

POLICIES AND PROCEDURES FOR NAMED FUNDS

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I. ENDOWMENT AND SPENDDOWN FUNDS

Endowment Funds and/or Spenddown Funds within the Baton Rouge Area Foundation (the “Foundation”) may be established as Named Funds with a minimum gift commitment of ten thousand dollars (\$10,000). These Named Funds may be Unrestricted, Field of Interest, Designated Beneficiary, Corporate Advised® or Donor Advised Funds. The donor has the privilege of naming the Fund, and grants will be awarded in the name of the Fund. These Named Funds may be Unrestricted, Field of Interest, Designated Beneficiary, Scholarship, Corporate Advised, or Donor Advised Funds.

The Foundation’s policies and procedures guide the management of Endowment and Spenddown Funds in the following ways:

- 1.** Endowment Funds are permanently endowed so that distributions are made only of the income and the net appreciation, realized and unrealized, in the fair value of the assets of the Endowment Fund in excess of the Historic Dollar Value of the Endowment Fund.
- 2.** Spenddown Funds allow donors to spend the principal down to zero. The funds in Spenddown Funds shall be deposited in a short-term allocation; however, those funds may, at the written request of donors, be invested in the Foundation’s portfolio if the balance of the Spenddown Fund remains above \$10,000. The Foundation will periodically review its portfolio and remove from the portfolio any Spenddown Funds that have not maintained the requisite minimum balance.
- 3.** Presently, the Foundation offers an array of investment options designed to meet individualized fund objectives, time horizon, and risk tolerance. Pooled investment options are available to all charitable funds. The Foundation commingles the financial assets of Endowment Funds and of other investment assets of the Foundation across various investment options (i.e. Short-Term, Mid-Term, and Long-Term) for investment purposes and prorates the earnings of the commingled investments among all of the commingled Endowment Funds and other invested assets of the Foundation. The Foundation also prorates the changes in the principal of the commingled investments among all of the commingled Endowment Funds and other invested assets of the Foundation other than the Spenddown Funds.
- 4.** The investment assets of an Endowment Fund will fluctuate in value since they consist primarily of equities and fixed income securities which fluctuate in value. Although the investments of the Endowment Funds historically have performed beneficially, there may be periods in which the market value of the investment assets decline, in which case each Endowment Fund shares pro rata in the reduction in value of the portfolio as a whole.
- 5.** The Foundation utilizes a Total Return Policy for the long-term investment management of its Endowment Funds. With a Total Return Policy, both the current ordinary income and the capital appreciation are combined to measure the investment performance for the year.
- 6.** The ordinary income of an Endowment Fund and the fair value of an Endowment Fund in excess of its Historic Dollar Value are taken into account in determining the amount available for distributions from an Endowment Fund.
- 7.** In the fourth quarter of each year, the Foundation’s Board of Directors establishes the amounts to be distributed from each Endowment Fund during each of the four (4) calendar quarters of the following year. This distribution amount is usually stated as a percentage of the fair value of each Endowment Fund as of

the end of each calendar quarter. The distribution amount determined as of the end of each such quarter usually will be paid out during the following calendar quarter. Presently, the Board has authorized up to five percent (5%) as the distribution rate.

8. Although, in the absence of a limitation in the document establishing the Endowment Fund, the ordinary income of the Endowment Fund can always be distributed annually; however, the amount which may be distributed from the principal of any Endowment Fund cannot cause the fair value of the Endowment Fund to drop below its Historic Dollar Value. The Historic Dollar Value is the sum of:

- a.** The fair value in dollars of the Endowment Fund at the time it became an endowment fund; usually this is the amount of cash or the value of non-cash assets originally contributed to establish the Endowment Fund
- b.** The fair value in dollars of each subsequent donation to the Endowment Fund at the time a donation is made
- c.** The fair value in dollars of each accumulation made pursuant to a direction in the document establishing the Endowment Fund at the time the accumulation is made; for example, if the document establishing the Endowment Fund directed that fifteen percent (15%) of the annual income of the Endowment Fund be added to principal each year, an accumulation would occur each time that fifteen percent (15%) of the annual income is added to principal.
- d.** Further, with respect to the Long-Term investment option and the illiquid nature of certain asset classes therein (ex. Private Equity, Private Real Estate Assets, Private Equity, Hedge Funds), certain liquidity terms apply if requesting more than eighty percent (80%) of the Fund balance, to-wit:

Fund Balance	Liquidation Terms
<\$1,000,000	Fund will generally be available for other investment options or grantmaking withing 90 days.
\$1,000,000 – \$5,000,000	First 80% of Fund balance generally available 90 days after request. Remaining Fund balance generally available for other investment options or grantmaking one year after request.
>\$5,000,000	Contact Relationship Manager for terms.

