We do this through building and managing permanent endowments, convening stakeholders and working with partners to strengthen Alaskan communities, and providing donors with grant options that are strategic to their philanthropic objectives.

Vision

The vision of ACF is to support a sustainable quality of life for Alaskans. Alaskans are working together within their communities and across the state to find long-term solutions, opportunities and resources that allow everyone in our state to thrive physically, mentally and spiritually.

We support this vision by:

- Educating and inspiring people to be informed, creative and effective philanthropists.
- Empowering and supporting communities statewide in growing resources to address local needs and desires. As Teddy Roosevelt said: “Do what you can, with what you have, where you are.”
- Building long-term resources to address needs now and into the future
- Leading by example through grant-making which results in continuous improvement and empowerment of Alaskans and Alaskan communities to address what is most important to them.
- Supporting and nurturing connections between people, resources, organizations, businesses and government toward the vision.



Governance

The Alaska Community Foundation is governed by a 15 member volunteer board that represents community interests across the state. Representative advisory boards of directors have been established in communities across the state; Seward, the Upper Susitna, Chugiak-Eagle River, the Kenai Peninsula, the Chilkat Valley, Petersburg, and Talkeetna. The Juneau Community Foundation, the Homer Foundation, and the North Star Community Foundation are separate partner foundations with some of their assets held as component funds of ACF.

Impact

Since its inception, ACF has granted over \$55 million to nonprofits across Alaska. From a million dollar grant to Covenant House in Anchorage to computers for IT infrastructure in Newhalen, ACF supports individuals and organizations of all sizes. From Point Hope to Kodiak, ACF has made and continues to make grants supporting and strengthening communities across Alaska.



Strategy Map

October 19, 2010

Vision: Sustainable quality of life for all Alaskans.

Mission: ACF advances philanthropy to strengthen Alaska's communities now and forever.

Together with our Affiliates, we connect people who care with causes that matter by encouraging and nurturing philanthropy through building and managing permanent endowments, convening stakeholders and working with partners to strengthen Alaskan communities, and providing donors with grant options that are strategic to their philanthropic objectives.

Core Values: Leadership Sustainability Community Trust

2013 Strategic Goals

Sustainable Operations.

Increase Strategic Grant-making by 200%.

Alaskans know who ACF is.

Meaningful statewide activity.

Stakeholder Perspective

What do our key stakeholders most value about ACF? What must we do to attract and retain funders?

Balance value to society, needs of community and satisfaction of donors to improve quality of life in Alaska now and forever

Expand Philanthropy

Convene for Community Building

Trusted Steward

Financial Perspective

What must we accomplish financially in order to deliver stakeholder value?

Strategic Growth of Funds and Prudent Asset Management

Expand Capacity

Sustainable Operations

Strategic Grant making

Investment Management

Internal Perspective

What critical internal processes must we excel at in order to deliver stakeholder value?

Demonstrate Community Foundation Best Practices

Community Building
Affiliate Development
Convener

Donor Relations
Personal Engagement
Leverage Gifts

Communications & Marketing
Reputation
Facilitate Statewide Communications

Administrative Operations
Compliance
Efficiency
Transparency

People Perspective

What board and staff skills and behaviors are necessary to deliver stakeholder value?

Board, Staff and Affiliates are role models for collaboration providing community foundation expertise and strategic leadership with a statewide and local perspective

Board

- Influential state-wide representation
- Effective Policy Governance
- Personal advocacy
- Strategic leadership
- Fiduciary skills

Staff

- Community Fund best practice experts
- Strong statewide networks
- Mission driven

Affiliates

- Respected local leaders
- Local expertise
- Community foundation competence
- Connected to ACF

TRUST



Council on Foundations - Statement of Ethical Practices

As The Alaska Community Foundation has met the National Standards for Community Foundations, we adhere to the Statement of Ethical Practices as established by the Council on Foundations (COF) and its members. ACF aims to promote the highest standards of ethical behavior in the practice of philanthropy. Listed below are the ethical principles and core values that have been adopted by the members of COF. These criteria are integral to the work of ACF and all of our component funds.

Mission

Our members are committed to the public benefit and to their philanthropic purposes and act accordingly.

Stewardship

Our members manage their resources to maximize philanthropic purposes, not private gain; and actively avoid excessive compensation and unreasonable or unnecessary expenses. They pursue maximum benefit through their work, how they work, and by supporting the work of partners, colleagues and grantees.

Accountability and Transparency

In carrying out their philanthropic activities, our members embrace both the letter and the spirit of the law. They welcome public interest, take responsibility for their actions and communicate truthfully.

Diversity and Inclusiveness

Our members seek diversity and inclusiveness in order to reflect the communities they serve and to ensure that a range of perspectives contribute to the common good and the development of their mission in a changing society.

