



Serving Donors. Leading Change.

## **Donor Advised Fund** *Guidelines*

- **What is a Donor Advised Fund?**  
The Donor Advised Fund is The Community Foundation's most flexible option for giving. It allows a donor to make a charitable gift when it best suits their planning needs then recommend grants to nonprofit organizations on their schedule.
- **What are the benefits of giving through a Donor Advised Fund?**  
The donor receives an immediate tax deduction on their gift. The Foundation takes care of writing checks, distributing grants, filing paperwork, and conducts due diligence on each grant recipient.
- **How do I establish a Donor Advised Fund?**  
It takes just one simple form to set up a fund that can be added to whenever the donor wishes.
- **How do I make grants from my fund?**  
The donor may submit grant requests in writing whenever he or she would like to suggest a grant.
- **Who can act as a fund advisor?**  
Donors may name themselves or others as the advisors to recommend grants from the fund. Donors may also authorize, in writing, a successor advisor to make recommendations for grants either during the donors' lifetime or upon the donors' death.
- **How do I keep track of my grantmaking?**  
The Foundation will send the donor a detailed statement on the fund quarterly.
- **How soon will my grant recommendation be processed?**  
The Board of Directors reviews grant recommendations bi-monthly.

- **May I make a grant anonymously?**  
Yes. The donor may request that grants be made anonymously.
  
- **May I recommend grants to my college or church?**  
Grants may be made to tax exempt organizations qualifying under Section 501(c)(3) of the Internal Revenue Code, to government entities, or to religious organizations for non-proselytizing projects with a broad-based, inclusive community benefit.
  
- **Will my grant recommendations always be honored?**  
In order to meet Treasury regulations for Advised Funds, the Board of Directors cannot be bound by the advice of the donor, the family members of donors, the advisors and the family members of advisors and must always maintain the right to distribute funds in accordance with its charitable purpose. If a grant recommendation is not approved the advisor will be notified and offered the opportunity to make an alternate suggestion.
  
- **May I fulfill a pledge or pay for a membership through a Donor Advised Fund?**  
In order to meet Treasury regulations for Donor Advised Funds, grants may not be used for pre-existing pledges or to receive any benefits such as tickets to events, gifts or memberships that carry more than a token value. e Treasury regulations are designed to ensure that donors, family members of donors and advisors and family members of advisors do not receive a maximum charitable deduction at the time of the gift and still maintain control over the gift or receive benefits from the gift.
  
- **May I make a grant directly to support a political candidate?**  
The Foundation will not make grants to political parties or organizations, religious organizations for strictly religious purposes, or to organizations that discriminate on the basis of race, gender, sexual orientation, creed, age or national origin.
  
- **May I make a grant to an individual in need?**  
No. Donor Advised Funds may not make grants to individuals either directly or indirectly or to a charitable entity for the benefit of a specified individual. Further, donors, the family members of donors, advisors, the family members of advisors or related parties are prohibited from receiving grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.
  
- **May I request a grant to purchase tickets to a charitable event?**  
There are specific IRS rules regarding the deductibility of charitable contributions for which donors receive a benefit. (For example, when a person buys tickets to a fundraiser and receives a dinner as part of the cost of the ticket, then the deductible amount is equal to the cost of the ticket less the value of the dinner.) Since a gift to The Community Foundation results in a full charitable deduction, then the donor may not receive goods and services in exchange for that gift. You may make a grant in response to a fundraising event in lieu of attending.

Further, the Pension Protection Act of 2006 expressly prohibits donors, the family members of donors, the advisors and the family members of advisors, or related parties from receiving more than an incidental benefit. Remember this rule of thumb regarding grants for memberships or special events: If you could not write a check from your personal checking account and receive a full deduction for the gift, then The Community Foundation will not be able to make a grant.

- **May I receive reimbursement for charitable expenses that I have incurred?**  
No. Under the Pension Protection Act, donors, the family members of donors, the advisors and the family members of advisors, or related parties are prohibited from receiving grants, loans, compensation or similar payments (including expense reimbursements) from Donor Advised Funds.
  
- **Can principal be used for grantmaking?**  
Donor Advised Funds may be either endowed or expendable. An endowment is a permanent fund that makes annual grant distributions from a percentage of the fund's assets in perpetuity. An expendable fund may make unlimited grant distributions. An expendable fund will ordinarily be converted to an endowment upon the death of the original donor.
  
- **What is the minimum size of a fund?**  
Distributions from a Donor Advised Fund are made only in those instances where fund balance has a value of at least \$1,000. The Donor and/or others may make additional contributions to the established Fund at any time.
  
- **What happens after my lifetime?**  
After the lifetime of the donor and the successor advisors (if chosen by the donor), the Fund shall continue as part of the endowment funds of the Foundation. The Fund shall become a Named Unrestricted Fund unless the Donor, at the time the Fund is established, states a specific charitable purpose or agency(ies), in which case it becomes a Field-of-Interest or Designated Fund for that purpose. Regardless of the status, the Fund continues to carry the name specified by the Donor.