

COMMUNITY FOUNDATION
of Central Florida

Donor Advised Fund
Handbook

For Advisors of
Donor Advised Funds
And
Donor Advised Endowment Funds

WELCOME!

Thank you for establishing a Donor Advised fund with the Community Foundation of Central Florida, Inc.

The Foundation is a diverse community of individuals, families and businesses who are deeply committed to the Central Florida region. Our donors care about this community and welcome the opportunity to participate in improving the quality of life for all residents.

The purpose of the Foundation's Donor Advised Fund program is to create an opportunity for people like you to engage in and contribute to creating positive change in your community. This handbook is designed to explain the Foundation's procedures and overall objectives, and to answer the many "nuts and bolts" questions you may have about a Donor Advised Fund. It is our goal to make your participation in the work of the Foundation as rewarding as possible.

THE COMMUNITY FOUNDATION OF CENTRAL FLORIDA'S MISSION

Established in 1994 to advance local philanthropy while responding to community needs and supporting charitable organizations, the Community Foundation of Central Florida holds over 280 funds valued at \$33 million, and serves the needs of charities and communities throughout the region. By managing and investing donor funds, connecting donors with projects they feel passionate about and enabling donors to make informed decisions through research, the Foundation fulfills its mission of "Building Community by Building Philanthropy."

OUR COMMITMENT TO YOU

In our effort to advance our mission of "Building Community by Building Philanthropy," we have set the following standards for serving our donors.

We pledge to:

- Maintain a fiducially responsible investment program
- Provide clear and accurate information about the fund you have established
- Respond to your inquiries and correspondence promptly
- Understand the emerging needs of Central Florida communities
- Engage new generations of philanthropists
- Offer fund Advisors opportunities to partner with other donors
- Recognize the community spirit of our donors

DONOR ADVISED FUNDS

Donors find the convenience and flexibility of the Donor Advised Fund facilitates goals and strategies for charitable giving. The Donor Advisor can have a steady giving plan by making substantial gifts to a Donor Advised Fund in profitable years and sustaining the level of giving to individual charities in leaner times.

By establishing a Donor Advised Fund, you have joined a community of donors who are actively involved with the Foundation's work through the funds they advise. We realize that each of our fund Advisors has a wealth of first hand knowledge about their community's needs; and we hope that you will share your observations about specific charitable needs that may be of interest to you or other fund Advisors. Likewise, staff may share with you projects or organizations that we feel may interest you.

The Role of the Donor Advisor is to:

- Open a Donor Advised Fund with a contribution of cash, securities or other property valued at \$25,000 or more.
- Take a charitable tax deduction at the time the Fund is established or carry the deduction forward over the next five years if necessary.
- Make additional, tax-deductible gifts to the Fund at any time. Additional gifts to the Fund from persons other than the original Donor are also welcome.
- Make periodic recommendations for grants from the Fund, quarterly, semi-annually or annually to local, regional, or national charities at a minimum distribution level of \$100.00. The Donor Advisor has the ability to recommend grants of all of the principal and income of the Donor Advised Fund (subject to administrative fees).
- Select additional Advisors for the Fund. Typically the Donor who establishes the Fund is the Primary Advisor (or Donor Advisor) for the Fund. The Donor Advisor has the prerogative to select additional Advisors and Successor Advisors for the Fund. The number of Advisors a Donor Advisor selects for the Fund will vary according to the charitable goals of the Fund.

The Role of the Community Foundation of Central Florida is to:

- Process grant recommendations, including acknowledgements, payments and reporting to the donor;
- Report the Fund in its annual report (unless anonymity has been requested);
- Provide the services of experienced, professional staff to the Donor;
- Issue regular reports to the Donor and Advisors on the status of the Fund;
- Assess an annual fee currently set at 2.0% of the Donor Advised Fund's fair market value taken monthly, and a 2% administrative fee on each grant recommended by the fund Advisor.

DONOR ADVISED ENDOWMENT FUNDS

The Donor Advised Endowment Fund provides flexibility for those who want to combine the legacy of endowment with engagement in community philanthropy.

