



**Community
Foundation**
of the
Dan River Region

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Donor Advised Fund Policies

(Approved by the Board June 13, 2022)

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 or distributions.

Minimum Fund Size

The Community Foundation of the Dan River Region ("Foundation") offers donor advised funds, along with other fund types and scholarships. Currently, we require a minimum of \$10,000 to create an endowment fund and \$25,000 to create a scholarship fund, but scholarships may not be donor advised. At this time, donors are allowed up to three years to reach these minimums. Note that these policies and amounts are subject to change at any time.

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, partnership interests, real estate, personal property, trusts and life insurance. Contributions are subject to acceptance by the Foundation. Contributions should be clearly designated by fund name: "The XYZ Fund of The Community Foundation of the Dan River Region."

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. Please note that distributions from IRA accounts to

donor advised funds held by public charities are not considered qualified charitable distributions under the charitable rollover provision. 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. Upon the death, incapacity, or other disqualification of the last of the advisors named above, named individual(s) may serve as successor advisor(s) to the DAF. Successor advisors may be named for one generation past the lifetime of the original advisors.

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

Recommended grants must be for charitable purposes. The minimum grant amount is currently \$100.00, but note that these policies and amounts are subject to change at any time.

You may recommend grants to any organization described in section 501(c)(3) of the Internal Revenue Code, except The Foundation does not make grants to private foundations. You 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) or to businesses. Examples of organizations to which the Foundation will not grant include social welfare organizations (501(c)(4)); veterans' organizations; cemeteries; Chambers of Commerce and similar business associations; fraternities and sororities; social clubs; and fraternal organizations such as Elks and Moose.

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

Grant recommendations from donor advised funds must be made in writing to the Foundation, using the attached form. The Foundation will contact advisors annually with the approved grant amount available from their fund and will be available at any time to assist donors with grant research. Currently, donor advised grants are approved by the Board of Directors and paid on a quarterly basis.

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. 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), the grant letter will indicate that the contribution is from "The XYZ Fund of The Community Foundation of Dan River Region" and that it has been given upon the recommendation of the named advisor. The recipient organization is encouraged to acknowledge the gift to the advisor 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 of Dan River Region."

Fundraising

Donors sometimes want to raise money to add to their advised funds. Please refer to the Foundation's Donor Initiated Fundraising Policy for approved practices. 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 Finance Committee and Board of Directors. Donor Advised Funds are customarily invested and commingled with assets of other funds of the Foundation.

When the size of a fund warrants separate investment consideration, typically for funds over \$1 million dollars, the Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use of a particular investment manager, broker or agent in accordance with the Foundation's Investment Policy.

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 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. Investment management fees are pooled and allocated based on each fund's balance. The Foundation's administrative fee schedule may change from time to time.

CFDRR Fee Schedule (effective July 1, 2013)

	FUND VALUE	FEE SCHEDULE	ANNUAL FEE
First	500,000.00	1.25%	6,250.00
Next	500,000.00	1.00%	5,000.00
Next	1,000,000.00	0.75%	7,500.00
Next	3,000,000.00	0.65%	19,500.00
Total	5,000,000.00		38,250.00

*Total \$5 million fee 0.77%

*Minimum fee of \$500 on all scholarship funds.

*Fees on Pass Through Funds shall be at least 2% of the total fund.

*Additional charges may be required for special services for any funds.

Fund Activity Procedures

It is recommended that annual grants be made from each fund in order to meet the donor’s charitable intent. Acorn funds are exempted from this policy since no grants are to be made while these funds are allowed three years to reach their minimum endowment requirement. The Foundation Board oversees annual grants from unrestricted funds and scholarship funds through competitive grant cycles. The Foundation determines if field of interest funds will be reviewed by an internal committee, accept annual grant applications or receive recommendations from an advisory committee.

Donor advised fund representatives are contacted annually in writing with the approved annual distribution available from their fund and a copy of the attached Grant Recommendation Form. All written donor advised fund recommendations are reviewed by staff to ensure they meet our grant guidelines and then approved by the Board of Directors and paid on a quarterly basis.

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 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 period, the advisor or successor advisor does not reply to the Foundation’s attempts to contact them.
- An Acorn fund does not reach its minimum endowment requirement.

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. If no instructions are provided in the fund agreement, then the Board of Directors will determine whether the fund had a history of supporting one specific field of interest (arts, environment, children, etc.) and should be converted to a field of interest fund or whether the historic grants were varied enough to warrant converting the fund to an unrestricted fund.

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 pool. If the principal balance of the fund exceeds the minimum required fund balance, the Fund will continue to be maintained as a separate named endowed fund for unrestricted purposes or as a field of interest, if the donor(s) or successor-advisor(s) have specified in writing one or more broad fields of interests for the fund.

ATTACHMENT: CURRENT DONOR ADVISED FUND RECOMMENDATION FORM

I/We have read and reviewed the terms of the Donor Advised Fund Policy as described in this policy.

Donor	Date

Donor	Date