- 9.** The following are several illustrations of how the available distribution amount would be calculated:
- a.** If the Historic Dollar Value of an Endowment Fund is one hundred thousand dollars (\$100,000), the fair value of that Endowment Fund is \$150,000 at the end of each calendar quarter, each calendar quarter’s ordinary income is one percent (1%) of \$150,000 and the Board of Directors fixes the distribution amount for each calendar quarter at three-quarters of one percent (0.75%) of \$150,000:

The three-quarters of one percent (0.75%) of \$150,000 could be paid out for each quarter because the current quarter’s income plus the capital appreciation of the Endowment Fund exceeds the Historic Dollar Value of that Endowment Fund by more than the 0.75%.

b. If the Historic Dollar Value of an Endowment Fund is one hundred thousand dollars (\$100,000), the fair value of that Endowment Fund is \$100,100 at the end of each calendar quarter, each calendar quarter's ordinary income is 1% of \$100,100, and the Board of Directors fixes the distribution amount for each calendar quarter at three-quarters of one percent (0.75%) of \$100,100:

The one percent (1%) income for each quarter may be distributed, but only \$100.00 of the principal may be distributed because to distribute the full 0.75% would cause the fair value of the Endowment Fund to drop below its Historic Dollar Value.

c. If the Historic Dollar Value of an Endowment Fund is \$100,000, the fair value of that Endowment Fund is only \$90,000 at the end of each calendar quarter, each calendar quarter's ordinary income is one percent (1%) of \$90,000 and the Board of Directors fixes the distribution amount for each calendar quarter at three-quarters of one percent (0.75%) of \$90,000:

Only the one percent (1%) ordinary income for the quarter may be distributed, because to distribute the full three-quarters of one percent (0.75%) would require the use of the principal of the Endowment Fund which is already below its Historic Dollar Value.

10. An Endowment Fund consisting only of assets other than cash, cash equivalents and readily marketable securities may participate in distributions from the Endowment Fund to the extent that the fair value of the Endowment Fund exceeds the Historic Dollar Value of the Endowment Fund and to the extent that there are assets available to be distributed in kind or that can be liquidated for the distribution. Distribution amounts from such funds not made in a calendar quarter do not accumulate for distribution in future quarters.

11. In utilizing the appreciation in value of an Endowment Fund for distributions, the Foundation follows the provisions of the Louisiana Uniform Prudent Management of Institutional Funds Act (the "Act"); in the event that there is any conflict between the explanation above and the provisions of the Act, the provisions of the Act control. A copy of the Act is available at the office of the Foundation.

12. All grant awards or other distributions are made in the name of the Endowment or Spenddown Fund which provides the funds for the distribution.

13. Quarterly financial reports reflecting ordinary income and corpus changes are sent to the donor to keep them current on the status of the Endowment and/or Spenddown Fund they established.

14. Endowment and Spenddown Funds are identified and described in the Foundation's annual report each year.

15. Ordinary income and corpus changes are calculated quarterly. Distributable amounts for which cash is available for distribution (a) may be accumulated for distribution in a later quarter, (b) may be distributed currently or (c) may be added to the principal of the Endowment Fund as an accumulation, in total or in part. Such amounts which are added to principal thereafter are included in the Historic Dollar Value of the Endowment Fund, and may be paid out only as set forth above.

16. Each Endowment Fund shares pro rata in an annual management fee based on the fair value of the Endowment Fund at the close of the quarter. The Foundation's Board of Directors reserves the right to change this fee, from time to time, if necessary, so that all Endowment Funds share pro rata in the cost of operating the Foundation.

17. All Endowment Funds share pro rata in the custodial and management fees of the investment portfolio of the Foundation.

It is the intent of the Foundation to encourage philanthropy. For this reason, the establishment of Endowment and Spenddown Funds frequently requires tailoring in order to meet the philanthropic needs of the community.

II. GRANTMAKING

Some Funds permit the Advisor to recommend a distribution or grant from the Fund to a qualified charitable organization. Advisor recommendations will be reviewed by the Foundation after they are submitted online via the Foundation's Donor Portal (www.braf.org) or by contacting the Philanthropic Advancement Team. If approved, the Foundation will send a grant distribution to the recommended organization(s).

Minimum Grant Distribution Amounts

The Foundation's minimum grant distribution is \$100.