By establishing a Donor Advised Endowment Fund, you have joined a community of donors who are actively involved with the Foundation's work through their funds. We realize that each of our fund Advisors has a wealth of first hand knowledge about their community's needs; and we hope that you will share your observations about specific charitable needs that may be of interest to you or other fund Advisors. Likewise, staff may share with you projects or organizations that we feel may interest you.

The Role of the Donor Advisor is to:

- Establish a Donor Advised Endowment Fund with a contribution of cash, securities or other property valued at \$50,000 or more.
- Take a charitable tax deduction at the time the Fund is established or carries the deduction forward over the next five years if necessary.
- Make additional, tax-deductible gifts to the Fund at any time. Additional gifts to the Fund are also tax deductible. Additional gifts to the Fund from persons other than the original Donor are also welcome.
- Recommend quarterly, annual, or semi-annual grants from the Fund based on the annual spending policy set by the Board of Directors. Annual "Available to Grant" amounts are currently calculated as 5% of the average market value of the fund over the prior sixteen quarters.
- Select additional Advisors for the Fund. Typically the Donor who establishes the Fund is the Primary Advisor (or Donor Advisor) for the Fund. The Donor Advisor has the prerogative to select additional Advisors and Successor Advisors for the Fund. The number of Advisors a Donor Advisor selects for the Fund will vary according to the charitable goals of the Fund.

The Role of the Community Foundation of Central Florida is to:

- Processes grants, including acknowledgements, payments and reporting to the Donor;
- Reports the Fund in its annual report (unless anonymity has been requested);
- Provides the services of experienced, professional staff to the Donor;
- Issues regular reports to the Donor on the status of the Fund;
- Assess an annual fee currently set at 2.0% of the Donor Advised Endowment Fund's fair market value taken monthly.

THE ROLE OF THE DONOR ADVISOR

As an active partner in the work of the Foundation, you play a critical role in addressing your community's most pressing challenges through philanthropy. We have found that an effective giving plan is the result of fund Advisors embracing the following responsibilities for their charitable goals:

- Annually evaluate your own philanthropic priorities and plans;
- Understand the ways in which the Foundation can best help you address the community issues and needs you are most passionate about;
- Seek out the most appropriate organizations in line with your charitable interests;
- Talk with Foundation staff when your philanthropic priorities change;
- Regularly review funding opportunities presented by the Foundation through Donor Central;
- Ask for additional grantmaking suggestions if the ones presented do not reflect your interests.

FOUNDATION SERVICES

The Community Foundation of Central Florida provides opportunities for fund Advisors to expand on and pursue their philanthropic goals through:

- Opportunities to learn the fundamentals of grantmaking
- Events for fund Advisors to meet one another
- Presentations by experts working in the nonprofit sector
- Professional staff to advise on grantmaking strategies and issues facing our community
- Fund statements tracking the activity of Donor Advised Funds
- Expertise in working with gifts of real estate and appreciated stock
- Expertise in deferred gifts such as charitable remainder trusts, bequests and charitable gift annuities

FUND MANAGEMENT AND OVERSIGHT

The Investment Committee of the Foundation's Board of Directors oversees the Investment Consultant and the investment managers. The Investment Committee's responsibilities include establishing the investment policies of the Foundation, recommending the distribution rate for the payment of charitable grants, setting asset allocation policies and ranges, reviewing investment performance, and recommending the change of investment managers, as needed. The committee is composed of Board members, as well as community members who have significant investment knowledge and expertise.

NEXT STEPS

Enrolling in Donor Central:

Please use the enclosed materials to enroll in Donor Central, our online portal allowing Advisors access to their funds at their convenience. To enroll in this service you will need to return the enrollment form and agreement.

Fund details conveniently available online include:

- gift history
- grants paid and pending
- balance of the fund
(at most recent month end)
- market value
(for endowment funds)
- recent quarterly fund statement(s)

Additionally, with Donor Central you can learn about new funding opportunities, partner with the Foundation in funding competitive grant applications, research nonprofit organizations and recommend grants online. All online grant and gift information is updated daily and investment earnings and fees are posted monthly. The entire system is password protected, so only you can access it.

