

DONOR ADVISED FUND Policies and Procedures



Thank you for establishing a Named **Donor Advised Fund** with the Grand Haven Area Community Foundation (GHACF).

The purpose of the Grand Haven Area Community Foundation's Donor Advised Fund program is to create an opportunity for people like you to connect and give back to their communities in an informed and active way. This handbook is designed to explain the Foundation's procedures and overall objectives, and to answer any questions that you may have about an Advised Fund. It is our goal to make your partnership with the Foundation as rewarding as possible.

What is a Fund Advisor?

The Fund Advisor is the Foundation's contact person for the fund. The initial advisors to the fund are those named in the fund agreement. If there are multiple advisors to a fund, such as a family committee, then the committee must appoint one member as the designee for all grant communication to the Foundation. If no designee has been appointed, then Foundation will consider the first named advisor in the fund agreement to be the designee.

How are grant recommendations made?

The easiest way is to fill out the Grant Recommendation Form provided by our office. You can download the form by going to our website www.ghacf.org and clicking on the Resources page, or you can log into the online portal to create and submit the grant. We also have forms available in our office. On this form you provide the name and address of the organization, the purpose of the grant, and then sign it.

When we receive your Grant Recommendation Form, we verify that the recommended grantee is certified by the Internal Revenue Service as a charitable organization and the grant is intended for a charitable purpose. The Board of Trustees, in the exercise of its discretion, will then approve or deny the recommended grant. A grant would not be denied unless there was a legal issue prohibiting us from making the grant.

How often and when may I make distributions from the Fund?

Grant recommendations may be made at any time. December gets busy with year-end grants so we recommended you give us your grant recommendations by mid-November if you would like them paid by the end of the year.

\$250 is the minimum grant recommendation amount.

We strive to respond promptly to your suggestions. Please allow two weeks for grant checks to be sent.

What is the minimum amount to establish a fund, and is there a minimum balance to keep the fund active?

Currently, the minimum amount needed to open a Donor Advised Fund at the Foundation is \$5,000. This is also the minimum balance needed to keep the fund active.

What is the Donor Advised Fund Activity Policy?

We want to encourage our Donor Advised Funds to actively recommend grants to charitable causes that they care about. To ensure that we do not have Donor Advised Funds that are inactive, and therefore not making a charitable impact on our region, we ask that our Donor Advised Funds engage in one of the following:

- Make regular grant recommendations
- Develop a philanthropic program
- Have a long-term giving plan

For more, read the complete [Donor Advised Fund Activity Policy](#).

At what time is a fund deemed inactive?

A fund is deemed inactive if:

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

If the fund becomes inactive, the 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.

Do I get a tax deduction when I recommend a grant?

Grants from a Donor Advised Fund have no tax impact for the donor, as the tax deduction was given when the gift was made to the fund.

Will I receive an accounting of my Fund's activities?

Yes, you will receive a quarterly Fund Statement. You are also able to look at your fund's activity online – ask Foundation staff about your donor password. You also may call our office anytime and we can provide you with this information.

To what types of organizations may I recommend for grants?

You may recommend grants to non-profits, 501(c)3 public charities, schools, churches, and government programs. Religious and educational organizations, as well as school districts, public libraries, and other units of government are acceptable as well. Examples of organizations not eligible for a grant from a Donor Advised Fund include social welfare organizations 501(c)(4), private foundations, fraternal orders, Chambers of Commerce and similar business associations, veterans' organizations, social clubs, organizations whose primary purpose is lobbying, cemetery associations, and funds set up to provide emergency relief to specific individuals and families. If you are not sure of the status of an organization, give us a call. If they are a local agency we can most likely give you a very quick answer.

May I recommend a grant to an individual?

No. The Pension Protection Act of 2006 prohibits Donor Advised Funds from making any grants to individuals such as scholarships, missionary accounts, or emergency hardship grants for families. This includes grants directly to an individual or grants to an entity for the benefit of a specified individual.

May I recommend grants to organizations outside of Grand Haven and Michigan?

Yes. Before making the grant, we will need to be sure that the organization has IRS 501(c)3 status or is an acceptable organization that can receive Foundation support. The Foundation can make limited international grants if the nonprofit organization operates under the umbrella of a recognized U.S. charitable organization. However, the Foundation does not make grants from donor advised funds to non-US organizations or international governmental entities. We do request that at least 50% of your recommended grants go to West Michigan nonprofits. From time to time, the Foundation may bring to the advisor's attention grant making opportunities in which the advisor may have an interest. Advisors will be furnished with lists of the unmet charitable needs of the community, however, the advisor is not obligated to recommend a grant for the identified program.

May I recommend a multi-year grant from my Donor Advised Fund?

