



COMMUNITY GIVING

Donor Advised Fund Overview

A *Donor Advised Fund* allows the donor to create a charitable fund from which the donor may recommend distributions for charitable purposes. Funds are established with a simple letter of agreement between the donor and the Foundation. The donor also names the fund.

A fund may take one of two forms:

1. With an *Endowed Fund*, only the income from the contribution is distributed to charities, enabling the fund to continue in perpetuity.
2. With a *Non-Endowed Fund*, both the principal and income may be distributed to charities. There are three types of non-endowed funds: *Annual Payout*, *Flexible*, and *Pass Through Funds*.

Contributing to a Donor Advised Fund

A donor advised fund can be established with an initial contribution of \$20,000 or more. An *Acorn Fund*, which builds over time to a minimum of \$20,000 before paying out grants, can be established with smaller contributions. Initial and subsequent contributions to a fund can be made by check, via credit card or in publicly traded securities—as well as other property including closely held stock, real estate and other assets. Gifts to donor advised funds are generally tax deductible at the time of contribution, but all donors are encouraged to consult with their professional advisor about their individual situation.

How a Donor Advised Fund is Invested

CommunityGiving invests the assets of donor advised funds, so that the earnings and appreciation can be used for future grants. The assets of each fund will be combined with other funds of CommunityGiving for investment purposes. CommunityGiving currently offers a Strategic Pool, a Moderately Conservative Pool, a Socially Responsible Investment and Impact Investment Pool and a Fixed Income Money Market as investment options—and donors have the option of recommending an investment manager through the Foundation's *Investment*

Partners program. Donors have online access to fund activity for the selected period. Investment results are posted on a monthly basis by the following month end.

Recommending Grants from a Donor Advised Fund

The donor or donors (and any representatives designated in the fund agreement) may recommend which charities should receive distributions from the advised fund. CommunityGiving will conduct due diligence to make sure each grant is going to a tax-exempt charitable organization. While donor recommendations cannot be binding (IRS rules require that CommunityGiving must make the final decision on distributions), CommunityGiving will take the donor's recommendations very seriously. Recommendations may be made by using one of two methods: by using the online donor portal at www.CommunityGiving.org (initial registration required) or by filling out a *Grant Recommendation Form* and sending or faxing it to CommunityGiving. Donors may continue to make recommendations until their death or until they release the authority to make recommendations.

Succession Planning

The donor or donors may designate successor advisors (often children and spouses of children) to have authority to make recommendations after them. Donors may also choose to name a field of interest or designate one or more charitable organizations to benefit from the income of the fund or to receive lump sum distributions. Succession plans should be described in the fund agreement creating the advised fund. If no succession plan is noted in the fund agreement, the fund will become an unrestricted fund of CommunityGiving or partner foundation, and the fund will be used to meet community needs as determined by the Board of Directors.

Frequently Asked Questions

Q. How often and when may I make distributions from my fund?

A. As often as you like. CommunityGiving generally sends out grant checks each Friday. Grant requests submitted by 5 PM on Friday are usually sent out the next week. Distributions of over \$100,000 or to organizations unfamiliar to CommunityGiving may take longer to process.

Q. How will I know how much I have available in the fund from which to make recommendations for grants?

A. Check your fund statement through our online donor portal or call the CommunityGiving office. We are always happy to assist you.

Q. What kinds of organizations may I recommend for grants?

A. Grants must be made for charitable purposes. This generally includes schools, government programs, other funds at CommunityGiving and non-profit public charities (designated as 501 (c) (3) organizations by the Internal Revenue Service)—including U.S. based charities that work outside of the United States. Our staff checks all organizations for documentation of nonprofit status.

Q. May I recommend a grant to an individual?

A. Generally, no. According to IRS regulations, CommunityGiving may make distributions only to qualifying public charities or government entities.

Q. Are there any limitations?

A. The minimum distribution is \$250. CommunityGiving will only make distributions that are consistent with CommunityGiving's charitable purposes. CommunityGiving is not allowed to make any distribution to discharge or satisfy a legally enforceable pledge or obligation of anyone, including the donor of the advised fund. Also, grants cannot be made to pay for a membership, a ticket to a fundraiser or other contribution that provides a special benefit to you, the donor, or to advisors or related parties. In addition, grants, loans, or compensation may not be made to donors, advisors, or related parties.

Q. When will I be able to make my first recommendations?

A. If you choose a non-endowed fund, you may make your first recommendation once the fund is established. If you have established an endowed fund, you may make your first recommendation one to two years following the inception of the fund (depending on what time of year the fund is established).

Q. I would like professional advice about grants from my fund. Can the CommunityGiving help?

A. Yes. We have a professional staff that is knowledgeable about local needs and programs to meet those needs. They are available to talk with you about your charitable interests and to help you decide where your giving would be most effective. This is how several of our donors are supporting major programs in education, civic affairs, health care, families and children, the arts and a variety of other areas.

Q. What are the costs associated with having a donor advised fund at CommunityGiving?

A. Allocations and fees vary based on the type of fund established and the investment vehicle chosen. Typically, the services allocation fee ranges from 1.25% to 1.75%, but the allocation fee from large funds may be customized. The fund would also be assessed any applicable

investment management fees (which are netted out of investment returns reported by CommunityGiving). For the most up to date investment information, visit www.communitygiving.org/investments.