If you do not have internet access, please notify Megan Swett, Director of Communications and Donor Services, at 407-872-3050, to make arrangements to submit grant recommendations in writing and receive statements via the mail.

HOW TO CONTRIBUTE TO A DONOR ADVISED FUND

Creating a fund with the Community Foundation of Central Florida, Inc. allows you to sustain a permanent legacy of philanthropy in Central Florida, and you may contribute to the Fund at any time. In many cases, significant tax benefits can be realized through gifts of appreciated stock or real estate. We encourage you to discuss any gift you may be considering with our staff.

GRANTMAKING

Our professional Foundation staff will be available to work with you and your Fund Advisors to identify nonprofit organizations that meet your charitable goals. Staff members are also available to provide information and undertake research regarding organizations you would like to know more about before recommending them as grant recipients.

To make a grant recommendation, you may log-in to your Donor Central account and fill out a recommendation form (the Community Foundation can provide paper recommendation forms if you do not wish to use Donor Central). You may select an agency from our database list, or you may enter new information for an agency not on the list. Please specify if you would like the grant to be applied to a specific project or program, otherwise the grant will be designated as General Support.

When we receive grant recommendations from you, we research each organization to verify that it is a qualified nonprofit organization. We contact organizations that are either new to the Foundation, or that we do not have recent information about, to request a copy of their most recent audited financial statements (including a management letter or no-material-weakness letter), a listing of the Board of Directors and documentation of tax-exempt status.

Once a grant is approved, the grant check and award letter are mailed to the Grantee with a Grant Receipt Form. This form details the name of the granting fund (unless the grant was made anonymously), as well as any designated purpose for the grant funds. The Grantee is asked that any acknowledgment of the grant be sent to the Community Foundation directly, and any public recognition specifically mention the granting fund, unless the grant was made anonymously. We will also notify you when the due diligence is completed and the grant has been made.

DONOR ADVISED GRANTMAKING SCHEDULE

The Community Foundation of Central Florida pays grants to organizations twice per month (on the 1st and 15th). *For a grant to be paid on the 1st of the month, the recommendation must be submitted by the 15th of the previous month; for a grant to be paid on the 15th of the month, the recommendation must be submitted by the 1st of the month.*

Exceptions are grants over \$50,000.00 and grants to agencies that are new to the Foundation (agencies not found in the Donor Central grantee listing). Such grants require additional due diligence and must be approved at a Board of Directors or an Executive Committee Meeting. Approved grants will be paid monthly.

COMMON TYPES OF GRANTS

Following is a list of the most common types of grants made to nonprofit organizations and what they typically mean to the organization:

Capital or capital campaign

A capital grant provides support for the purchase of property, the construction of a facility, remodeling/expansion of a facility, or purchase of equipment.

Operating or general support

An operating grant provides support for the day-to-day costs of running the nonprofit organization.

Endowment

Some nonprofit organizations have endowment funds. The endowment fund is a permanent annual source of income for the operating or project expenses of the organization.

Unrestricted

An unrestricted grant allows the nonprofit to use the dollars to support the organization where most needed.

Project

A project grant supports a specific activity.

Seed

A seed grant helps to jump-start a new organization, a new project or launch a capital campaign.

Challenge or matching

A challenge or matching grant helps a nonprofit organization leverage additional dollars through a fundraising campaign.

Initiative

The Foundation's Board of Directors, in concert with the community, periodically identifies an opportunity where a committed source of funding and leadership will make significant difference in an issue facing our community. The Foundation collaborates with Advisors to funds with similar interests and together creates a pooled fund within the structure of the Foundation to concentrate on that issue, and fund the initiative.

THE COMMUNITY FOUNDATION ADMINISTRATIVE ENDOWMENT FUND

Each year, individuals, foundations and corporations throughout Central Florida contribute to the Community Foundation's Administrative Endowment Fund, which supports a portion of our operations and allows us to be actively involved in all areas of philanthropy. Contributions to the Administrative Endowment Fund may be made from Donor Advised Funds as grants to the Community Foundation of Central Florida. The Foundation will waive distribution fees on all grants recommended to the Administrative Fund.