Governance

Our members' governing bodies understand and embrace their responsibility to oversee the mission, strategic direction, finances and operations of their respective organizations, and do so honestly and with integrity. They establish clear and understandable policies and ensure that they are followed.

Respect

Members interact respectfully with grantees, colleagues, donors and peers.

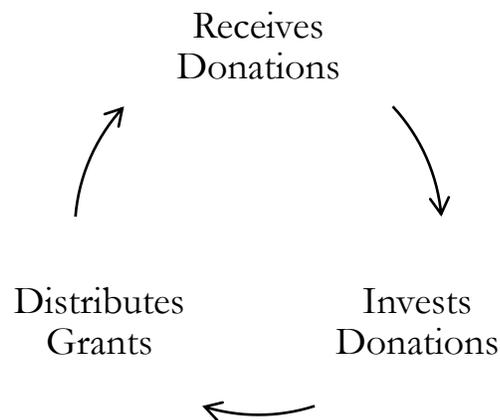
The Statement of Ethical Principles defines the ethical expectations the Council has for its members. Accordingly, new Council members will be required to subscribe to the Statement of Ethical Principles when they become members and existing members will be asked to reaffirm that commitment each year when they renew. The Statement of Ethical Principles also will serve as the basis against which member conduct will be considered for purposes of the sanctions process.



How The Alaska Community Foundation Works

Community Foundations: Defined and Simplified.

By definition, a community foundation is: *a tax-exempt, nonprofit, autonomous, publicly supported, non-sectarian philanthropic institution with a long term goal of building permanent named component funds established by many separate donors for the broad-based charitable benefit of the residents of a defined geographic area, typically no larger than a state.*



- **Receives Donations:** A community foundation is a charitable conduit existing to support a variety of charitable purposes in a defined geographic area. A community foundation receives donations and contributions from the community with the intent to have most gifts endure forever.
- **Invests Donations:** A community foundation recognizes that endowment funds exist to provide perpetual resources for charitable purposes. Assets are invested in a diverse portfolio intended to produce asset growth, security of principal and funds for grant making. Investment returns are regularly scrutinized and foundation funds are audited annually.
- **Distributes Grants:** Grants are made each year to charitable (nonprofit) organizations old and new, large and small, conventional and non-conventional. Donors may direct their grants to specific organizations. These grants support services that touch the lives of Alaskans.

Governance

In general, a community foundation has a name conveying the concept of an endowment fund that supports charitable activities within a geographic area, as well as serving as a resource for donors. The Alaska Community Foundation works to build a permanent charitable endowment consisting of many component funds from different sources, large and small. ACF maintains a common investment policy governing all funds and is led by a governing board representing the broad interests of the public. The ACF governing board has specified powers, including the power to modify restrictions or conditions on the distribution of funds (the variance provision).

Donors

The Alaska Community Foundation assists donors in achieving their own goals through charitable giving. Donors may include individuals, corporations, other foundations and charitable agencies, and units of government. ACF accepts and receives gifts and bequests that are counted as components of the community foundation.



The governing board accepts donations and contributions that are protected and invested to generate income for redistribution through grants/charitable giving to be applied

- at the discretion of the board (unrestricted funds);
- to a particular field of concern (field of interest fund);
- in support individuals with scholarships (scholarship fund);
- after considering recommendations from the donor or an advisory group (donor-advised fund/Affiliate fund); or
- as designated for named charities (agency fund/designated fund).

If, at some future time, the original purpose of a fund can no longer be met, the ACF board may modify a fund's purpose to best meet current and emerging charitable needs while remaining as close as possible to the original intent. (Variance Power)

Geographic Focus for Charitable Purposes

The Alaska Community Foundation has a focus to carry out its charitable purposes primarily within a specified geographic area (e.g. the state of Alaska).

Pertinent IRS Treasury Regulations

The legal regulations covering ACF include IRS section 501(c)(3), definitions of public support described in IRS sections 170(b)(1)(a)(vi), and section 509(a)(1) and descriptions of required characteristics for most community foundations in IRS Treasury regulation 1.170 A-9 (e)(10) and (11).

Legal Definition of Endowment

Although there is no standard legal definition, the most commonly accepted meaning for an **endowment** is: *a fund that continues in perpetuity to provide an income stream from growth or interest/ dividend earnings for the benefit of a charitable cause.* ACF is committed to encouraging and nurturing philanthropy through the establishment of a permanent endowment to address current and emerging needs in Alaska communities in perpetuity.

Donor Impact

Community foundation donors are committed to strengthening and investing in the lives of their neighbors and to their local organizations. Donors proudly give back to community in recognition of the quality of life their community offers. Gifts to build a permanent endowment ensure that the community will be better for future generations by providing a mechanism to meet long-term community needs.

