



## FLOW THROUGH FUNDS POLICY

### DEFINITION

A Flow Through Fund is a non-permanent, non-endowed fund that is established by one or more principals in order to distribute all of a fund's capital to one or more qualified donees that are specified from time to time by the donor, within a fixed time period. (An example of a Flow Through Fund might be a family fund established to provide funding to a community project in the fields of health, education, the arts, social services, or Bowen Island's physical environment over a multi-year period).

The principal(s) receive an immediate tax receipt when the gift is made to the Foundation in accordance with regulations provided by CRA.

For statement purposes, monies held by the Foundation as Flow Through Funds may be included as "Funds Under Administration", but do not form part of the Foundation's permanent capital. Such monies held by the Foundation will be recorded with a corresponding liability account, in the name of the Flow Through Fund.

Flow Through Funds will only be considered when there is an existing Endowed Fund with the Foundation or an agreement to create an Endowed Fund with the Foundation. Any exceptions must have board approval.

A Flow Through Fund provides the principal with certain benefits:

1. Where appropriate, a tax receipt for a gift that may be distributed over a longer time period than the current tax year.
2. Anonymity is assured, if desired.
3. Distribution of the fund may be delayed.

### POLICIES

1. The Foundation will only establish Flow Through Funds:
  - a. whose purposes are consistent with that of the Foundation as set out in the Constitution – specifically health, education, the arts, social services and Bowen Island's physical environment;
  - b. when there is an existing Endowed Fund with the Foundation or an agreement to create a new Endowed Fund with the Foundation;
  - c. the Endowed Fund should be a minimum of \$100,000 (one hundred thousand) or up to 25% of the Flow Through Fund, whichever is greater.



2. The Foundation reserves the right to refuse any gift.
3. The Foundation becomes the trustee of all monies entrusted to it.
4. Subject to approval of the Board, a Flow Through Fund may be named by its principal(s).
5. Flow Through Funds will be subject to administrative fees as established by the Board from time to time.
6. The income net of administration fees accrues to the Fund.
7. With the exception of Funds that are established by the Foundation, all Flow Through Fund Agreements must be approved by the Board and signed by the principal(s) and two (2) Board members of the Foundation.
8. Any exceptions to the above must have Board approval.

*Approved by the Board: April 26, 2016*  
*Revised and approved by the Board: October 26, 2021*