Grants to Public Charities

Distributions can be made only to charitable organizations that are tax-exempt under IRC § 501(c)(3) and which have been classified under IRC § 509 as not being a Private Foundation. Distributions also may be made to governmental agencies and most religious organizations. Foundation policy prohibits the Foundation from making distributions to non-operating private foundations, to certain fraternal and civic organizations (e.g., Chambers of Commerce, Rotary, Kiwanis, or Lions Clubs), or for dues, memberships, benefit tickets, goods bought at charitable auctions, fundraising dinners, tournaments or to secure ticket rights. Fund Advisors are prohibited from receiving tangible or incidental benefits as the result of the grant from the Fund. Distributions to any organization, if not for a qualified charitable, educational, scientific, literary, or religious purpose as defined by Code section 501(c)(3) and its related regulations, are prohibited. Distributions may not be made for political purposes and may not be made in satisfaction of a loan, for compensation, expense reimbursements or payments or similar payments to donors, advisors, and related parties.

Grants to Eligible Charitable Organizations Throughout the United States

The Foundation makes distributions to 501(c)(3) public charities throughout the United States if they meet the eligibility criteria as determined by the Foundation's Board of Directors. The Foundation's eligibility criteria review process includes, among other things, (a) confirmation of 501(c)(3) public charity status (or be affiliated with a 501(c)(3) public charity parent organization under their group exemption) and (b) that they are active and in good standing with the relevant state Secretary of State's office. If an Advisor wishes to recommend a grant to an organization not currently on the Foundation's list of eligible charities, he or she may submit a grant request which will begin the eligibility review process.

Grants to Charitable Organizations Outside of the United States

The Foundation will make grants to domestic 501(c)(3) public charities that fund international grantmaking and exercise expenditure responsibility over foreign charitable activities. If an appropriate domestic 501(c)(3) public charity cannot be found, the Foundation will process the international grant and exercise the expenditure responsibility over foreign charitable activities. Additional due diligence is required for international grantmaking.

Timeline for Grants

The Foundation will conduct due diligence on each grantee recommendation and will make reasonable efforts to make the distribution within ten (10) business days of the request. Grants received by 5:00 p.m. on Monday are processed by the end of the same week, with the schedule adjusted in weeks that include a holiday. Because international grants require additional due diligence, the Foundation will make reasonable efforts to make the distribution within fourteen (14) business days of the request. If the charity

does not respond to the Foundation's information inquiries, the Foundation staff will contact the advisor to discuss additional options.

Grants from Field of Interest Funds

A field of interest fund is a charitable fund that focuses on a donor's preferred charitable interests, such as healthcare, animal welfare, or education, among others. The donor establishing the Fund identifies a field or specific charitable intent, and all grantmaking and distributions must be aligned to the identified charitable intent.

Field of interest funds allow individuals or a group of volunteers to engage in fundraising activity on behalf of the Foundation and for expenses related to fundraising activity to be paid from the Fund through accounts payable (see Fundraising for more information).

For expenses to be paid by the Fund, the Foundation will determine if the expense is legal or practical. Further, the Foundation is not sales tax-exempt and, as such, shall pay all applicable sales taxes.

- **Legal:** The Foundation may pay expenses directly related to the furtherance of the charitable mission of the Fund and fundraising expenses that carry no personal benefit to any individual or entity.
- **Practical:** The Foundation will not utilize the Fund to purchase, maintain or store permanent assets (ex. branded tents used for activities and events).

Grants from Invested Funds

Due to market fluctuations, the balance of funds qualifying for investment preferences may change between the time the Advisor recommends a distribution, and the time it is approved and processed.

Number of Grant Distributions

The Foundation allows an unlimited number of distributions from each fund.

Grant Distribution Processing

Grant distributions to charitable organizations are accompanied by correspondence from the Foundation indicating the fund name as well as the Advisor's name and address unless anonymity has been requested. Advisors may designate the distribution for a specific program within or use by the receiving charitable organization, which will also be communicated to the charitable organization. The Foundation reserves the right to modify the language in an Advisor's designation memo if the Foundation, in its absolute discretion, reasonably determines that such language could be perceived as racist, sexist, homophobic, discriminatory, or otherwise offensive.

Nondiscrimination Policy

The Foundation seeks to promote respect for all people. It is the policy of the Foundation to award grants to organizations and programs that comply with applicable federal and state nondiscrimination laws with respect to those who they serve and employ. It is not the intent of this policy to deny support for organizations or programs that serve specifically defined populations.