Yes, at the time of your recommendation please indicate that the distribution is to be made in increments. We will administer the distribution and payment schedule. You also can make monthly or quarterly recurring grants. We do ask that you resubmit these types of ongoing recommendations each year in January.

Are there any restrictions?

Restrictions on the nature of grants are minimal. However, there are a few things that are not allowed by the State or Federal Tax Code:

- **Grants from a Donor Advised Fund cannot result in the donor, advisors, or any related parties or business controlled by the donor or family receiving an exchange of goods or services or any personal or material benefit that is not provided to the general public. Prohibited benefits include receiving tickets, sponsorship, memberships, meals, registration fees, preferred parking, preferred seating, discounted merchandise, or other preferential treatment from an organization.**
- **Your fund cannot be used to satisfy an irrevocable personal or corporate pledge. *It is important that you do not sign a pledge card obligating your fund to pay a personal pledge.***
- **Your fund cannot pay memberships or dues unless the membership confers nothing of value.**
- **Your fund cannot be used to purchase raffle tickets or pay for fundraising event tickets or purchase auction items.**
- **Your fund cannot support political campaigns.**
- **Donors, advisors, or any related parties may not receive grants, loans, compensation, or similar payments (including expense reimbursements) from Donor Advised Funds.**

Please call us if you need clarification on any of these points.

May I serve on the board of an organization and recommend a grant to it from my Donor Advised Fund?

Yes, as long as you receive no personal benefit from the grant.

How is the grantee notified?

When the Foundation makes a grant from a Donor Advised Fund, the charitable organization receiving the grant is informed by letter indicating which fund made the grant so that they may send you a note of thanks. If the organization wishes to publish a news release of the grant it must indicate that the grant is from the “XYZ Fund of the Grand Haven Area Community Foundation”. You will receive a copy of the grant letter sent to the grantee as well. We send the checks directly to the grantee organization. Unfortunately, donors cannot present the check to the organization in person.

May the fund make an anonymous contribution to an organization?

Absolutely. Just let us know that you desire anonymity and we will ensure that your wishes are followed.

How is my fund invested?

The GHACF Board of Trustees has the ultimate responsibility for the Foundation’s investment portfolio. Donor Advised Funds are customarily co-mingled with the assets of other funds of the Foundation. The Board delegates responsibility to the Investment Committee for implementing and ongoing monitoring of the Foundation’s investments. The Investment Committee meets quarterly and is comprised of Board members, local business leaders, and financial professionals in our community.

What fees are charged to my fund?

Each fund held by the Foundation is charged an administrative fee to help cover the operational costs of the Foundation. The administrative fee for a Donor Advised Fund that is non-endowed is 1.5% annually. The annual fee for an endowed Fund is 1%. Administrative fees are assessed quarterly, based on the market value of the fund. There is a minimum charge of \$100 per year for each fund.

How do I add to my fund?

Creating a fund with the GHACF allows you to sustain a permanent legacy of philanthropy in the Tri-Cities area, and you may make a tax-deductible contribution to your fund at any time. All gifts to your fund are irrevocable once accepted by the Foundation. In many cases, significant tax benefits can be realized through gifts of appreciated stock or real estate. We encourage you to discuss any non-cash gift you may be considering with our staff and your financial advisors. Contributions should be clearly designated by fund name: “XYZ Fund of the Grand Haven Area Community Foundation.”

If you plan to make a stock gift, please let us know. The Foundation has accounts with many brokers, and most likely has an account with your broker. Be sure to:

1. Ask us for GHACF’s account number at your brokerage firm;
2. Include our account number in your letter to your broker requesting that they transfer the stock to the Foundation;
3. Notify us that you will be making a stock gift to the Foundation.

What will happen to my fund when I die?

By creating a fund with us during your lifetime, you have already made it possible to leave a permanent legacy in your name. Many families suggest their fund at the Foundation as an appropriate memorial upon the death of a family member. Upon the death of the last surviving advisor, the fund will continue as a permanent named fund, meeting the greatest needs of the Tri-Cities area for generations to come.

There is also the opportunity to have your fund fulfill a different charitable goal at your death. Please speak with a Foundation team member about the many options that are available to you.

It is also simple to add to your fund by bequest. Simply name the GHACF as one of the beneficiaries of your will or trust, retirement accounts, insurance policy, etc. By doing this, you become a member of our Legacy Society. Please ask us any questions that you may have about leaving a legacy at the Community Foundation.

For Further Assistance:

We hope this handbook serves as a helpful guide to your Donor Advised Fund with the Grand Haven Area Community Foundation. Our phone is 616-842-6378 and fax is 616-842-9518.

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Thank you for allowing us to be a part of your charitable giving –
we are honored to partner with you to care for the causes that you care about most!

For good. For ever.™