Differs From United Way

Traditionally, the United Way raises donations through an annual campaign to reinvest into the community to meet current needs and priorities focused on health and human service agencies. Community foundations generally have broad focus (e.g. arts, environment, culture, and other charitable causes) in building a permanent endowment over time to focus on long-term needs and priorities. To help differentiate, some consider the United Way as the “community checkbook” and consider a community foundation to be the “community savings account.” Both have a valuable place within the community, but employ different strategies while working towards a similar outcome or vision.

Length of Time to Start a Community Foundation

This question is not answered in years, but in dollars. Eugene Struckoff, an expert on community foundation start-ups, suggested that a community foundation needs to build a \$5 million endowment before they could truly have a significant impact in the community. Today that bar is higher. The Alaska Community Foundation currently has an asset base of approximately \$55 million. An Affiliate Fund does not need to reach this level to provide resources for its community, since the infrastructure and back room service necessary for operation is provided by ACF.



Types of Funds Available

Unrestricted Funds

Meeting ever-changing community needs.

When you establish an unrestricted fund, your gift can address a broad range of local needs, including future needs that often cannot be anticipated at the time your gift is made. The Alaska Community Foundation (ACF) scans and evaluates all aspects of community well-being, such as arts and culture, economic development, education, environment, health and human services, and neighborhood revitalization. The flexibility of an unrestricted gift enables your ACF program experts to respond to the community's most pressing needs, today and tomorrow.

Field of Interest Funds

Connecting personal values to high-impact opportunities.

By establishing a field of interest fund, you'll target your gift to address needs in an important area of community life such as animal welfare, arts and culture, education or the environment. You identify your personal interest area when making your gift; grants are made by ACF for programs that are making a difference in that area. Your gift stays flexible enough to meet community needs in your interest area — even as needs change over time.

Affiliate Area Funds

Helping to fund a specific community.

Some donors have interests throughout the state, while others may want to make a difference in their own communities. Local advisory boards bring together the best of area leadership and raise assets to meet local needs. Affiliate Funds are set up with ACF and the local advisory boards to invest in education, health, community heritage, culture, and other needs of that specific community.

Donor Advised Funds

A personal approach to giving.

Donor advised funds are for the most active philanthropists who have strong ideas about how what organizations or causes they would like to support. Like family or corporate foundations but without all the headaches, donor advised funds are a great choice for many individuals, families, groups and corporations. You work with a program officer to suggest grants to qualified non-profits from your fund, targeting the issues you care about most. Your program officer may even have suggestions for you, based on your interests. Donors can choose the level of recognition or anonymity they wish to receive.



Scholarship Funds

Investing in deserving students.

Are you interested in helping students attend colleges, universities or vocational training programs? Scholarship funds are highly flexible funds that can change a student's life. Scholarships can support different areas of study, or students attending or graduating from a particular school. The Alaska Community Foundation program staff can help you develop the guidelines and safeguards ensuring that scholarships are awarded in accordance with IRS requirements.

Designated Funds

Helping sustain the organizations you care deeply about.

A designated fund allows you to support the good work of one or many specific nonprofit organizations, for example, a senior center, museum or other charitable organization that you care about. As it is given through ACF, your gift provides the organizations you select a steady stream of dependable income and memorializes your commitment to the good work they do.

Agency Funds

Sustainability for tomorrow.

Nonprofit agencies or their patrons can also establish an endowment at ACF. It is a simple and efficient way to build an endowment, and help create sustainability, for an organization. The Alaska Community Foundation provides professional investment expertise and complex gift acceptance protocols so that your organization can focus on its core mission. Our experienced staff can also assist you with ideas for marketing your endowment fund.

Fiscal Sponsorship Project Funds

High impact, high involvement, low hassle.

Organizations can establish a special project fund at ACF to help raise funds for a particular project based on parameters set by ACF's Board of Directors. You benefit from ACF's investment expertise and oversight, ensuring that fund will be managed appropriately with a focus on your donors' instructions.



Services and Benefits

Administrative Fees support the charitable operations and mission of The Alaska Community Foundation (ACF) to strengthen Alaska's communities now and forever by:

- Encouraging and nurturing philanthropy through building and managing permanent endowments;
- Convening stakeholders and working with partners to strengthen Alaskan communities; and
- Providing donors with grant options that are strategic to their philanthropic objectives.

These fees cover the expenses associated with your fund's management and supports ACF's efforts to engage others in important community endeavors.

Unlike most charities that focus on providing direct services in the here and now, a community foundation is expressly designed to outlast individual donors and boards and focus on managing endowed gifts so that the foundation can make grants that meet the ever-changing needs of the community forever. A majority of gifts to ACF are designated for specific endowments with specific purposes or designees and are not used for operating purposes. Fees provide the support that ACF requires to continue to manage endowed funds.