Anonymity

Donors may wish to remain anonymous with regard to some or all of Fund distributions. The Foundation offers three degrees of anonymity:

- Indicate total anonymity on the Fund Agreement. Distributions made from the Fund, no matter what its name, will be anonymous.
- Give the Fund an anonymous name (e.g., ABC Fund). Distributions will be made in the name of the Fund without reference to the donor.
- Designate a particular distribution as anonymous. Grantee notification communication will show that specific distribution as anonymous when the grant distribution is processed.

Taxable Expenditures and Expense Payments

Federal legislation currently restricts the ability of certain Funds (i.e., those defined in the Internal Revenue Code as “donor advised funds”) to make distributions to any individual, for any non-charitable purpose or for a charitable purpose unless the Foundation exercises expenditure responsibility to ensure that the distribution is spent only for the purposes for which it was given. Such distributions are referred to as “taxable expenditures” and can subject the Foundation and fund managers to significant excise taxes. The Foundation typically pays expenses associated with assets held in a Fund (e.g., insurance costs, repairs or improvements to property, taxes, closing costs) directly with a charge from the Foundation to the Fund as a part of the service fee associated with the management of the Fund’s assets.

Grants Must Not Provide More Than an Incidental Benefit to Donor

BRAF will not make a grant that provides a financial benefit to a Donor, Advisor, Advisory Committee member, any person in whose honor a Fund is created or named, or any related party to such a person (for purposes of this policy, a “related party” shall include (i) any family member of such person (i.e., such person’s spouse, ancestors, children, grandchildren, great-grandchildren, brothers, sisters, nieces, nephews and any of their spouses) and (ii) any entity in which such a person or a combination of such persons owns more than 35% of the combined voting power, profits interest or beneficial interest). (The preceding sentence does not apply to grants made out of an Organization Fund to the Organization for which the Fund was established.)

Distributions from BRAF may not be used in whole or in part for any private benefit such as tickets or tables at charitable events, goods and services bought at charitable auctions, or priority seating at athletic events, ticket rights or points.

The Foundation may make grants that provide a Donor, Advisor(s), Advisory Committee member or related party with name recognition and such other benefits that the Internal Revenue Service has recognized as not providing the Donor with more than an incidental benefit.

Other Limits on Distributions

BRAF will not make any grant, loan, compensation, or similar payment (including expense reimbursement) to a Donor, Advisor, Advisory Committee member, any person in whose honor a Fund is created or named or any related party from any fund.

Donor Generally Cannot Control Timing of Grants

The ultimate right to direct the timing and amount of all distributions of income or principal from any Fund is vested in the Board of Directors. As is required by federal tax regulations, a Donor may not reserve the right to direct the timing of distributions from the Fund. However, a Donor can specify in the establishing document or instrument of transfer:

- That some or all of the principal (as opposed to income or specific assets) may not be distributed for a specified period of time.
- That distributions are limited to income only.
- That distributions should be made annually (or more frequently).

III. FUNDRAISING

These Policies and Procedures are intended to ensure that the activities conducted on behalf of a fund comply with applicable law and the Foundation's operational policies. All donors and Advisors are required to follow these Policies and Procedures. Failure to follow the Policies and Procedures could result in one or more of the following: a delay in acknowledgement to donors; taxation on monies raised; jeopardizing the Foundation's tax-exempt status; and the IRS failing to recognize the tax deduction claimed by the donor.

A Field of Interest Fund with fundraising and events activity is one of many types of special programs at the Foundation that have been initiated by one or more individuals or entities (the "Fundraising Group"). They are created to provide a mechanism for raising charitable contributions for a specific charitable purpose in lieu of working with an existing charitable organization or creating a separate nonprofit organization. The relationship between the Foundation and the Fund and associated fundraising activities are not that of a fiscal agency and should not be represented as such. Such programs may reach a point in time at which the charitable purpose of the fund has been completed.

Field of Interest Funds Applying for Grants

Sometimes Field of Interest Funds desire to apply for a grant from other foundations or grantmaking entities (the "Grantmaker"). Fundraising Groups who desire to apply for a grant are subject to the following:

- The Fundraising Group is responsible for preparing the grant application.
- The Fundraising Group must provide the draft grant application to the Foundation for review at least two (2) weeks prior to the submission deadline.
- The Foundation will review the draft grant application and may provide comments or request changes.
- The Foundation reserves the right to decline application for a grant.
- The final grant application must be submitted by the Foundation.
- The activities of the funded project are the sole responsibility of the Fundraising Group; the Foundation is not responsible for executing the funded project.
- The Foundation will monitor the Fundraising Group's progress toward meeting the intent of the grant. The Fundraising Group is responsible for submitting any required interim or final reports to the Grantmaker, although the Foundation will support the Fundraising Group's reporting requirements by producing financial reports within two weeks from the time such reports are requested by the Fundraising Group.
- The Field of Interest Fund receiving the funding will be charged a fee negotiated on a case-by-case basis.

