

**Community Foundation of Wabash County, Inc.
Donor Advised Fund Policy**

What is a Donor Advised Fund?

A Donor Advised Fund is defined under the Internal Revenue Code and possesses three characteristics:

- The Fund is separately identified with reference to the contributions of a donor or donors. For example, the Smith Family Fund established by the Smith family children.
- The Fund is owned and controlled by a sponsoring organization such as the Community Foundation.
- The donor or persons appointed by the donor expect to have the privilege of providing advice with respect to the Fund's investments or distributions.

A Donor Advised Fund (endowment or non-permanent) is typically established at the request of a Donor to the Community Foundation to provide support for charitable and similar exempt expenditures or recipients recommended by the Donor or persons designated by the Donor to advise the Community Foundation. The recommendations must be advisory only, and the Community Foundation is free to reject any or all recommendations. Donor(s) wish to participate in the distribution decisions by making recommendations to the Board regarding grant recipients.

Minimum Fund Size

The minimum amount to establish an advised endowment fund is twenty thousand dollars (\$20,000). The minimum amount to establish an advised non-permanent fund is five thousand dollars (\$5,000).

Contributing to a Fund

Gifts to a fund are irrevocable. The assets of donor advised funds are owned and controlled by the Community Foundation. 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. Contributions are subject to acceptance by the Community Foundation. Contributions should be clearly designated by fund name: "The XYZ Fund of the Community Foundation of Wabash County."

Many donors make contributions using appreciated, publicly traded stock that has been held for longer than a year, to enjoy maximum tax benefits. Contributions of property that may not have immediate liquidity are accepted at the discretion of the Community Foundation. Donors considering a gift in any form other than cash should contact the Community Foundation to discuss its appropriateness and to obtain delivery instructions.

Variance Power

Some donor advised fund agreements restrict distributions to a specific charitable purpose, such as education or the environment. Others may limit distributions to particular named organizations. These restrictions may apply from the inception of the Fund or may come into effect at the conclusion of the advisory period. Any such restrictions are subject to modification by the Community Foundation if it determines, in its sole discretion, that the restriction or condition is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

Fund Advisors

The privilege of making recommendations for grants from a donor advised fund shall be extended to Donors and their designees. The initial advisors to the Fund are those persons named in the fund agreement as follows:

A. Donor and Spouse. Ordinarily, if an individual establishes a donor advised fund, the privilege of making recommendations is limited to the Donor and his or her spouse, and, unless otherwise specified in the instrument establishing the Fund, recommendations may be made by them separately or jointly. Such privilege of a Donor or the spouse will be continuous with the existence of the Fund unless earlier terminated by (i) death, (ii) written notice to the Community Foundation of resignation or release, or (iii) a finding by the Community Foundation that the person involved is not available or is incompetent to exercise the privilege.

B. Other Person. An individual Donor may designate in the instrument establishing a donor advised fund a person or persons other than or in addition to the Donor and his or her spouse to exercise the privilege to make recommendations, but in such case the privilege will exist only during the lifetime of such Donor or the spouse, unless earlier terminated as described in the preceding paragraph. However, the instrument establishing a donor advised fund may designate a child or children (and spouses) of a Donor to have such privilege after the termination of the privilege of the Donor and the spouse, and such designation of a successor or successors to the original Donor or the spouse will be recognized if it furthers continued family participation, support, and involvement by such successors. The Community Foundation shall have sole discretion in determining whether family participation, support and involvement by successors are adequately continued. Where persons in addition to the original Donor or his or her spouse may make recommendations, the Community Foundation may require those persons to designate one person to act for them in submitting recommendations to the Community Foundation.

C. Corporations. A corporate Donor that establishes a donor advised fund will have the privilege of making recommendations for a period not to exceed twenty-five (25) years from the date of the establishment of the Fund. The privilege to make recommendations may be extended beyond the twenty-five (25) year limitation if substantial additional contributions are made and the corporation maintains a continuing charitable involvement with the Community Foundation. Such corporation, or those acting on its behalf, shall designate one person (and may designate his or her successor) to submit the recommendations of the corporation to the Community Foundation.

