

COMMUNITY FOUNDATION OF ST. JOSEPH COUNTY PRINCIPLES AND PROCEDURES FOR DONOR ADVISED FUNDS

Definition: A donor-advised fund is a separate, named fund set up by a donor or donors who wish to participate actively in how investment earnings from the fund are distributed to charity. In this capacity, donors serve as chief advisors to the Community Foundation of St. Joseph County, Inc. (“Community Foundation”) in recommending charitable grants from the fund.

Recommendations for Grants: Donors, their spouses, or their written designees may submit recommendations regarding the distribution of earnings from their fund to charity. All recommendations by donor-advisors are subject to review and approval by the Community Foundation.

Minimum fund size: \$10,000 contributed all at once or over a period of up to five years. All investment earnings will be reinvested until the fund reaches this minimum threshold, after which donors may begin recommending distributions from earnings to charity. If the minimum commitment is not fulfilled within five years, the Community Foundation reserves the right to move the fund’s assets to an existing endowment fund of the donor’s choosing or to the unrestricted Community Endowment Fund.

Grant Process: Each spring, the Community Foundation determines the amount available for grants to charity based on its Spending Policy, as amended from time to time. Donors are informed of the amount available and may recommend grants of \$250 or more to their preferred charities. Recommendations may be conveyed through the Community Foundation’s online donor portal, in writing or by email. Grants are typically reviewed, approved, and conveyed to charity within two weeks.

Grant Activity: Donor-advisors are encouraged to consult with Community Foundation staff if they need help in identifying worthy causes or charities to support. If no grants have been recommended by the donor-advisor(s) over a period of three years, the Community Foundation will then act as Fund Advisor and determine worthy charitable recipients. The Community Foundation may allow exceptions in cases where the donors are building the Fund’s assets or annual distributable amount toward a pre-specified goal.

Restrictions: Grants from Donor-Advised Funds cannot be made to pay membership dues. If a grant is to satisfy a donor pledge, the Foundation cannot reference the pledge in the grant distribution letter. The donor may inform their preferred charity that he or she intends to recommend a grant from his or her Donor-advised Fund that is subject to Foundation approval. Funds may be used for charitable purposes only, with no financial or material benefit to the donor advisors or related parties (e.g., auction items, meals). Donor advisors or related parties may not receive grants, loans, compensation, or expense reimbursements from donor-advised funds.

The Community Foundation does not permit donor-advised grants to individuals or to non-functionally-integrated Type III supporting organizations or any supporting organization that is controlled by the donor or donor-appointee. The Foundation may decline to make a donor-advised grant to a supporting organization if the Foundation cannot verify its type or functional integration classification.

Successor Advisors: Typically, the Community Foundation becomes the Fund Advisor after the death of the donor(s). A donor may request that preference be given to a particular field of charitable interest or specific charities to receive support after their deaths.

Donors may designate children, grandchildren, and great-grandchildren to serve as a fund advisory group after the death(s) of the original donor(s). The advisory group shall appoint a representative to communicate with the Community Foundation on the advisory group's behalf and notify the Foundation in writing. When all of the advisory group members are no longer willing or able to serve, the Community Foundation shall thereafter serve as Fund Advisor.

Divorce: If a married couple by whom a Donor Advised Fund has been established should divorce, the Community Foundation will attempt to find a mutually satisfactory solution, which may include splitting the Fund in half if assets are sufficient, moving the Fund assets to an existing fund or funds of the each donor's choosing or allowing one member of the couple to relinquish their advisory role.

Corporate Advised Funds: In the case of corporations and non-individual donors, the privilege of making recommendations regarding distributions from the donor-advised fund, unless sooner relinquished by the donor, shall continue as long as the corporation is doing business in St. Joseph County, Indiana. Non-individual donors may designate from time to time, in a written notice to the Foundation, an individual who is to exercise the recommendation privilege of the non-individual donor. Advisory privileges do not transfer in the event of a change of ownership.

Geographic Restrictions: A minimum of fifty percent of the distributions from donor-advised funds must be made to charities in the St. Joseph County area or providing significant service to St. Joseph County residents.

Recommendation Review Process (Expenditure Responsibility): The Community Foundation will verify the recommended recipient of any grant is classified as a 501(c)(3) tax-exempt organization by the Internal Revenue Service. If the recommended recipient is an organization other than those described in section 170(b)(1)(A), the Foundation will exercise additional expenditure responsibility to ensure funds are used for qualified charitable purposes, including requiring a written description of the intended use of funds and a written progress report following the end of the grant period, including a detailed accounting of grant fund expenditures. Due to this additional burden, the Community Foundation may decline recommendations to non-501(c)(3) tax-exempt organizations.

Administrative Fee: The Community Foundation has waived administrative fees on most endowed funds since 1998, thanks to the Leighton Endowment for the Advancement of Philanthropy. The Foundation's standard fee policy is 1% of the Fund's market value, assessed .083% monthly. The Community Foundation reserves the right to assess a reasonable fee if a Fund requires an unusual amount of administration. All Funds will cover direct expenses associated with their initial establishment (e.g., transfer costs, title work, environmental or special legal work, etc.) and non-routine costs of operating the Fund.

Donor recognition: The Community Foundation will identify the source of donor-advised grants when distributed to unless the donor(s) specifically requests anonymity.