



DONOR-ADVISED FUND FEE EXPLANATION



ESTABLISHING A FUND AT AKRON COMMUNITY FOUNDATION does not include out-of-pocket costs, but the foundation does collect approximately 2% in total fees on fund assets. Here we will break down how these fees are assessed and the services they include for you and your fund.

TWO COST COMPONENTS

Administrative Expenses

Rather than going to an outside financial institution or corporate entity, your fund's administrative fees (currently 1.25%) support the work of Akron Community Foundation, a permanent local charity that benefits Summit and Medina counties. This fee covers the foundation's administrative expenses, most of which are used to provide personalized services to our fundholders that are generally not available through relationships with institutional fund providers. The following is a sample of the services included with this fee:

- Immediate written/USPS-mailed tax acknowledgments for all fund contributions
- Unlimited memorial/honorary gift tracking, recognition and publication
- Pledge management (billing and collection) for all multiyear fund contribution commitments
- Custom donation URL that connects to a 24-hour online giving platform that can be listed in the fundholder's print and digital outlets if applicable (such as their website, newsletter, online fundraising appeals, social media posts, etc.)
- Fund mentions in ACF's digital and print publications (if desired)
- Fund development and donor/family philanthropic gift planning consultations
- Ability to accept complex, non-cash, hard-to-value assets and facilitate tax-advantaged liquidation
- Charitable gift annuity program for eligible funds, which includes quarterly income payment processing and all required year-end tax reporting

CALCULATION & COLLECTION

Akron Community Foundation bases its annual administrative fee on the foundation's fiscal year beginning April 1. The foundation recalculates the 1.25% annual administrative fee each calendar quarter and then collects one-fourth of the recalculated fee at that time.

The fee calculation is based on the average daily fund market value from April 1 through the applicable quarter:

- Quarter 1: Based on the average daily market values from April 1 – June 30
- Quarter 2: Based on the average daily market values from April 1 – Sept. 30
- Quarter 3: Based on the average daily market values from April 1 – Dec. 31
- Quarter 4: Based on the average daily market values from April 1 – March 31

The foundation maintains an administrative expense operating reserve fund that is currently equal to three months of operating costs. At the end of the fiscal year, any administrative fee revenue collected that exceeds actual expenses is retained in the reserve fund. Conversely, in years where administrative fee revenue does not cover year-end expenses, accumulated cash in the reserve fund is used to close out the fiscal year.

Administrative Expenses (cont.)

- Information about pressing local grant needs through consultations with our community investment staff and quarterly community issues sessions
- Annual third-party audit and review of internal controls; ongoing fiduciary oversight and safeguarding of individual fund assets and the fund's charitable mission

Investment Expenses

Investment expenses (averaging approximately 75 basis points) include custody fees, investment consultant fees, active investment management fees, and internal mutual fund expenses. Akron Community Foundation's current investment expenses include the following components:

- Bank custodian fee of 2 basis points
- Investment consulting fee of 5 basis points
- Active management fees averaging 56 basis points on approximately 43% of the foundation's portfolio
- Internal mutual fund expenses* averaging 76 basis points on approximately 57% of the foundation's portfolio

**Note: To accurately compare costs with an institutional account relationship, make sure to include the institutional management fee plus the annual internal mutual fund expenses. These expenses are collected by the mutual fund company before they distribute the income to shareholders, so they do represent a real (albeit usually "hidden") cost within the portfolio. They are controlled through the investment/manager selection process.*

QUESTIONS?

Discuss with your primary contact or call Akron Community Foundation's main line at **330-376-8522**.