Field of Interest Funds Engaging in Fundraising Events

Sometimes Field of Interest Funds desire to engage in a fundraising event or other solicitation to raise money (an "event") for the benefit of the fund. This may be beneficial when the Fundraising Group is not a nonprofit organization but wants individual donors to receive a charitable deduction.

Fundraising Groups who desire to engage in an event are subject to the following:

Approval and Planning

Any event requires the approval of a member of the Foundation executive team. The Fundraising Group must be organized in advance of any event and have a written plan that is communicated to, and approved by, the Foundation as described below. The Foundation must receive the following information in writing at least two months prior to an event:

1. Written proposal describing each event;
2. Work plan or timeline;
3. Copy of proposed promotional materials, including but not limited to, tickets, flyers, brochures or other marketing resources (the “Promotional Materials”) (must be provided two months prior to event and prior to printing);
4. List and contact information of the members of the organizing committee for the event;
5. Fundraising Activity Form (Exhibit 1-A). This includes a budget section which asks for a detailed breakdown of revenues and expenses associated with an event. The event budget must: (1) include an estimate of the timing and amount of anticipated expenses, and (2) categorize all such expenses. For the sake of clarity, a fundholder with more than one Field of Interest Fund with fundraising or event-based activity must submit a budget of expenses for each such fund with an event. Additionally, a fund with more than one event-based activity must submit a budget of expenses for each such event. You may attach your own budget form if it includes the same information requested in budget section; and
6. Fundraising Activity Checklist (Exhibit 1-B). This must be completed and submitted to your Foundation Relationship Manager. The Checklist is designed to ensure that the Fundraising Group has taken all the necessary steps to ensure tax deductibility for your contributors.

Please retain a copy of all submitted materials for your records. Once the Foundation has reviewed the submitted materials, your Relationship Manager will notify you with approval of the event. Keep accurate and detailed records of all income, expenses, contributions, and event planning steps. After the event, the Fundraising Group is required to provide to the Foundation the Fundraising event Summary Sheet (Exhibit 1-C).

Liability Insurance and Liability for Losses

The Fundraising Group must contact the Foundation to assess the need to secure liability insurance. Proof of liability insurance coverage must be acquired at least two weeks prior to the event by the Foundation. The policy must have minimum coverage of \$1 million and be paid for by the fund. The Foundation does not allow events that require the Foundation to acquire an alcohol permit; the Fundraising Group must either utilize a venue or caterer with an alcohol permit in order to serve alcohol. The Fundraising Group is responsible for all financial losses incurred by events and any injuries to persons or property.

Promotional Materials and Foundation Identity

All Promotional Materials must clearly state that funds are being raised “on behalf of Fund Name, a field of interest fund of the Baton Rouge Area Foundation.” The Foundation may request to review and approve in advance all uses of its name, logo, and description in all Promotional Materials.

Entering into Agreements

Any agreements required for the successful completion of the event must be signed by Foundation staff. The Fundraising Group is not authorized to sign any contract on behalf of the Foundation. The Foundation will only enter into contracts for which the totality of funds required to meet contractual obligations are in the fund.

Collection and Receipt of Contributions

The Foundation will receive and deposit all contributions to the fund in a timely manner. The Foundation accepts checks written out to the Fund or the Foundation, credit cards, and cash. A special event donation link for credit card payments can be created upon request. More complex assets, such as business interests and real estate, may, at the discretion of the Foundation, be accepted and deposited into the Fund. For complex gifts, please contact the Foundation's Philanthropic Advancement team for additional information.

All proceeds must be delivered to the Foundation, together with an accounting of all funds received, within thirty (30) business days of the event, including the following information for each contribution:

- Donor's complete name, address, and phone number (may be included on check or payment)
- Date and amount of contribution
- Form of payment
- Fair market value of the goods or services received by the donor, if any

Although cash contributions are accepted, the Foundation is not able to provide a tax acknowledgement for cash donations and thus suggests encouraging your donors to make contributions by credit card or check to ensure they receive proper tax credit.

Reports on Fund Activity

The Foundation provides online access to quarterly statements of the Fund's activities. Statements are typically sent at the end of the month that follows the end of the quarter. Other reports on the Fund's activity may be viewed through the online donor portal.

