

DONOR ADVISED FUNDS

	Unendowed	Endowed
Purpose	<p>To allow the donor to create a non-permanent fund from which the donor may recommend periodic grants to be issued to the 501(c)(3) charitable organizations of his or her choice.* The donor may decide to convert some or all of this fund to an endowed fund at any point.</p> <p>Some donors use unendowed Donor Advised Funds as a sort of “trial run” to ascertain if sustained and/or endowed philanthropic giving is right for them. Others choose to make one gift, establishing an unendowed fund for more or less immediate use, while building an endowed fund for later grantmaking.</p> <p><i>*Per IRS regulations, donor-recommended grants must be approved by the Community Foundation’s Board of Directors.</i></p>	<p>To allow the donor to create a permanent fund from which the donor may recommend periodic grants to be issued to the 501(c)(3) charitable organizations of his or her choice.* The donor may, if desired, designate one generation of Successor Advisors to recommend grants after the donor(s)’ death. Upon the death of the Successor Advisors, the Foundation’s Board will make every effort to make grants from the fund consistent with the donor(s)’ original interests.</p> <p><i>*Per IRS regulations, donor-recommended grants must be approved by the Community Foundation’s Board of Directors.</i></p>
Advantages	<p>Provides great convenience to the donor. Donors can recommend grants to many organizations from the fund, but deal with tax letters from only one organization: the Community Foundation. Also, DA Funds allow the donor to make gifts of appreciated stock, cash, etc. to their fund, receive the allowable tax deduction for the year in which the gifts are made, and recommend grants from the fund at a later date - even a different year.</p>	<p>All advantages listed at left apply. In addition, an endowed Donor Advised Fund can be a good choice for those considering setting up a private family foundation, but for whom the expensive costs of doing so might be a consideration. With a Donor Advised Fund at the CF, the Foundation handles all financial, tax, administrative, investment and legal issues – costs which a private foundation must otherwise pay.</p>
Minimums to establish	<p>\$10,000 (can be done over a two-year period)</p>	<p>\$25,000 (can be done over a four-year period). Re growth of the fund, once an endowed fund reaches this minimum amount, it is pooled with other such funds and shares proportionately in gains/losses.</p>
When grantmaking can begin	<p>Once the dollar minimum is met, the fund is eligible to issue grants after one full calendar quarter. (Grants may be issued sooner, but a process fee of 10% of each grant will be charged.) Minimum grant is \$250; there is no maximum. Recommendations may be submitted once each quarter. Should the Donor Advisor wish, grants may be made anonymously.</p> <p><i>The IRS does not permit grants from such funds to satisfy personal pledges of the donor or any other party. However, a Donor Advised Fund may issue a grant payable over an extended time period.</i></p>	<p>Once the dollar minimum is met, the fund is eligible for grants after one full calendar year. Minimum grant is \$250. The amount available for grants is determined by a spending policy. Currently this policy allows expenditure of 4% of the rolling average of the previous 12 quarters. Recommendations may be submitted once each quarter. Grants may be made anonymously.</p> <p><i>The IRS does not permit grants from such funds to satisfy personal pledges of the donor or any other party. However, a Donor Advised Fund may issue a grant payable over an extended time period.</i></p>
Fees	<p>No fee is charged for unendowed funds <i>if they are placed within a money market account</i>. The interest earned on such funds is retained by the CF toward administrative costs of processing the funds and the grants. If placed with pooled funds, the CF assesses an annual administrative contribution of the greater of \$500 or 1.75% of market value. A pro rata share of the contribution will be charged quarterly based upon the market value of the fund on the first business day of the quarter.</p>	<p>The Community Foundation assesses an annual administrative contribution of the greater of \$500 or 1.75% of market value. A pro rata share of the contribution will be charged quarterly based upon the market value of the Fund on the first business day of the quarter. The contribution helps defray the costs of administering the funds and the grants made from them.</p>
Minimum required to maintain the fund	<p>\$2,500. Once the fund balance decreases to this amount, the Donor Advisors are notified and they must decide the future of the fund by either replenishing the fund back to \$10,000, transferring the balance to the Foundation’s CommuniFund™ or spending the fund down completely.</p>	<p>\$25,000.</p>