What Fees Support

Honoring Donor Intent

ACF serves the needs and desires of donors who do not wish to give directly to the charities or causes they support by establishing and managing endowed funds to carry out the donor's intent in perpetuity. Fees ensure that ACF will be here over the long-haul, carrying out the charitable wishes of the donor and protecting their charitable investment forever.

Compliance with National Standards

The Alaska Community Foundation meets or exceeds National Standards developed in 2000 by community foundation leaders to be the roadmap for legal, ethical and effective practices within a philanthropic sector that is increasingly affected by technology, competition for donors and public scrutiny.

Compliance with Legal Requirements of Endowment Management

With the assistance of our legal counsel, our investment managers, the Council on Foundations, and other experts in the field, ACF manages all endowments in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), IRS regulations, and all other regulations governing the management of endowment funds.

Financial and Investment Management

- Professionally managed investments and investment policy compliant with UPMIFA
- Spending policy compliance with UPMIFA
- Quarterly reporting of all fund activity including gifts, grants and investment revenues
- Monthly allocation of pooled investment gains/losses/earnings to participating funds
- Annual audit of ACF financial statements
- IRS filings related to all funds at ACF (Form 990)



Donor Acceptance and Acknowledgement

The Alaska Community Foundation has the capacity to accept a variety of gifts such as stocks, bonds, mutual funds, real property, and charitable remainder trusts that would be difficult for other non-profits to handle. In addition, ACF can accept grants to establish or add to endowments and will complete all necessary grant reports and any required State or Federal audits. All donors receive appropriate acknowledgment of their gift.

Grantmaking Expertise

- Expertise about needs and opportunities in your community and areas of interest
- Due diligence for all recommended awards
- Processing of recommended grant awards includes issuing grant payment with grant award letter
- Online grantmaking platform for funds engaged in competitive grant-making
- Quarterly report of all fund expenses/grants included in the fund statement

Communications

- Website with all funds listed and linked, where appropriate
- Online donation capability for all funds
- Fund statements and forms securely available on the website
- Resource material, including information brochures and annual report
- Staff is available, upon request, to help create a custom brochure for your charitable fund



The Legacy Society for Alaska

“The real purpose of long-term, legacy giving is to help and inspire those who have done well in Alaska to do something good for Alaska.”

-Diane Kaplan, Rasmuson Foundation

Creating a Legacy That is All Your Own

The Legacy Society of Alaska is made up of individuals who have included The Alaska Community Foundation (ACF) and its Affiliate communities in their estate planning through bequests, life insurance and retirement-plan beneficiary designations, or outright gifts. You can leave a legacy in a variety of ways, either through unrestricted gifts to ACF, giving to an existing ACF fund or by creating a new fund with ACF to support the community, causes and organizations you care about.

Leaving a charitable legacy does not require large income or a vast estate. All that is required is the thoughtful intention to make a difference for generations to come. As part of The Legacy Society for Alaska, donors become part of a community of like-minded individuals and discover uncommon opportunities to learn, connect and share. Too often those who leave a legacy are not honored during their lifetime. The Legacy Society for Alaska is a way of shining a light today on a gift for the future.

Many individuals and organizations choose to set up an unrestricted fund at ACF as their legacy gift. For example, the largest unrestricted fund was established through a bequest from Elmer and Ruth Schwantes, and is a flexible tool for addressing Alaska’s needs in perpetuity. In addition, ACF received bequests to the Seward Community Foundation Fund from several former Seward residents in 2010, including Tony Rollo, Barbara Shea and Susan Kaanta. These generous gifts will benefit the Seward Affiliate, and will provide support for the ever-changing needs in a community that meant so much to each of them.

Benefits of The Legacy Society for Alaska

- You are giving a gift that keeps on giving. Your legacy gift today will do good works for generations to come.
- You are creating a place for your personal history. ACF can help you to preserve your story to share with future generations who will benefit from your generosity.
- You benefit from ACF staff expertise, as ACF staff is available to help you plan your charitable legacy and will work with you, your family and your financial advisors to bring it to fruition.
- You are a member of an important group and will join other Alaskans whose philanthropy is meeting current and emerging needs in Alaska.
- You are recognized in ACF’s annual report, on our website and at special events. ACF will stay connected with you about the latest trends in the nonprofit and philanthropic sector. (We also respect those who desire to remain anonymous.)