Tax Requirements and Acknowledgements

The IRS imposes strict requirements regarding documentation of charitable donations. Failure to comply with these requirements may result in the denial of a tax deduction for donors and may bring additional penalties from the IRS. In order for donors to receive a charitable deduction, the Fundraising Group should understand and follow the guidelines below throughout the course of the event. While not an exhaustive list, these are some common scenarios encountered during events. ***It is the responsibility of the Fundraising Group to disclose the following limitations and restrictions to potential donors on all Promotional Materials:***

Quid Pro Quo Disclosures. A quid pro quo contribution is a payment made to a charity by a donor partly as a contribution and partly for goods or services (e.g., food, beverages, a round of golf) provided to the donor in exchange for the donation. If the donor will receive goods or services in exchange for a donation, the Fundraising Group is required to make certain disclosures (a quid pro quo disclosure) upon solicitation. The value of the goods and services received by the donor is not tax-deductible and the Fundraising Group must provide to the donor a good faith estimate of

the fair market value of the benefit(s) received by the donor. The Quid Pro Quo Disclosure can be accomplished through language on the event ticket or event registration materials. The Foundation will assist the Fundraising Group in determining the appropriate language for the event; however, the Fundraising Group is responsible for ensuring that the required quid pro quo disclosures are made.

For example, if the Fundraising Group is sponsoring a dinner, the donor can deduct the excess of the ticket price above the fair market value of the meal. The Fundraising Group should include on the event ticket the following:

Fund Name, a component fund of the Baton Rouge Area Foundation , is raising money for _____.
The ticket price of \$100 includes a dinner, valued at \$30, which results in a tax-deductible gift of \$70.

Even if the goods or services provided to the donor are donated to the Fundraising Group (for instance, a local restaurant donates the food for the dinner), a fair market value must be assessed and deducted from the contribution.

If the donor refuses any goods or services, the donor may receive a tax deduction for the full amount, provided that the donor states in advance and in writing that he or she is refusing all benefits.

Non-deductible contributions. The following items are generally not tax-deductible and should be clearly marked as such:

Purchase of raffle tickets. The donor is purchasing a chance of winning a good or service valued above the price of their raffle ticket. Funds at the Foundation, including Field of Interest Funds, are prohibited from engaging in raffles and other games of chance.

Purchase of rummage or yard sale items.

Purchase of auction items. Generally, the purchase of an auction item is not tax-deductible. However, if the donor pays for an auction item an amount in excess of the fair market value of such item, the payment is considered a quid pro quo contribution and the amount of the excess may be deducted. For such excess to be tax deductible, the fair market value of auction items must be calculated prior to the auction and provided to potential purchasers and the Foundation.

The Fundraising Group should consult their tax professional for deductibility of the following items:

Gifts of services, e.g. a graphic designer designs the invitation for an event gratis

Gift of use of property, e.g., free event space

Sponsorships. Sponsorship donations should be directed to the Foundation. The formal acknowledgment letter will include tax language and the value of goods or services, if any, received by the donor as a sponsor of the event. The value of goods and services of all sponsorship levels, if any, must be provided to the Foundation staff in advance of the event

Contribution Acknowledgements. Donors who contribute \$75 or more to a fund must obtain a written acknowledgment from the Foundation in order to claim a tax deduction for such contribution. Other parties may supplement this letter with personal thank-you notes, which should not include tax language.

Payment of Expenses. It is the responsibility of the Fundraising Group to maintain appropriate financial records throughout the event. A Fundraising event Summary Sheet (Exhibit 1-C) must be submitted to the Foundation within thirty (30) business days of the conclusion of the event. The Foundation will only pay expenses for which proper documentation, such as an invoice or original receipt, has been provided. Expenses must be in alignment with the prior submitted budget. All fundraising expenses will be paid within ten (10) business days after the Foundation receives proper documentation. The Foundation must receive invoices for accounts payable before 5 p.m. on Tuesday to be paid out the same week. Otherwise, it will be paid the following week. Unless otherwise stated, the check will be mailed directly to the vendor. All fundraising expenses will be paid from the fund for which the money is being raised. If sufficient funding is not available, the Fundraising Group will be responsible for contributing funding to cover the outstanding expenses. At the conclusion of the event, the Foundation reserves the right to retain a portion of the fund before any charitable distributions to ensure all expenses can be paid.

The Fundraising Group should ask all vendors to bill the Foundation directly. The Foundation is not sales tax-exempt and, as such, shall pay all applicable sales taxes. Any invoices from third-party vendors received by the Fundraising Group must also be submitted to the Foundation with the Fundraising event Summary Sheet. **Fundraising Group members should not reimburse themselves before submitting the proceeds to the Foundation.** Fundraising Group members, donors to the fund, or immediate family members will not be reimbursed for expenses, regardless of legality or practicality, under any circumstances.

