

CFTT DONOR/FAMILY ADVISED FUND POLICIES

These guidelines and procedures have been promulgated by the Board of Directors of the Community Foundation for the Twin Tiers (CFTT) for the acceptance and administration of endowed funds established by donors who desire to retain the privilege of making recommendations as to distributions from such funds (hereinafter "Donor-Advised Funds" or Funds").

The CFTT welcomes the opportunity to partner with people who wish to be actively involved in grantmaking. The IRS allows community foundations to offer donors the opportunity to make tax-deductible gifts at the most advantageous time for them and then to recommend grants over a prolonged period of time through an advised grantmaking fund. The IRS expects that the Community Foundation will administer its advised funds in a manner that will maximize the benefits to the community and ensure effective charitable giving.

1. Establishment of Funds

The CFTT provides a vehicle for the establishment of Donor-Advised Funds. Such Funds are designed to provide donors with the privilege of making recommendations to the Foundation's Board of Directors with respect to the distribution from such Funds.

2. Ownership and Control by Foundation

a) Each Donor-Advised Fund shall be the property of the Foundation, owned by it in its normal corporate capacity. The Foundation shall have the ultimate authority and control of all property in the Fund, and the income derived therefrom, for the charitable purposes of the Foundation or for such specific charitable purpose as designated by the Donor at the time of the Agreement.

b) Each Donor-Advised Fund shall be the subject of a separate written instrument which shall provide for the holding of the Fund by the Foundation on their terms and subject to the conditions set forth in the Foundation's governing instruments, including its Articles of Incorporation and By-laws, as amended from time to time, any resolutions and procedures, and proper compensation for services and expenses.

c) Each Donor-Advised Fund may be recorded on the books and records of the Foundation as an identifiable or separate fund and may be given a name or other appropriate designation as requested by the donor.

3. Minimum Fund Size

Donor Advised Funds must be established and maintained at \$50,000.*

4. Donor's Recommendations

Donors or their spouses or their designees may submit written recommendations regarding the distributions of income to be made from a Donor-Advised Fund and may consult with

the Foundation's staff concerning the use of distributions from the Fund for the general charitable purposes of the Foundation or the particular charitable purpose(s) stated in the Agreement. While these recommendations will be given careful and thoughtful attention by the Foundation's Board and staff, the recommendations will be solely advisory and will not be binding upon the Foundation.

- a) In the case of individual donors, the privilege of making recommendations regarding distributions from a Donor-Advised Fund, unless sooner relinquished by the donor, shall be limited to the lifetimes of the donor and the donor's spouse or, if the donor in the written instrument establishing the Fund designates another to exercise the privilege, then for the lifetime of the designee.
- b) In the case of corporations and other non-individual donors, the privilege of making recommendations regarding distributions from a Donor-Advised Fund, unless sooner relinquished by the donor, shall continue as long as the corporation is doing business in Bradford, Sullivan, or either Tioga County. 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 on behalf of the non-individual donor.

(Reference hereinafter to recommendations by donors shall apply equally to recommendations by a donor's spouse or a donor's designee.)

5. Preferred Recommendations: Independent Study

Donors of Donor-Advised Funds are encouraged to focus recommendations to those particular charitable organizations, projects and programs which are from time to time identified by the Foundation as deserving of the Foundation's support.

If a donor recommends a distribution to an organization, project or program which is not known to the Foundation, the staff of the Foundation may make an independent investigation to evaluate whether the recommendation is consistent with the specific charitable needs most deserving of support by the Foundation and to report the results of the investigation to the Board of Directors. In addition, the staff may bring to the attention of the Donor those projects and/or organizations which may be of particular interest to the Donor-Advised Fund.

6. Grants Distributions and Limitations

Distributions from a Donor-Advised Fund shall be made only following formal consideration by the Board of Directors. The Foundation will not make any distribution from a Donor-Advised Fund except as a distribution from the Foundation for its charitable purposes. Below are guidelines and procedures for grants from the Fund:

- Grants may be recommended at any time. A grant request form is included in the Handbook for Donor Advisors. You may copy the form or request additional copies.
- Minimum grant size is \$250, with the suggestion that any grant below \$250 be made from personal giving instead of from the Fund.

- Each grant recommended is evaluated with final approval by the Board of the Community Foundation.
- Grants may not be used to pay membership dues and/or fulfill a personal pledge and/or to secure benefits from the distribution recipient. However, an advisor may indicate to a charitable institution that he or she will recommend a grant from the Fund.
- Donors, advisors or related parties may not receive grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.
- Grants may not be earmarked for a specific individual by the donor advisor. This includes checks written directly to an individual or checks written to an entity for the benefit of a specified individual.
- Grants can be made beyond the four-county area served by the Foundation; however, grants from the Community Foundation are generally made within this area.
- No goods or services (i.e. tables, tickets to events) may benefit the donor or advisors or their family members.

7. Annual Payout Requirement

No specific annual grant payout is required but the mission of the Community Foundation *is* grantmaking.

8. Fund Recognition

All grants are made in the name of the Fund, unless the donor requests to remain anonymous. It is also the practice of the Community Foundation to list all funds in its annual report, unless the donor requests otherwise.

9. Fund Management

Control over investment and asset management of the Fund shall be exercised exclusively by the Foundation since it is important for both donors and the Community Foundation that advised funds not be considered private foundations. The Foundation will follow its normal policies and procedures, and the donor shall have no control over such investment or asset management, including the retention or sale of any assets contributed.

10. Remainder Plan

If there has been no communication within a 12-month period from a fund's advisor, he or she will be notified by letter and then every six months thereafter. If, at the end of the second year, no response has been received, the advised fund will be converted to a named Community Fund.

11. Termination

Upon termination of the Donor's privilege to make recommendations, the Fund shall continue as part of the endowment funds of the Foundation. The Fund shall become a Named Unrestricted Fund unless the Donor, at the time the Fund is established, states a specific charitable purpose or agency(ies), in which case it becomes a Field-of-Interest or Designated Fund for that purpose. Regardless of the status, the Fund continues to carry the

name specified by the Donor.

12. Reports

A report of all distributions from all Donor-Advised Funds shall be included in the annual report of the Foundation and such additional reports regarding such Funds as may be published by the Board of Directors.

* **Non-Endowed Donor/Family Advised Funds:** Available to donors interested in establishing a nonpermanent advised fund. These funds have a \$25,000 minimum. A fee, as outlined in the Handbook for Donor Advisors and the most recent CFTT Fee Schedule is assessed on non-endowed funds. This fee also applies to Donor Advised Funds that fall below \$50,000.