If at any time there is more than one advisor to the Fund, the advisors will appoint a designee and all communications to and from the Community Foundation will be through the designee. If no designee has been appointed, the Community Foundation will consider the first advisor named in the agreement to be the designee.

Recommending a Grant

Grants must be for charitable purposes. The Executive Director, of the Community Foundation or his designee is authorized by the Board to review and approve all recommendations for grants from advised funds in compliance with the Endowment Spending Policy, the Due Diligence Policy and the Grant Distribution Policy. The minimum amount of any one grant distribution from a donor advised fund shall be one hundred dollars (\$100.00), although the Board may, from time to time, set a higher limitation.

The Donor may recommend grants to any organization described in section 501(c)(3) of the Internal Revenue Code except that the Community Foundation does not make grants to private foundations. The

Donor may also recommend grants to most units of government (e.g., public schools, colleges and universities, town and municipal governments, police departments, etc.).

The Community Foundation does make grants from donor advised funds, only for charitable purposes, to other types of nonprofit organizations (non-charities) or to businesses. Examples of organizations to which the Community Foundation will grant include social welfare organizations (501(c)(4)); veterans' organizations; cemeteries; Chambers of Commerce and similar business associations; fraternities and sororities; social clubs; and fraternal organizations such as Elks and Moose.

The Community Foundation makes grants to US organizations that carry on their work in other countries. However, the Community Foundation does not make grants from donor advised funds to non-US organizations or governmental entities.

Exercise Expenditure Responsibility

Donor advisors are required to submit a signed written recommendation form, which identifies the charity name, a contact person and information, purpose of the recommended grant, amount and expected date of delivery. Donor advisors are requested to attest that no private benefit inure to them from the grant, and to identify their choice regarding anonymity. The Community Foundation will verify public charity status as outlined in the Due Diligence Policy for Grantmaking. The Foundation will exercise expenditure responsibility for recommendation to nonprofit organizations that are not public charities and grants to businesses in accordance with the Due Diligence Policy for Grantmaking.

From time to time the Community Foundation may bring to the Advisor's attention grant making opportunities in which the Advisor may have an interest. The Advisor is not obligated to recommend a grant for the identified program. Donors shall be furnished with lists of the unmet charitable needs of the community as determined by the Community Foundation from time to time.

The recommendation form will be reviewed and approved as appropriate by Foundation staff. Grant funds will be released within one week of the recommendation unless otherwise requested.

Grant Restrictions

The Internal Revenue Code prohibits grants to individuals from donor advised funds, neither by check paid directly to an individual nor through a check written to an entity for the benefit of a specified individual. Also prohibited are grants for political contributions or to support political campaigns. Grants may not result in benefits, goods, services, or privileges to the donor, the fund advisor, members of their families, and businesses they control. Failure to observe this restriction can subject the fund advisor to tax penalties. Benefits include the payment for event tickets, meals, sponsorships, registration fees, discounted merchandise, preferred parking and/or seating, and memberships unless the membership confers nothing of value. Please contact the Community Foundation if you have specific questions about whether a grant you are considering recommending will result in a prohibited benefit. Also see the Grant Distribution Policy and Due Diligence Policy for Grantmaking. The Board will confirm all grants from donor advised funds.

Payments from a Donor Advised Fund

Expense reimbursements, loans, compensation, and other similar payments are not permitted from a donor advised fund to a donor, fund advisor, or related party.

Grant Acknowledgment

Unless other arrangements have been made (e.g. anonymity requested), the grant letter will indicate that the contribution is from “The XYZ Fund of the Community Foundation of Wabash County” and that it has been given upon the recommendation of the named advisor. The recipient organization is encouraged to acknowledge the gift to the advisor and also to the Community Foundation. Additional language confirms that no benefits have been offered or provided to the Community Foundation or the advisor in exchange for the accompanying grant. If the recipient organization publishes a news release or a list of donors, it is asked to indicate the contribution as a grant from “The XYZ Fund of the Community Foundation of Wabash County.”

