



## **Policies Governing Donor Advised Funds**

Donor advised funds are accepted by the Community Foundation of Dunn County to develop support of, and participation in, the philanthropic interests and activities of the Foundation and the Dunn County area. They are a means of encouraging endowment support, stimulating interchange of ideas between donors and the Foundation, and providing funds to extend the charitable programs of the Foundation.

The Foundation encourages donors to create donor advised funds that will remain as permanent endowments in the Foundation. Donor advised funds are subject to close regulatory scrutiny by the Internal Revenue Service to ensure that they do not become private foundations. Failure to comply with regulatory restrictions can jeopardize the Foundation's standing as a public charity and the deductibility of donors' contributions. Accordingly, the Foundation has adopted the following policies governing donor advised funds:

In accepting donor advised funds, the goals of the Community Foundation are:

1. To meet charitable needs and opportunities for benefit of the Dunn County area
2. To increase charitable giving by persons in the Dunn County area

### **Starting and maintaining Fund**

All donor advised funds will be governed by a written agreement between the Foundation and the donor, of which this policy statement will be a part. A minimum initial contribution of \$10,000 (or an initial contribution of \$2,500 and a pledge of \$2,500 per year for four years) will be required to create a donor advised fund. Additional contributions in any amount may be added to a donor advised fund once it is established. These policies and minimums are subject to change by the Board of Directors.

Gifts to a fund are irrevocable. The assets of donor advised funds are owned and controlled by the Foundation. As long as the Fund meets the minimum balance

requirements, contributions to a fund may be made in any amount and at any time. Contributions may be made using cash, publicly traded securities or other property, including closely held stock, partnership interests, real estate, personal property, trusts and life insurance.

The Executive Committee of the Community Foundation (or Gift Acceptance Committee) will examine each prospective donor advised fund for compatibility with these goals before accepting the Fund.

Contributions of property that may not have immediate liquidity are accepted at the discretion of the Foundation, and subject to completion of our Gift Acceptance Policy and review by Executive Committee of the Community Foundation (or Gift Acceptance Committee). Donors considering a gift in any form other than cash should contact the Foundation to discuss its appropriateness and to obtain delivery instructions.

### **Fund Advisors**

The initial advisors to the fund are those persons named in the fund agreement.

Advisors may be the donor, donor's spouse or children, or another individual or group designated by the donor. Where persons in addition to the donor or spouse may make recommendations, the Foundation may require that one person be designated to submit recommendations to the Foundation.

Successor advisors may be named up to one generation

### **Grantmaking**

Recommendations on distributions from donor advised funds must follow the Foundation's grant cycles and be made in writing to the Foundation. Deadlines are February 1 and August 1 each year.

The Board of Directors of the Foundation shall have full authority and discretion as to the investment and reinvestment of the assets of the Fund.

Distributions from donor advised funds will be consistent with the Foundation's general grant making principles; specifically, grants for a wide range of philanthropic purposes in cultural affairs and the arts, civic affairs and community development, education, health, social welfare, and other fields. However, final discretion in all cases rests with the Foundation.

Final decisions on all grants from donor advised funds will be made by the Foundation. The Foundation is not bound by the advice of donors or advisors.

The Foundation's staff and/or Grants Committee will conduct an independent investigation of each recommendation to determine whether it is consistent with the charitable needs of the Dunn County area and the goals of the Community Foundation. The degree of formality of the investigation will depend upon the nature of the grantee organization, the purposes of the grant, and the information already available to the Foundation on the proposed grantee. If it is determined that the recommendation is not appropriate, the advisor will be informed that the recommendation does not meet the standards for distribution.

To educate donors and advisors on community needs and encourage them to make recommendations accordingly, the Foundation will maintain basic information on local nonprofit and charitable organizations for assisting advisors in their decision making, and will encourage donors and advisors to consult with the staff on prospective recommendations. The Foundation will also provide information to advisors from time to time on the charitable needs and opportunities of the community.

The Foundation encourages advice from other members of the community, in addition to donors and advisors, as to the distribution of grants from donor advised funds. The Foundation may from time to time seek advice from persons familiar with community needs or having expertise in a particular field to make recommendations on distributions from a given fund.

The Community Foundation will decline to make distributions as recommended by advisors when:

1. A recommended grant from an advised fund is intended to satisfy a pledge of the advisor or any other person.
2. After investigation, the Foundation finds that the recommended recipient does not meet the Foundation's general standards for grant making.
3. The recommendation is deemed unworkable.
4. The organization is not a 501(c)(3) charitable organization and/or the purpose is not charitable or to a governmental entity.
5. The gift would not be fully tax deductible if given directly by the donor (for example, if the donor receives direct benefit from the gift such as dinner or tickets).
6. The grant is to an individual. The Internal Revenue Code prohibits grants to individuals from donor advised funds (IRC 4966).

7. For any other reason, the Foundation finds the recommendation to be incompatible with the charitable needs and opportunities of the Dunn County area or the goals of the Foundation.

Any distribution from a donor advised fund, unless otherwise requested by the donor, will identify to the grantee organization the name of the fund from which the distribution is made.

The Foundation will provide donors and advisors with an annual statement of contributions to and distributions from the donor advised fund.

At the time of death of the advisor(s) or dissolution of the advisory group, donor advised funds of less than \$10,000 shall become part of the Community Foundation's General Endowment Fund. Donor advised funds of \$10,000 or more shall become unrestricted named endowment funds of the Foundation; provided, however, that if the donor or advisor indicated a particular interest in a charitable field(s) during his/her lifetime, preference will be given to that field(s) in distributions from the fund.

Donor advised funds of \$10,000 or less that become inactive for a period of one year or more may be terminated as donor advised funds, upon written notice to the advisor, by action of the Board of Directors and will become part of the Community Foundation Endowment Fund.

Donor advised funds of \$10,000 or more that become inactive for a period of three years or more, may be terminated as donor advised funds upon written notice to the advisor by action of the Board of Directors, but will become permanent named endowment funds in the Foundation; provided, however, that if the donor or advisor indicated a particular interest in a charitable field(s), preference will be given to that field(s) in distributions from the fund.

Funds shall be deemed inactive when no contributions have been made to them and no distributions recommended from them during the period of time specified above.

Adopted: March 1998

Revised: August 2000

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