State Solicitation of Contributions Acts

Activities undertaken by nonprofit groups in order to raise funds may be subject to regulation under one or more state statutes. The primary purpose of state solicitations acts is to protect the general public and public charities from unlawful solicitation and to provide for the establishment of basic standards for the solicitation and use of charitable funds. To ensure compliance with these laws, Fundraising Groups may be required to post certain information at the Event.

Service Charges for Field of Interest Funds with Fundraising and Event Activity

Service charges for Field of Interest Funds with Fundraising and Event Activity are determined by the Foundation's fee schedule. In the event services provided by the Foundation exceed typical services provided for funds with fundraising and event activity, additional fees will be determined through a conversation with your relationship manager and established on a case-by-case basis by the Foundation.

IV. SCHOLARSHIPS

Scholarship Funds provide grants for educational purposes for K-12, undergraduate and graduate levels. Donors may recommend an academic focus for their Scholarship Fund (e.g., nursing or the arts) and eligibility criteria (e.g., financial needs, academic merit, geographic residence, community service).

Scholarship Funds that are administered in the manner required at the Baton Rouge Area Foundation (“Foundation”) are specifically excluded from the I.R.S.’s (the “Code”) definition of a donor advised fund. Accordingly, the restrictions otherwise applicable to a donor advised fund should not be relevant; however, distributions from scholarship funds, if not for a qualified charitable, educational, scientific, literary, or religious purpose as defined by Code section 501(c)(3) and its related regulations, are prohibited.

The Foundation offers two types of Scholarship Funds:

- **Basic Scholarships:** Recipients may be selected based on an achievement (i.e., being named drum major for his or her university) or through a competitive selection process. In a competitive selection process, a third-party, such as an educational institution or committee, manages the application process, including application acceptance and selection of the recipients. The third-party agrees to comply with applicable rules, regulations, and policies, and notifies the Baton Rouge Area Foundation when prompted.
- **Comprehensive Scholarships:** The Foundation manages the entire scholarship process from application to grant disbursement (please discuss details with the Foundation’s Scholarships Team).

Comparison of Basic Scholarship Funds and Comprehensive Scholarship Funds

Services and Characteristics	Basic Funds	Comprehensive Funds
Fund Balance Requirements before Scholarships Disbursement	Sufficient funding to cover all new scholarship recipients through any renewal awards + all outstanding award commitments	Sufficient funding to cover all new scholarship recipients through any renewal awards + all outstanding award commitments + the Application Management charge of \$10,000
Minimum Scholarship Award Amount per Application Round	\$500 (aggregate across annual awards)	\$10,000 (aggregate across annual awards)
Allows multi-semester awards	Yes	Yes
Develops Scholarship Guidelines and Selection Criteria (in consultation with donor)	Yes	Yes
Maintains Anonymity if Desired	Yes	Yes
Calculates and Distributes Annual Spendable Income	Yes	Yes
Acknowledges Gifts for Tax Preparation	Yes	Yes
Provides Quarterly Statements	Yes	Yes
Designs and Administers Application Materials	No, but BRAF must approve application before initiating scholarship round. BRAF will share templates of acceptable application materials.	Yes
Provides Awareness on Foundation website of Scholarship requirements, deadlines, etc.	Yes	Yes
Receives, Acknowledges and Evaluates Applications	No	Yes
Appoints and Provides Administrative Support to Selection Committee	No	Yes
Issues Payments	Yes	Yes
Monitors Student Enrollment and Progress	No	Yes, for all applicants eligible for renewal
Responds to Scholarship Inquiries	Yes	Yes
Prepares Customized Historical Reports	Yes	Yes
Required Compliance Checks	BRAF will review the final application, application committee members, and selected application to ensure IRS regulations are maintained in the process	BRAF to ensure applicant pool, application, and committee conform to IRS regulations

Fees

Scholarship fees are delineated in the Foundation's Fee Schedule.

