

**Frequently Asked Questions:
About
THE ST. JAMES SERVICE CLUB FOUNDATION
-a charitable endowment fund -**

Q: Why are we doing this?

A: Our community is made up of many generous individuals who have a history of giving and a deep commitment to making our community a better place through philanthropy. The establishment of the **ST. JAMES SERVICE CLUB FOUNDATION** will enable us to further expand our philanthropic impact and investment in our community. *Note: The St. James Service Club Foundation is an endowment fund managed under the auspices of the North Carolina Community Foundation, Inc., and is an arm of the St. James Service Club, Inc.*

Q: What is the North Carolina Community Foundation, and why are we doing this through them?

A: The NCCF is a well-established statewide nonprofit community foundation whose mission is to help communities like ours establish, grow and grant from charitable giving funds, now including our St. James Service Club Foundation endowment. The NCCF manages all the back office administrative details associated with having a charitable endowment fund, *so we don't have to establish a separate entity with all the administrative and logistical details. Professional investment management is also included in these services, which relieves us of the potential risks of attempting to manage a financial investment ourselves.* The NCCF does all of this for only a small annual fee.

Q: What is an endowment?

A: An endowment is a sum of money that is permanently invested. Each year, a portion of the investment is granted out for the underlying charitable purpose. The bulk of the fund remains invested, growing to provide an ever-increasing sum of money for grantmaking, in perpetuity.

Q: What type of endowment is ours and what does this enable us to do?

A: Our endowment is what is called a "Field of Interest" endowment. The field of interest we have specified for this is "support for youth in Brunswick County, including but not limited to improving educational outcomes, enhancing learning opportunities, and helping youth reach their full potential." All grants made from the fund will be made to address this general field of charitable endeavor.

Q: What is the difference in our endowment and a stand-alone 501(c)(3) charitable organization?

A: Even though the endowment is called "The St. James Service Club Foundation," it is essentially a component endowment fund of the North Carolina Community Foundation. As such, our fund is not itself separately incorporated. However, as a fund of a community foundation, all gifts to the fund qualify for the maximum favorable tax treatment.

Q: How is our endowment invested?

A: The investment of our endowment is overseen by the NCCF and is invested according to NCCF investment policies and guidelines. The specific asset allocation used is established by the Investment Committee of the NCCF. The goal is to preserve and protect fund principal while achieving a long-term, average return sufficient to cover a 5% spending policy plus an administrative fee and any potential inflation over a complete market and economic cycle. A moderate asset allocation of 70% equity (stocks), 20% fixed income, and 10% alternative investments is appropriate for the long-term

perspective of philanthropic investing and the investment objective to preserve fund principal and an appropriate return.

Q: What amount can we grant out from it each year?

A: Each year five percent (5%) of the fund's average balance is available for grantmaking. This is typically calculated by averaging the fund's balance from the previous 12 quarters.

Q: Who can advise the fund?

A: As specified in the endowment agreement, an advisory board has been identified to provide advice, including the essential grantmaking advice. The board will be known as The St. James Service Club Foundation Advisory Board, and it will consist of seven individuals plus one non-voting member who is the SJSC representative.

Q: How is this Board organized and selected?

A: A steering committee is currently working to establish selection and organizing protocols for this committee.

Q: What is the process for making grants from our fund?

A: Early each calendar year, the NCCF will notify the advisory committee of the amount available for grantmaking in that calendar year. All grants must be made to 501(c)(3) charitable entities, or to churches, schools, or governmental entities. The advisory committee selects the grantees, obtains SJSC approval and the NCCF prepares the grant checks for delivery to the grantees.

Q: What other functions will the Advisory Committee undertake?

A: We foresee this committee undertaking other important roles including:

- Nominating
- Development
- Marketing
- Communications

Q: How do we grow our fund?

A: All gifts to the fund qualify for maximum favorable tax treatment. Gifts may be made directly to the fund in many forms, including check, online via credit card, stock transfer, and various forms of planned gifts including estate and trust gifts. The larger the fund grows, the larger our beneficial impact on youth in Brunswick County.

For further information, please contact:

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