ADDITIONAL RESOURCES ON PHILANTHROPY

The Internet sites below are offered as additional resources on the topic of philanthropy.

<u>ORGANIZATION</u>	<u>URL</u>
Community Foundation of Central Florida	www.cfcflorida.org
Philanthropy and Nonprofit Leadership Center	www.pnlc.rollins.edu
Council on Foundations	www.cof.org
Better Business Bureau's Wise Giving Alliance	www.give.org
The Giving Forum of Regional Associations of Grantmakers	www.givingforum.org
Philanthropy News Digest	www.fdncenter.org/pnd
Women's Philanthropy Institute	www.women-philanthropy.org
The Chronicle of Philanthropy	www.philanthropy.com
The Foundation Center	www.fdncenter.org
National Center for Family Philanthropy	www.ncfp.org
National Council of Nonprofit Associations	www.ncna.org
The Center for Excellence in Nonprofits	www.cen.org
Independent Sector	www.independentsector.org
Heart of Florida United Way	www.hfuw.org
United Arts of Central Florida	www.unitedarts.cc
Guidestar	www.guidestar.org

FOR FURTHER ASSISTANCE

Jeffrey R. Pickering, Vice President of Philanthropic Services, is the primary contact for Advisors of Donor Advised Funds. However, the entire Foundation staff is always available to assist you with your philanthropic goals and planning. Please feel free to contact any staff member whenever we may be of assistance at 407-872-3050, or via email.

Mark Brewer	President/CEO	mbrewer@cfcflorida.org
Jeffrey R. Pickering	Vice President of Philanthropic Services	jpickering@cfcflorida.org
Meghan Warrick	Chief Financial Officer	mwarrick@cfcflorida.org
Megan Swett	Director of Communications and Donor Services	mswett@cfcflorida.org
Zoila Marcia	Donor Services Associate	zmarcia@cfcflorida.org
George Rodriguez	Foundation Assistant	grodriguez@cfcflorida.org

FREQUENTLY ASKED QUESTIONS

How often and when may I make grant recommendations from the Fund?

You may make grant recommendations from the Fund as often as you like. The Foundation encourages you to make grant recommendations at least once a year. Donor Advised grants are paid on a schedule, as outlined in the section called [Donor Advised Grantmaking Schedule](#). Please keep this schedule in mind as you are planning your grantmaking priorities throughout the year.

How will I know how much is available in the Fund to make recommendations for grants?

You will be able to check the balance of the Fund in Donor Central any time that is convenient for you. The entire balance (less any fees) of Donor Advised Funds is available for grantmaking. Donor Advised Endowment Funds are valued once a year, and the Available to Grant amount is calculated based on the Foundation's spending policy. Quarterly statements posted on Donor Central will identify how much is available for grantmaking.

Is there a minimum amount required for grant recommendations?

Yes. Individual grant recommendations of \$1,000 or more are preferred. However, a minimum recommendation of \$100 is required in order to make the most efficient use of the Foundation's resources.

May I recommend a grant to an individual?

No. According to IRS regulations, the Community Foundation may make distributions only to qualifying public charities. Foundation staff will check all organizations for documentation of nonprofit status.

May I recommend grants to satisfy personal pledges?

No. IRS regulations do not allow grants from Donor Advised Funds to satisfy a donor's personal pledge. ***If you are asked by an organization to make a pledge, you may use one of the enclosed stickers to communicate to the organization that you are not making a pledge, but are planning to recommend a grant from a Donor Advised Fund at the Community Foundation.***

May I recommend grants from which I gain personal benefit?

No. IRS regulations do not allow Donor Advised funds to make any grants from which the donor derives personal benefit, such as tickets to an event or membership dues. If you receive personal benefit from a grant you have recommended from a Donor Advised Fund, the IRS may challenge the deductibility of your original gift to the Community Foundation and impose penalties on you. If you have any questions regarding the relevance of this rule to a recommendation you are planning to make, please contact the Foundation and we will be happy to investigate the matter further.

