

Donor Advised Fund Policies

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What is a Donor Advised Fund?

A donor advised fund defined under the Internal Revenue Code 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 Foundation.
- The donor or persons appointed by the donor expect to have the privilege of providing advice with respect to the fund’s investments and/or distributions.

Minimum Fund Size

The minimum requirement to establish a Donor Advised Fund is \$25,000. Such a fund allows a donor (and his/her family or members of a designated advisory committee) to make recommendations to the Board of Trustees for grants from the fund. Funds may be spent down partially or fully, unless stipulated by the donor that the spending policy prohibits spending

principal. If fund balances fall below the minimum \$25,000 balance, they will be assessed a minimum fee, according to the Foundation's current fee schedule.

Contributing to a Fund

Gifts to a fund are irrevocable. The assets of donor advised funds are owned and controlled by the Foundation. As long as the Fund meets the minimum balance requirements, 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 Foundation, as per the Foundation's Gift Acceptance Policy. Contributions should be clearly designated by fund name: "The XYZ Fund of The Community Foundation Serving Boulder 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 Foundation, and subject to completion of our due diligence procedures. Donors considering a gift in any form other than cash should contact the 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 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 initial advisors to the fund are those persons named in the fund agreement.

The Donor may designate, in writing, a representative to maintain his or her ongoing relationship with The Community Foundation or may appoint an Advisory Committee consisting of the Donor, friends, or family. If a designated representative is appointed, the designated representative shall be the exclusive contact with The Community Foundation with respect to advice regarding dispersals from the Fund. However, the Donor may change the designated representative of the Fund at any time by communicating that change to The Community Foundation in writing.

If an Advisory Committee is appointed by the Donor, The Community Foundation must be kept informed in writing as to the Advisory Committee's representative who has been designated to act as the Committee's exclusive contact with The Community Foundation on behalf of the

Committee. Upon the death of the Donor, if a representative has not previously been designated and is not designated by the Donor's will, the Donor's heirs may designate a representative. The Community Foundation shall be entitled to rely on the advice and recommendations communicated by a representative who has been designated in writing by the Donor or the Donor's heirs and shall have no obligation to confirm such advice or recommendation with the Donors, the Donor's heirs or other members of an Advisory Committee.

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 Foundation will be through the designee. If no designee has been appointed, the Foundation will consider the first advisor named in the agreement to be the designee.

Recommending a Grant from a Donor Advised Fund

Grants must be for charitable purposes. The minimum grant amount is \$100. Grants of \$100,000 or more require additional approval from the Foundation's Executive Committee or Board of Trustees.

Donors may recommend grants to any organization described in section 501(c)(3) of the Internal Revenue Code except that the Foundation does not make grants to private foundations. Donors may also recommend grants to most units of government (e.g., public schools, colleges and universities, town and municipal governments, police departments, etc.).

The Foundation does not make grants from donor advised funds, even for charitable purposes, to other types of nonprofit organizations (non-charities), individuals or to businesses. Examples of organizations to which the Foundation will not grant include social welfare organizations (501(c)(4)); private non-operating foundations; cemeteries; Chambers of Commerce and similar business associations; fraternities and sororities; social clubs; and fraternal organizations such as Elks and Moose.

Funding to groups or organizations that do not have IRS 501(c)(3) designation may only occur if the organization has secured a fiscal sponsor with one of the nonprofit designations above and the grant is made to the fiscal sponsor for the benefit of the organization.

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

The fastest and most reliable way to make a grant recommendation is through the Foundation's on-line donor portal. The Foundation also accepts written or emailed grant recommendations. To avoid potential miscommunication, we do not take grant requests over the telephone.

From time to time the 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. By request, donors shall be furnished with lists of the unmet charitable needs of the community as determined by the Foundation from time to time.

Grant Restrictions

The Internal Revenue Code prohibits grants to individuals from donor advised funds. Also prohibited are grants for political contributions or to support political campaigns. Grants may not result in benefits, goods, or services 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 of pledges, 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 Foundation if you have specific questions about whether a grant you are considering recommending will result in a prohibited benefit.

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), grant checks will indicate that the contribution is from "The XYZ Fund of The Community Foundation Serving Boulder County". The recipient organization is encouraged to acknowledge the gift to the advisor through and also to the Foundation. Additional language confirms that no benefits have been offered or provided to the 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 Serving Boulder County".

