



FARMERS
BRANCH

Creating a Community-Based Endowment/Service Fund for Farmers Branch

Exploring the Idea



Schackmann Philanthropy Support, LLC

Action to date

The City of Farmers Branch has a small amount of money in an earmarked account.

These funds were received, and are restricted, for community benefit or improvement.

There is Interest in doing something for the community independent of the City.

Things Done During the Last Year . . .

- | | |
|------------------------|---|
| 1. Basic feasibility | Identified positive indicators |
| 2. Community feedback | General positive response |
| 3. Structured research | Contact, analysis, & recommendations |



What is a community fund?

A *Community Fund* serves individuals, families, businesses and organizations to improve the quality of life in their area.

Its mission is fulfilled primarily in three ways:

- 1) It creates, promotes, and manages permanent funds that help the community.
- 2) It educates, supports and promotes philanthropy.
- 3) It serves as an investment and fundraising partner to area-based charities providing resources that enable their mission.

It may be a either free-standing, tax-exempt public charity or a partnership program that enables tax-exempt status.



Structuring a community fund

A *Community Fund* may be effectively created and operated in one of two ways.



Independent
Free-Standing
I.R.S. Approved

“Brick & Mortar”



- Function
- Purpose
- Plan

Independent
Partnered
I.R.S. Allowed

“Virtual”



Looking at the options



Organization

1. Incorporate - Texas
 - Articles
 - Board
 - By-laws
 - State filings (2/2)
2. I.R.S. filings
 - E.I.N application
 - 501(c)(3) filing



Organization

1. Register - County
 - Trust Agreement
 - Structure
 - Advisors
2. Partner Designation



Looking at the options



Creation Timeline

Estimate

1. Incorporate: 60-90 days
2. IRS filing: 9 months*

Creation Cost

Estimate

1. State = \$400 (+ prep)
2. I.R.S = \$850 (+ prep)



Creation Timeline

Estimate

1. Register: 30 days
2. Partner: 2 weeks

Creation Cost

Estimate

1. None* (+ prep)

*initial deposit requirements



Looking at the options



Primary Advantage

- ✓ Sole-ownership

Disdvantage

- ✓ Overkill



Primary Advantage

- ✓ Ease of set-up

Disdvantage

- ✓ Small Partner Risk

Deciding Factors:

- ✓ Purpose (Community Benefit)
- ✓ Marketing Advantages





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