What kind of organizations may I recommend for grants?

You may recommend grants to nonprofit, public charities, schools and government programs.

FREQUENTLY ASKED QUESTIONS (continued)

May I recommend grants to organizations outside of Central Florida?

Yes, if the organization's mission falls within the guiding principles of the Foundation. The Foundation makes international grants if the nonprofit organization has a recipient U.S. entity. Overall, we do request that at least 50% of your recommended grants go Central Florida nonprofits.

May I recommend a multi-year grant from the Fund?

Yes, if the funds to pay the entire grant are available in the Fund at the time the recommendation is made. The Community Foundation cannot commit to make grants from funds that do not have the balance to cover the entire grant.

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

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

Who can be a fund Advisor?

Donor Advisors may designate any living individual to be an Advisor for the Fund. Many Donor Advisors designate family members to be additional Advisors for the Fund. Who the Advisors are depends on the charitable goals for the Fund. Successor Advisors may be named in the Fund Documentation as well. At such time as no living Advisor remains, funds with balances of less than \$25,000 will be directed to the Community Investment Endowment Fund (the Community Foundation's general grantmaking endowment). Funds with balances over \$25,000 will become unrestricted, named endowment funds. If the Donor Advisor indicated a particular interest in a charitable field(s) during his/her lifetime, preference will be given to that field(s) in distributions from the fund.

What is the applicability of the Foundation's fee schedule to a Donor Advised Fund?

The Foundation's fee schedule for donor-advised funds normally applies, unless the Donor Advisor seeks the Foundation's assistance with a major project or grant program. In this case, an additional fee may be charged for activities beyond the scope of a typical Donor Advised Fund.

What are the fees on a Donor Advised and a Donor Advised Endowment Fund?

Each fund is assessed an annual fee to offset the cost of administrative services. This fee is currently set at 2% of the annual fair market value of the Fund. Each grant distribution from a Donor Advised Fund is charged an administrative fee of 2%.

POLICIES GOVERNING DONOR ADVISED FUNDS

Donor Advised Funds are accepted by the Community Foundation of Central Florida ("the Foundation") to develop support of, and participation in, the philanthropic interest and activities of the Foundation and the Central Florida community. They are a means of encouraging endowment support, stimulating interchange of ideas between donors and the Foundation, and providing funds to extend the charitable programs of the Foundation.

Donor-advised funds are subject to close regulatory scrutiny by the Internal Revenue Service to ensure that they do not become private foundations. Failure to comply with regulatory restrictions can jeopardize the Foundation's standing as a public charity and the deductibility of donors' contributions. Accordingly, the Foundation has adopted the following policies governing donor-advised funds:

- In accepting Donor Advised Funds, the goals of the Foundation are:
 1. To meet charitable needs and opportunities for benefit of the community;
 2. To increase charitable giving by those who care about the community.

Donor Advised Funds must comply with these goals before acceptance:

- All Donor Advised Funds will be governed by a written agreement between the Foundation and the Donor Advisor, of which this policy statement will be part.
- A minimum initial contribution of \$25,000 will be required to create a Donor Advised Fund. Additional contributions in any amount may be added to a Donor Advised Fund once it is established.
- The minimum distribution from a Donor Advised Fund will be \$100.
- Advisors to Donor Advised Funds may be the donor, donor's spouse or children, or another individual or group designated by the donor. Where persons in addition to the donor or spouse may make recommendations, the Foundation may require that one person be designated to submit recommendations to the Foundation.
- Recommendations on distributions from Donor Advised Funds must be made through the online Donor Central portal, or in writing to the Foundation, and forms for this purposed are available from the Foundation. However, the Foundation encourages advisors to discuss their interest with the Foundation's staff prior to making written or online recommendations.
- The Board of Directors of the Foundation shall have full authority and discretion as to the investment and reinvestment of the assets of the Fund.
- Distributions from Donor Advised Funds will be consistent with the Foundation's general grant making principles; specifically, grants for a wide range of philanthropic purposes in cultural affairs and the arts, civic affairs and the community development, education, health, social welfare and other fields

POLICIES GOVERNING DONOR ADVISED FUNDS (Continued)

that are of benefit to Central Florida. However, the decisions on all grants from donor-advised funds will be made by the Foundation.