Fundraising

Donors sometimes want to raise money to add to their advised funds. The 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 Foundation's consent.

Investments

The 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 Foundation's Investment

Committee and/or Board of Trustees. Donor Advised Funds are customarily invested and commingled with assets of other funds of the Foundation.

The Foundation maintains investment pools with varying risk and return objectives. These pools are described below. All investment options are reviewed and approved by the Foundation's Investment Committee [Board] and may change from time to time as the Committee [Board] 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.

Donors may choose between four investment pools. The first the foundation's Main Pool, which is invested 75% in passively managed index funds, 10 % in actively managed socially responsible investments, and 15% in a traditional actively managed pool. The second is a traditionally invested pool which is fully overseen by an active manager. The third is a fully Socially Responsible Invested (SRI) pool. The fourth, known as the Benchmark Pool, is 100% held in passively managed index funds. Information about the Foundation's SRI screen is available in the Foundation's Investment Policy Statement. Donors may also choose to keep their funds in cash or identify an investment manager with whom they already have a relationship to invest the funds.

Donors establishing a fund at the minimum size may request, and, the Foundation will endeavor to accommodate such requests, separate investment of fund assets, or use of a particular investment manager, broker or agent in accordance with the Foundation's Investment Policy for Outside Fund Managers.

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

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

Fees and Minimums

The Foundation assesses fees, including investment management fees, against all its funds to cover the cost of administration and to continue the 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 Foundation's current administrative fee schedule for donor advised funds is:

Fund Administrative Fee Schedule

Effective March 2014

Fund Type	Fund Balance	Fees
Gift Funds		<ul style="list-style-type: none"> ➤ One time charge of 2.00% on each contribution into the fund.
Donor Advised Funds	<p style="text-align: center;">Fee on <i>First</i> \$ 2 Million Fee on the <i>next</i> \$ 3 Million On <i>amounts</i> over \$ 5 Million</p>	<ul style="list-style-type: none"> ➤ 1.25% Annually ➤ 1.15% Annually ➤ 1.00% Annually <p>* Plus Investment Advisor Charges \$250 minimum fee</p>
Non-Profit Agency Endowments (endowed)	<p>Fee on balance up to \$249,999 Fee on balance over \$250,000</p>	<ul style="list-style-type: none"> ➤ 1.15% Annually ➤ 1.00% Annually <p>* Plus Investment Advisor Charges</p>

Investment management fees vary depending on the investment manager, but generally do not exceed 50 basis points.

Active Funds

A fund is deemed active when there is regular communication between a donor or named successor and the Community Foundation regarding the existence and purpose of that fund. Such activities may include:

- Regular grant recommendations
- Connecting with the Community Foundation for guidance on grant recommendations;
- Communication with the Community Foundation regarding the philanthropic plan for the fund.
- Development of a philanthropic program, where Donor has made a substantial contribution or contributions to a fund and refrains from making recommendations for a given initial period in order to develop philanthropic goals and strategy.
- Development of a long-term giving plan, where Donor or other fund advisors refrain from making recommendations for a certain amount of time in order to grow the fund.
- Creation of a memorial fund, where Donor or other fund advisors may need additional time to assume recommendation activity.
- Any other situation where the Foundation’s Board determines that more time and flexibility is warranted for a fund with respect to recommendations.

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 Foundation, and if no successor advisor has been named nor a legacy plan put in place for the fund.
- 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 five years and, during such period, the Donor, designated representative or other fund advisor does not reply to the Foundation's attempts to contact them. Further, if there have been no recommendations during the five-year period and the Foundation is unable, after taking reasonable measures, to locate the Donor, Donor's heirs, designated representative or other advisor, the fund will be deemed inactive.
- Should grant activity stop for more than a five-year period, steps will be taken by staff or the board to activate that fund. These steps may include such activities as:
 - Notifying the fund advisor regularly and periodically to encourage the fund advisor to activate the fund
 - Closing of a "starter" fund if the "starter fund" balance does not reach the Community Foundation's required minimum amount within a stated period of time, and, for example but not limited to, re-allocation of the fund proceeds to the Community Trust Fund of the Community Foundation.

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 Foundation's unrestricted permanent endowment, the Community Trust Fund. If the principal balance of the fund exceeds \$250,000, the Foundation may continue to maintain the fund 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 field of interests for the fund.

Adopted: May 29, 2015

Last Revised: December 14, 2022