Fundraising Policy

There may be times when you would like to organize a fundraiser to raise money for your fund at The Alaska Community Foundation (ACF). ACF encourages you to fundraise and is here to help you navigate through this process. This policy statement has been developed by ACF to help guide you when planning fundraising events and solicitations. For additional information and prior approval please contact ACF staff. Communication is strongly encouraged, as ACF is not obligated to recognize as charitable gifts the proceeds from any fundraising effort that is undertaken without prior approval. This policy does not apply to nonprofit organizations conducting their own fundraising and contributing the net proceeds to their fund at ACF.

Solicitations

Direct mail and personal solicitations of gifts to funds at ACF are permitted under the following guidelines:

- Submit written fundraising proposal and all subsequent materials to your ACF Program Officer for approval.
- Incorporate ACF's name and logo in fundraising materials.
- Fundraising materials should direct the donor(s) to make their checks payable to "The Alaska Community Foundation – Name of Your Fund" and mail their donations directly to ACF.
- ACF will not pay for any fundraising expenses without the prior approval of the fundraising budget as many types of funds prohibit these types of expenses/reimbursements.
- It may be necessary for ACF to charge an additional administrative fee if a fundraiser requires significant staff time or resources. If you have any questions, feel free to call our office to discuss this in advance.

Fundraising Events

Events such as fundraising dinners, auctions and merchandise sales must be conducted under the fiscal guidance of ACF. Thus, the same guidelines apply as above, plus these additional policies as well:

- Any portion of the fundraising proceeds that results from the provision of goods or services (auction items, dinners, etc.) to the donor is not tax deductible and must be identified and valued prior to the event. If it is a ticketed event, the non-deductible value of the ticket price must be disclosed on the face of the ticket.
- Insurance coverage must be reviewed with an ACF Program Officer prior to the event – particularly if the event will be serving beer, wine or alcohol.
- The event must comply with the State of Alaska Solicitation of Contribution Act. Please contact ACF staff for more information on compliance with this Act.
- Note: If a fundraising event includes serving beer, wine or alcohol, ACF strongly recommends that professional TAM certified servers to be present at the event.

Grants

A grant is a gift or contribution bestowed by a government or other organization for a specified purpose that is conditional upon certain qualifications as to use, specified standards, or a proportional contribution by the grantee or other grantor(s). Grants usually require compliance reporting by the grantee to the grantor. Some additional guidelines to grants are as follows:

- ACF is the legal entity for the funds and is therefore the grantee.
- Grant applications must be approved by ACF prior to submission.
- ACF's CEO must co-sign all original grant applications and agreements.
- You must update ACF in writing at least one week in advance on all progress and final report submissions.
- Grant reports are the responsibility of the fund advisor(s).
- ACF may refuse grants that do not comply with these guidelines.



Gift Acceptance Overview

When you establish a fund at The Alaska Community Foundation (ACF), or wish to add to an existing fund at any time in the future, ACF can accept a variety of charitable gifts.

Cash

Cash (in the form of a check, credit card or money order) is an easy and convenient way for you to support worthy causes in our community. Gifts of cash enable you as a donor to claim a tax deduction of up to 50% of your adjusted gross income in any one year when you itemize deductions, with the excess, if any, carried forward for an additional five years. Actual savings from gifts of cash depend on your tax bracket. The higher the tax bracket, the higher the deduction.

Securities/Stock

The Alaska Community Foundation can accept gifts of publicly traded stock, publicly traded bonds, closely held stock, restricted stock, partnership interest (including family limited partnerships) and mutual funds.

Gifts of appreciated stock offer important tax advantages since their full fair market value is deductible as a charitable contribution up to 30% of your adjusted gross income each year when you itemize deductions, with any excess carried forward an additional five years. You do not have to pay capital gains taxes on the appreciated portion of your gift. After ACF liquidates the securities, the full value of the gift is available to support your charitable goals.

Real Estate

The Alaska Community Foundation can accept the gift of a house, other personal residence, farm, commercial building and undeveloped land. A gift of real estate that you have owned for more than a year entitles you to the same federal tax advantages as those for gifts of securities – a tax deduction for the fair market value of the property – while allowing you to avoid paying capital gains tax. Gifts of real estate in excess of \$5,000 require a qualified appraisal to determine the charitable deduction.

Personal Property

The Alaska Community Foundation can accept gifts of personal property, such as artwork or jewelry. After expenses and liquidation of personal property, the full value of the gift is available to support your charitable goals. Gifts of personal property in excess of \$5,000 require a qualified appraisal to determine the charitable deduction.

Bequests

Naming ACF in your will or living trust is a popular way to support your community. A charitable bequest can be a specific dollar amount, a percentage of your estate, or what remains after other bequests. Alternatively, your will can specify that your heirs receive lifetime income from your estate, with the remainder going to ACF for charitable purposes. The bequest can flow into any type of fund you choose to meet your charitable goals.