Scholarship Fund Policies

Guidelines for each Scholarship Fund directly administered by the Foundation are developed in accordance with the purpose of the Scholarship Fund, as approved by the Board of Directors and in accordance with objective and nondiscriminatory rules and principles as required by the IRS. The Board may amend these guidelines as necessary, generally on the recommendation of individual Scholarship Committees. Standard content of the guidelines includes:

- Purpose of the Scholarship Fund
- Eligibility criteria (e.g., field of interest, minimum GPA, residency requirements, special eligibility requirements)
- Selection criteria (e.g., academic merit, financial need, community service)
- Application and selection procedure
- Responsibilities of the Scholarship Committee
- Amount of awards (if appropriate)
- Non-discriminatory clause

The pool of potential scholarship applicants must be sufficiently broad so that the making of grants to the members of the group will be considered as furthering a charitable purpose and not merely benefiting private interests. However, if the scholarship program requires the selection of an exceptionally qualified individual to carry out its purposes and the pool of such individuals is small, the Fund shall include documentation of the efforts made to determine qualified members of the class of potential recipients. Any proposed limitation on the pool of grantees that the Internal Revenue Service might deem to be counter to public policy and inconsistent with BRAF's tax-exempt status shall be reviewed by BRAF's legal team.

Scholarship Payments

Students must meet the obligations to the Scholarship Fund before awards can be issued (e.g., submit the most recent transcript, and fulfill any special conditions of award). The Foundation notifies students when payments have been made.

Scholarship Form

The Scholarship Form includes the opportunity to outline the donor's intent regarding how the scholarship will be administered by the Foundation.

Scholarship Committees for Comprehensive Scholarships

The Donor may designate the Foundation to serve as the selection committee to review scholarship applications and select recipients. The Foundation maintains an active Scholarship Committee to oversee the activity of all scholarships at the Foundation. This Committee is comprised of civic leaders in the greater Baton Rouge area with a passion for supporting educational endeavors.

Alternatively, the Donor may recommend a Scholarship Committee to be appointed by the Foundation. Scholarship Committees include people with knowledge of the Scholarship Fund's objectives. Committee

members may include donors, persons related to donors and persons recommended by donors, provided that i) all such persons are ultimately appointed to such a Scholarship Committee by the Foundation, ii) any such person's advisory privileges are performed exclusively in such person's capacity as a member of the Scholarship Committee and iii) all such persons do not collectively, directly or indirectly, control such Scholarship Committee.

Baton Rouge Area Foundation staff shall be appointed to each Scholarship Committee and shall control the Committee by having the equivalent of a supermajority vote on the Committee. The appointed Foundation staff member shall have the ultimate authority to select the scholarship recipients.

In the event there are no longer individuals serving on a fund's Scholarship Committee, the Foundation will utilize its Foundation Scholarship Committee to oversee the fund's activity. Duties of Scholarship Committees include:

- Developing and reviewing guidelines
- Reviewing applications
- Recommending recipients and amounts of scholarship awards to the Foundation
- The Foundation staff provides support services to Scholarship Committees for comprehensive scholarship programs (e.g., notices of meetings, minutes, and other correspondence) and handles the day-to-day administration of Scholarship Funds (e.g., ensuring guidelines are followed, keeping records, corresponding with students, paying awards to respective institutions).

Application Policies

The Scholarship Committee will develop an application form and procedures for each Comprehensive Scholarship Fund. Applications generally include:

- Basic information about the applicant
- Certification of eligibility requirements (e.g., residency, parents' employment)
- High school and/or college transcript for at least the last year
- Letters of recommendation
- Financial information about applicant (if appropriate)
- Written statement of goals and qualifications by applicant
- Information release statement
- Statement of completion and accuracy
- Signature of applicant and date of application
- Applications must be completed and received by the stated deadline to be eligible for consideration.

Selection Process

The Scholarship Committee determines the amount of funds available for distribution. It reviews applications (screened by staff, in the event of a comprehensive scholarship program, if the Scholarship Committee desires) and selects finalists who meet the guidelines. Each award requires

a majority vote of the Scholarship Committee. The Scholarship Committee's recommendation is forwarded to the Foundation's Board of Directors for final approval.

Student Notification

The Foundation will notify students in writing of the amount and general terms of Scholarship awards.

Student Responsibilities

Students must fulfill their responsibilities in order to receive Scholarship Funds. The Foundation informs students of these responsibilities through award letters. Students are expected to:

- Send official copies of transcripts to the Foundation at the end of each grading period
- Notify the Foundation in writing of any changes in status within two weeks of the change
- Reply promptly to requests for information
- Notify the Foundation of campus address and telephone number (if applicable) or other contact information
- Notify the Foundation immediately if the student is no longer enrolled/attending school"

Scholarship Renewal

Scholarships are awarded for one year but are subject to renewal if the Scholarship Fund provides for it and if students continue to meet the Scholarship Fund's requirements for participation. Documentation (i.e., enrollment certification and transcript) may be required to process a renewal.