- The Foundation will maintain a list of Community Partner organizations that are pre-approved annually to receive Donor Advised grant funds. Organizations that qualify for the Community Partners list are agencies the Foundation has current financial information about, and has made a grant to in the last three fiscal years. The list is reviewed and approved annually by the Board of Directors.
- The Foundation's staff and/or Community Investment Advisory Board will conduct an independent investigation of each recommendation to determine whether it is consistent with the charitable needs of the community and the goals of the Foundation. The degree of formality of the investigation will depend upon the nature of the grantee organization, the purposes of the grant, and the information already available to the Foundation on the proposed grantee. If it is determined that the recommendation is not appropriate, the Advisor will be informed that the recommendation does not meet the standards for distribution.
- Grants \$50,000 and under to organizations on the Community Partners list will be paid twice per month, on the 1st and the 15th. The Board of Directors or the Executive Committee shall review the Donor Advised grants that have been made monthly.
- Grant recommendations above \$50,000, and/or to organizations not found on the Community Partners list will be presented individually at the monthly Board or Executive Committee meetings for consideration. Any new organization that is approved for a grant will be added to the Community Partners list for future grant approval purposes.
- To educate Advisors on community needs and encourage them to make recommendations accordingly, the Foundation will maintain basic information on local nonprofit and charitable organizations for assisting advisors in their decision-making, and will encourage donors and advisors to consult with the staff on all prospective recommendations.
- The Foundation encourages advice from other members of the community, in addition to Advisors, as to the distribution of grants from Donor Advised Funds. The Foundation may from time to time seek advice from those familiar with community needs or having expertise in a particular field to make recommendation on distributions from a given fund.
- The Foundation will decline to make distributions as recommended by advisors when:
 1. A recommended grant from a Donor Advised Fund is intended to satisfy a pledge of the advisor or any other person.

POLICIES GOVERNING DONOR ADVISED FUNDS (Continued)

2. After investigation, the Foundation finds that the recommended recipient does not meet the Foundation's general standards for grant making.
 3. The recommendation is deemed unworkable.
 4. The organization is not a 501(C)(3) charitable organization.
 5. The gift would not be fully tax-deductible if given directly by the donor (for example, if the donor receives direct benefit from the gift such as dinner or tickets).
 6. For any other reason, the Foundation finds the recommendation to be incompatible with the charitable needs and opportunities of Central Florida.
- Any distribution from a Donor Advised Fund, unless otherwise requested by the donor, will identify to the grantee organization the name of the fund from which the distribution was made.
 - The Foundation will provide Advisors with quarterly statements of contributions to and distributions from the Donor Advised Fund.
 - At the time of death of the Advisor(s) or dissolution of the advisory group, donor advised funds of less than \$25,000 shall become part of the Foundation's Community Investment Endowment. Donor Advised Funds of more than \$25,000 shall become unrestricted named endowment funds of the Foundation; provided, however, that if the donor or advisor indicated a particular interest in a charitable field(s) during his/her lifetime, preference will be given to that field(s) in distributions from the fund.
 - Donor Advised Funds of \$500 or less which become inactive for a period of one year or more may be terminated, upon written notice to the advisor, by action of the Board of Directors and will become part of the Foundation's Community Investment Endowment. Donor Advised Funds of up to \$25,000 that become inactive for a period of three years or more may be terminated upon written notice to the Advisor by action of the Board of Directors and will become part of the Foundation's Community Investment Endowment. Donor Advised Funds of \$25,000 or more that become inactive for a period of three years or more may be terminated as Donor Advised Funds upon written notice to the Advisor by action of the Board of Directors but will become permanent named endowment funds at the Foundation; provided, however, that if the Donor Advisor indicated a particular interest in a charitable field(s) during his/her lifetime, preference will be given to that field(s) in distributions from the fund. Funds shall be deemed "inactive" when no contributions have been made to them and no distributions recommended from them during the period specified above.