Retirement Plan Assets

For a gift through your estate, retirement plan assets are often the best way to give because they are so heavily taxed if left to heirs. Income and estate taxes can easily consume over 65% of the account balance at death. By naming ACF as the remainder beneficiary of those assets, you can leave behind a valuable legacy.

Life Insurance

If your need for life insurance has decreased, making a gift of an unneeded policy can be a convenient and effective way of meeting your charitable goals. When you transfer ownership of a cash-value policy to ACF, you become eligible for a charitable tax deduction based on the current value of that policy. A gift of life insurance can also be part of your estate planning by naming ACF and the fund as the beneficiary of the insurance policy. Contributions are made annually to cover the policy premiums and are tax deductible and a charitable gift to ACF.

Charitable Remainder Trust

A Charitable Remainder Trust (CRT) is an arrangement in which property or money is donated to ACF, but the donor continues to use the property or receive income from it while living. The beneficiaries receive income and ACF or a designated charity receives the principal after a specified period of time. The donor avoids any capital gains tax on the donated asset and gets a tax deduction for the fair market value of the remainder interest earned. The asset is removed from the estate, reducing subsequent estate taxes. While it is irrevocable, the donor may control how assets are invested.

There are three types of CRT's:

- Charitable Remainder Annuity Trust (which pays a fixed dollar amount annually)
- Charitable Remainder Unitrust (which pays a fixed percentage of the trust's value annually)
- Charitable Pooled Income Fund (which is set up by the Foundation, enabling many donors to contribute)

Charitable Lead Trust

A trust in which a charity receives income from a donated asset for a specified number of years it is held in that trust. After the specified period concludes, the principal is transferred to the donor's beneficiaries. This vehicle is used to keep wealth in the family by significantly reducing the costs of transfer to beneficiaries. The charity has the use of the income earned by that money, but the charity does not have use of the principal. This distribution is a taxable gift.



Investments Overview

“A community foundation is a steward of charitable funds, investing and prudently managing funds and maintaining accurate financial records.” National Standards for US Community Foundations

All funds established at The Alaska Community Foundation (ACF) are component funds of ACF meaning that the individual funds are treated as part of ACF and permitted by the Internal Revenue Service to be included among the exempt assets of ACF. The governing board of ACF has control over all assets and is responsible for the prudent management of those assets.

The ACF Board has delegated responsibility for the development of policy and oversight of the financial assets of the Foundation and its Affiliates related to investments to the Investment Committee. The Investment Committee includes ACF Board members and community members with investment expertise. The Investment Committee has hired investment consultants and investment managers and contracts with banks, trust companies and other financial professionals.

Investment consultants provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring. The investment managers hired by consultants have full discretion to make all investment decisions for the assets placed under their jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies outlined in ACF’s Investment Policy. Competitive investment fees are negotiated by the Investment Committee. Investment service fees are charged to the investment pools. Results are reported “net of fees”.

Currently, the Anchorage office of Morgan Stanley Smith Barney serves as ACF’s consultant for the ACF stock portfolio and Alaska Permanent Capital Management is ACF’s consultant and manager for the ACF fixed income (bond) portfolio. Money market services are provided by First National Bank Alaska.

Investment Policy Summary

Investment Goal

“The Board of Directors feels that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that this Foundation is to exist in perpetuity, and therefore, should provide for grantmaking in perpetuity. To attain this goal, the overriding objective of this Foundation is to maintain purchasing power. That is, net of spending, the objective is to grow the aggregate portfolio value at the rate of inflation over the Foundation's investment horizon.”

The spending policy (the annual amount available for grants) is based on the calculation of “total return.” Total return is determined to be the aggregate capital gains (and losses), added to the dividend and interest income, less inflation. An averaging formula is applied to avoid unnecessary volatility.



Objectives

- Long-Term Growth of Capital: To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated when it is consistent with the volatility of a comparable market index.
- Preservation of Purchasing Power After Spending: To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets. Risk control is an important element in the investment of fund assets.

Investment Manager Goals

- Meet or exceed the market index, or blended market index, selected and agreed upon by the Board of Directors that most closely corresponds to the style of investment management.
- Display an overall level of risk in the portfolio which is consistent with the risk associated with the specified benchmark. Risk will be measured by the standard deviation of quarterly returns.

The Investment Policy details the allocation of ACF's investments between various market sectors and types of investments, outlines the allowable and prohibited asset classes and describes the benchmarks that will be used in evaluating investment performance.

Funds established at ACF are invested per the Investment Policy guidelines of the Investment Policy. Each fund owns a proportional share of the overall investment pool as opposed to owning specific stocks and bonds. Funds with a long-term investment horizon are invested 70% in equities and alternative investments such as commodity managed futures and hedge fund to funds, and 30% in fixed income instruments such as bonds. Funds with shorter term investment horizons may have all or part of their assets invested in a money market account.