Fundraising

Donors sometimes want to raise money to add to their advised funds. The Community Foundation’s policies on fundraising are attached to this document. Fundraising, if permitted, must strictly adhere to the guidelines in the policy and to any additional restrictions imposed as a condition of the Community Foundation’s consent.

Investments

The Community Foundation has the sole responsibility and authority for investment of the assets of each donor advised fund. Decisions with respect to the retention, investment, or reinvestment of assets and with respect to commingling of assets shall be made by the Community Foundation’s Investment Committee and Board of Directors. Donor advised funds are customarily invested and commingled with assets of other funds of the Community Foundation.

The Foundation maintains investment pools with varying risk and return objectives. Please see Summary of Investment and Financial Policies. All investment options are reviewed and approved by the Foundation’s Investment Committee and may change from time to time as the Committee determines. You may make recommendations to the Foundation for investment of your fund in one or more of these pools. All recommendations must be in writing.

When the size of a fund warrants separate investment consideration, typically for funds over \$500,000 the Community Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use of a particular investment manager, broker or agent in accordance with the Community Foundation’s Investment Policy. See Policy for Individually Managed Accounts.

The Community Foundation's long-term investment objective is to preserve the real value of its permanent funds. This means that the Community Foundation seeks a total rate of return that supports the Community Foundation’s grantmaking, expenses, investment fees, and inflation. The Community Foundation will normally measure whether it has achieved that objective over a rolling five-year period.

The Community Foundation appoints an investment consultant and investment managers from time to time to carry out some of its investment management responsibilities with respect to its invested asset pool.

Fees and Minimums

The Community Foundation assesses fees, including investment management fees, against all its funds to cover the cost of administration and to continue the Community Foundation’s important work in our community. Fees provide the necessary resources to operate efficiently and effectively, ensuring fiscal responsibility in grant due diligence, donor and nonprofit education, research, and other activities. The Community Foundation’s current annual administrative fee schedule for donor advised endowed funds

whose contributed value is less than \$1,000,000 is 1% of the fund's market value as established by the Community Foundation Fee Schedule and Fund Establishment and Management Policy, payable quarterly. Please see the Community Foundation Fee Schedule for non-permanent fees and for fees on advised endowment funds whose contributed value exceeds \$1,000,000.

Inactive Funds

A fund is deemed inactive if:

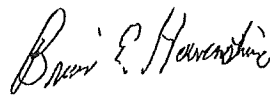
- The fund advisor dies or resigns or evidence of his or her incapacity is provided to the Community Foundation, and if no successor advisor has been named.
- All named successor advisors are unable or unwilling to serve, or in the Community Foundation's view there is limited to no participation, support or involvement from successor advisors.
- No recommendations are made with respect to grants from the Fund for a period of five years and, during such period, the advisor or successor advisor does not reply to the Community Foundation's attempts to contact them.

If the Fund becomes inactive, the Community Foundation will deem the advisory period to have ended and will initiate distributions from the Fund in accordance with the provisions of the fund agreement.

Termination

Unless otherwise specified in the fund agreement, upon the death, resignation or incapacity of the last advisor to the Fund, or if the Fund is determined to be inactive, the assets of the Fund will become a part of the Community Foundation's unrestricted permanent endowment. If the principal balance of the Fund exceeds \$20,000, the Fund will continue to be maintained as a separate named endowed fund for discretionary purposes or as a field of interest, if the donor(s) or successor-advisor(s) have specified in writing one or more broad fields of interests for the Fund.

I affirm that this Donor Advised Fund Policy was approved by a unanimous vote of the Board of Directors on May 15, 2018.



Brian Howenstine, Secretary

Donor Advised Fund Policy
Adopted by the Board: 5/15/2018