

Pass-Through Project Fund

A donation conduit for local charitable projects by local governmental entities and 501(c) charities



The Morton Community Foundation (MCF) may choose to provide Pass-Through Project Fund (PTPF) services for local charitable projects, that have a very specific and short time frame, that are clearly charitable in nature, and that fall within the mission of the Community Foundation. Donations to a Morton Community Foundation Pass-Through Project Fund are tax deductible to the fullest extent allowed by law. Services include the provision of non-profit status to the project (thus making contributions tax-deductible), the receipting and managing of contributions, authorization and payment of grants from the fund, and the preparation of income and expense reports for the recipient organization.

Some past projects funded using Pass-Through Project Funds at the MCF are:

- Morton Public Pool
- Morton Youth Baseball Association Stadium at Westwood Park
- Idlewood Arts Pavilion
- Morton Entryway Sign Fund
- Morton Veteran's Memorial
- Morton Downtown Plaza

These services do not include fundraising support, financial support, or extra administrative support beyond what is needed for incoming contributions and outgoing grants as mentioned above. The primary beneficiaries of PTPF services are typically smaller 501(c)(3) charities without the expertise or staff to handle the potential volume of donations to the project, as well as governmental entities or larger 501(c)(3) charities that may have the expertise and/or staff, but prefer those resources not be used on a project of this size.

- The Community Foundation Staff and executive committee will review your request, and may adopt the project fund. A fund bearing the project's name will be established. The project is then accounted for as "The XYZ Project Fund, a Component Fund of the Morton Community Foundation" for IRS auditing, financial reporting, marketing, and fundraising purposes.



For as many motivations as there are for giving, there are ways of giving.

- A Pass-Through Project Fund releases the Organization from the burden of charitable giving paperwork including receipting donors, depositing donations and posting contributions. The Fund is held under the 501(c)(3) umbrella of the Foundation eliminating the need for the Fund to apply for a non-profit status. The Foundation manages donations to the Fund and manages the cash accounts. Fund financial responsibilities such as IRS 990 preparation are included in the Foundation account records.

- If the Organization chooses to allow pledges, any pledge tracking, and pledge reminders must be managed by the Organization.

- Creating a fund at the Morton Community Foundation helps add credibility to the project. Some donors are more comfortable with entrusting their donations to a completely separate, highly respected community organization, monitored by a completely separate Board of Trustees. The Foundation adds one more level of oversight to the receipt, recording, and disbursements of donations for the project.

- Assets included within the Fund will be invested and managed by the Foundation Finance Committee in cash or short-term cash equivalents. The Foundation cannot guarantee any level of return on the Fund. Regular donation reports will be forwarded to the Organization on a schedule to be mutually determined. It is mutually understood that this is a limited-term project fund and not a true endowment.

- As compensation for its services, the Morton Community Foundation charges two percent (2%) on each incoming gift received, deducted from the balance of the fund at least quarterly. The maximum administrative fee on any single check/donation will be \$1,000 ($\$50,000 \times 2\% = \$1,000$)

- Additionally, any bank fees or transaction fees charged by online donation platforms will be charged against the Fund.

- The Organization will receive a customized donation page specifically for their project. The Organization may also take advantage of Peer-to-Peer fundraising functionality available through the MCF online donation platform.

- Pass-Through Project Funds are intended to be short-term, usually 1-2 years. However, agreements may be extended by mutual agreement.

- The Foundation may publish any information regarding the Fund, including the creation of the Fund, the donors to the Fund (unless they request anonymity), and the distributions made from the Fund.

- The Organization will hold the Foundation harmless and indemnify the Foundation against all claims arising from the distribution of the assets of the Fund and the Organization application and use of such assets.



Pass-Through Project Funds remove the burden of collecting, recording, and acknowledging donations from the organization(s) who are already busy managing the construction project.