Gifts of stock or mutual funds are credited to the fund at their value upon receipt. Stocks or mutual funds are turned over to the investment managers and become part of the shared investment pool.

Gifts of cash are deposited to the money market account and periodically allocated to the long-term investment managers as appropriate.



2012 ACF Investment Committee

The Alaska Community Foundation Investment Committee Members

Don Zoerb, Investment Committee Chair, Mat-Su Health Foundation (Wasilla, Alaska)

Don is a current board member and is employed as the Finance Director for the Mat-Su Health Foundation, a position he has held since 2008. A veteran of the US Marine Corps, Don has served the public in many capacities for more than a decade. In addition to his professional responsibilities and his active leadership on The Alaska Community Foundation board, Mr. Zoerb is the board treasurer of Volunteers of America's Alaska Chapter and is a Webelos den leader for Boy Scouts of America.

Rick Nerland, The Nerland Agency Worldwide Partners (Anchorage, AK)

Rick Nerland is Chair and CEO of The Nerland Agency Worldwide Partners, where he provides daily guidance and inspiration to a group of 25 marketing and advertising professionals. Clients include BP Alaska, State of Alaska, Midas, Alaska Communications Systems, The Alaska Club, Fairbanks Memorial Hospital and University of Alaska. In 2008 the agency was recognized by United Way's "Success by Six" with a Work Family Award for outstanding family friendly workplace. In 2009 the Anchorage Association for Volunteer Administration awarded Nerland the Golden Hearts Service Award for outstanding volunteerism. He currently serves on The Alaska Community Foundation Board of Directors.

Leo Bustad, Retired (Anchorage, AK)

Leo Bustad is a Cardiologist at Anchorage Community Health Clinic and former Managing Director of The Alaska Heart Institute. Dr. Bustad has also been instrumental in establishing the Alaska Heart Institute Foundation and developing the endowment for Washington State University. He is an adjunct professor at University of Washington and also serves as on the UAA Board of Advisors. He is past-president of The Alaska Community Foundation Board of Directors.

Bernie Washington, Alaska Public Telecommunications Inc. (Anchorage, AK)

Bernie Washington is the Chief Financial Officer at Alaska Public Telecommunications, Inc. Mr. Washington's diverse professional expertise includes financial management, engineering, business planning, strategic planning and evaluation. In addition to his service as Treasurer of The Alaska Community Foundation's Board of Directors, Mr. Washington is currently serving on the governance board of Bean's Café, and Foraker Group's Operations Board.

Anthony Mallott, Sealaska Corporation (Juneau, AK)

Anthony Mallott is Treasurer and Chief Investment Officer for Sealaska Corporation. He was a vice president within Bank of America's capital markets, working in the portfolio and risk strategy group for 10 years. He worked with both corporate clients in regards to treasury risk management and with institutional clients, hedge funds, pension plans and asset managers on foreign exchange aspects within their portfolios. He is of the Tlingit Nation-Eagle Tribe, Tsaagweidí (Killerwhale) Clan, as well as the Koyukon Athabascan, Caribou Clan. His Tlingit name is Gunnuk.

Mike Burns, Alaska Permanent Fund (Juneau, Alaska)

Mike Burns is Executive Director of the Alaska Permanent Fund, a position he has held since August of 2004. Burns has been active in the banking industry for his entire career, serving in leadership positions for Alaska banks since 1985. During his 20-plus year career in Alaska, Mr. Burns has always given generously of his time to nonprofit organizations in Alaska, including terms on The Alaska Community Foundation Board of Directors.



Alex Slivka, McKinley Capital Management (Anchorage, AK)

Alex Slivka has worked in the financial markets for over 25 years and is Director of Institutional Marketing at McKinley Capital Management managing over \$11 billion for public and corporate pension plans and endowments. Mr. Slivka currently serves on The Alaska Community Foundation Board of Directors and is a board member and past Chair of Covenant House Alaska Board of Directors.

Chris Swalling, CPA, Swalling & Associates, PC (Anchorage, AK)

Chris Swalling has been providing accounting services in Alaska since 1971. Mr. Swalling is a lifelong Alaskan who's been involved in many aspects of the nonprofit community providing his time and financial expertise to many organizations. He is a former member of the Alaska Community Foundation Board of Directors.

The Alaska Community Foundation Investment Consultants

The Endeavour Group at Morgan Stanley Smith Barney

Morgan Stanley Smith Barney founded its Consulting Group in 1973 to focus on investment management consulting and managed money products and services. The Consulting Group advises investors on the management of more than \$145 billion worldwide as part of the combined firm's \$1.6 trillion in total client assets. The Alaska-based Endeavour Group at Morgan Stanley Smith Barney provides local investment management advice to their institutional and individual clients. Robert Green, Keith Green, and Patrick Haugh have been providing investment management advice with an expertise accumulated over a combined 50 years of investment experience. Their credentials include degrees in Finance and Accounting, and designations in both the Chartered Financial Analyst and Certified Financial Planning programs.

Alaska Permanent Capital Management

Alaska Permanent Capital Management specializes in money management for a variety of institutional clients including banks and insurance companies, foundations, municipal entities and permanent funds for Alaskans. APCM was founded by David Rose, the first director of the Alaska Permanent Fund, in 1992. APCM currently manages and provides advisory services for over \$2 billion in assets. The depth of the staff's qualifications includes such designations as MBAs, CPA, CFP, Accredited Investment Fiduciaries as well as 35% of the staff being CFA charter holders. The portfolio managers assigned to the ACF account are Evan Rose, Chief Executive Officer, and Chris Brechbuhler, CFA, Senior Investment Analyst.



Financial Operations FAQs

How are ACF's administrative fees calculated and charged to the funds?

Administrative fees are calculated monthly based on the average daily balance of the fund multiplied by one-twelfth of the annual administrative fee rate. The fee is deducted from the fund balance.

What controls insure that gifts are credited to the proper fund?

The Alaska Community Foundation (ACF) makes every possible effort to insure that all gifts are credited to the correct fund and donor. Gifts are reviewed by the Program Officer and then reviewed by the Chief Financial Officer (CFO) before being entered into the accounting system. The system requires that every gift be associated with a donor record and a fund record. Deposit slips, which also include the fund ID and donor name, are prepared and compared to the checks or credit slips by the CFO before the gift records are posted. Deposits are reconciled to the bank records monthly.

We're not perfect and mistakes happen occasionally. That's when our fund advisors and donors act as additional controls. Fund advisors who review their statements and gifts history reports help us catch errors as do donors who contact us when there are errors in their thank you letters. Finally, our auditors also check fund gift history records as part of our audit.

How are donors tracked and acknowledged?

We create a donor profile in our electronic database for every donor who makes a gift over \$50. Gifts cannot be input into our accounting system unless the gift record includes a donor profile ID and the ID of the fund that is recipient of the gift. Complete giving histories are available for the donor and for every fund.

We send gift acknowledgement letter to donors for gifts over \$50. The letters are automatically generated by our financial management system as part of the gift recording and posting process. The Alaska Community Foundation does not send acknowledgement letters for non-gift receipts.

How does ACF invest and manage fund assets?

The ACF Investment Committee is responsible for establishing investment policy and working with the investment managers, currently Smith Barney and Alaska Permanent Capital Management. The Investment Committee is composed of investment and finance professionals. This Committee meets with the investment managers quarterly to review investment performance and policy and to consider the recommendations of the investment managers. See ACF's *Investment Policy* for more details.



When are quarterly statements sent and to whom?

The quarterly fund statements are mailed or posted on the secure website around the middle of the month following the end of the previous quarter. When a fund is set up, the advisor(s) must identify the individual who is to receive the statement. If that individual changes or changes address, it is the responsibility of the fund advisor(s) to notify ACF of the change.

How are investment gains, losses, and expenses allocated to the funds?

We use a sophisticated financial database program, Foundation Information Management System (FIMS), which is specifically designed to meet the accounting and data tracking needs of community foundations. Every month, the pooled investment accounts are reconciled and the investment returns and expenses are input into the FIMS database. FIMS then allocates the investment returns and expenses to each fund based on the fund's proportional share of the entire investment pool.

Can I monitor my fund balance daily?

Statements are generated quarterly. If an advisor occasionally needs to know the balance of the fund between quarters, ACF staff can provide that information.

What does endowed and non-endowed mean?

Endowed funds are the vehicle used by donor that to make a difference in their communities for many generations. Donors establishing endowed fund understand that the principal of the fund will be maintained intact and invested to create a source of income for grantmaking in perpetuity and that the amount available to make grants out each year is subject to the limitation established by ACF's spending policy, articulated in ACF's *Investment Policy*. Non-endowed funds are funds established by donors who have a shorter time horizon for their giving. These donors anticipate granting a larger portion of the fund over a shorter period of time and avoid constraint by ACF's spending policy.

What is a spending policy?

A policy that determines what percentage of endowed assets should be spent to cover grantmaking and expenses from the endowed assets. Typical spending rules combine calculations based on previous year's spending, the current year's income and investment return rates, and anticipated future return rates.

Can I manage the investments in my fund?

Fund advisors may provide advice or recommendations with respect to the fund's investments or distributions, but The Alaska Community Foundation has the legal and fiduciary control of the fund.