

Guidelines for Donor Advised Funds

INTRODUCTION

Welcome to the North Georgia Community Foundation. We strive to assist donors in maximizing the impact of their charitable gifts and hope that you'll make full use of the services we offer.

The purpose of the Donor Advised Fund program is to create an opportunity for people like you to give back to their communities in an informed and active way. This handbook is designed to explain the Community Foundation's procedures and to answer some of the basic questions you may have about your Donor Advised Fund. It is a useful orientation for new donors and a handy refresher for those with established funds. Our goal is to make participation in the work of the Community Foundation as rewarding as possible.

The staff at the Community Foundation is dedicated to meeting the diverse needs and interests of our donors. We attempt to personalize our donor services in a variety of ways. But most of all, we want to get to know your charitable interests so that we are better able to assist you in meeting your charitable giving goals.

A Community Foundation is a publicly supported organization created by and for local citizens to benefit their community. Community Foundations build philanthropy and support philanthropic efforts to meet local needs and improve the quality of life for all the community's residents.

Since 1985, the North Georgia Community Foundation has helped hundreds of donors to make the greatest impact for good, and, in some way has touched the lives of thousands of people in our area.

In the words of one Donor Advised Fund holder, "When all is said and done, I want to know that our gifts made lives better, that we did the greatest good we could with what we gave. The Foundation has been a wonderful way for us to give back."

MISSION

To enhance the spirit of community and quality of life in the greater north Georgia region by building, preserving, and distributing philanthropic assets.

CHARACTERISTICS OF DONOR ADVISED FUNDS

A Donor Advised Fund is a charitable fund established by a donor (an individual, family or business) into which they contribute cash or assets, receive a tax deduction and continue to have the opportunity to be involved in its charitable use. A Donor Advised Fund offers active participation in the grant process by allowing you or your designee to recommend the grant recipients. It affords all the advantages of a private foundation with greater tax benefits and none of the administrative tasks. A Donor Advised Fund can be created at the North Georgia Community Foundation in a variety of ways—cash donations or appreciated securities, for example. It's a perfect vehicle for those who wish to participate actively in grantmaking and retain philanthropic flexibility.

A Donor Advised Fund is an irrevocable charitable gift of cash or securities from which you have the opportunity to recommend disbursements for charitable causes. Any recommendations regarding distributions from the fund shall be advisory only. Such recommendations shall not be binding upon the

Foundation and the final decision regarding any distributions from the Fund is the decision of the Board of Directors of the Community Foundation.

Funds established at the North Georgia Community Foundation are component funds of the Community Foundation, a 501 (c)3 public charity. All contributions to the Community Foundation's funds are treated as gifts to a public charity.

BENEFITS OF DONOR ADVISED FUNDS

Simplicity

Through the Community Foundation, you can centralize and streamline your philanthropy. One fund here allows you to recommend grants to many different nonprofit organizations without having to make separate contributions to each organization. Responsibility for the administrative work associated with charitable giving is transferred to the Community Foundation, and your anonymity can be protected if desired.

Flexibility

You receive a charitable tax deduction in the full amount you give to a Donor Advised Fund in the year of your contribution, but you can make decisions regarding distribution for many years thereafter. Your fund continues to be invested and grows tax-free in a well-diversified, professionally managed portfolio.

Maximum Tax Deductions

Donors who contribute long-term appreciated securities to the Community Foundation get a double federal tax benefit. Gifts of appreciated securities are deductible at their full market value if they were owned longer than twelve months. The capital gains tax on the stock's appreciation (the difference between the stock's cost and its current fair market value) is completely avoided. Every individual's tax situation is unique and we suggest that individuals consult their tax advisor with respect to maximizing tax benefits.

Expertise

Your partnership with the Community Foundation is an opportunity to learn about philanthropy from experienced, professional grantmakers. Program staff—a ready reserve of information and expertise about our nonprofit community—are available to review requests and make recommendations. If you wish, we will bring your attention to organizations working in areas of your charitable interest.

Attractive Alternative to a Private Foundation

A private foundation can be an appropriate vehicle in the right circumstances. However, the disadvantages of private foundations, including costs, administration, annual tax filings to the IRS, and lesser tax benefits, cause many people to seek a better alternative. A Donor Advised Fund may be that better alternative. Private foundations can be terminated and the assets easily transferred to a Donor Advised Fund with the Community Foundation.

SETTING UP A DONOR ADVISED FUND

To create a Donor Advised Fund, you sign a Fund Agreement—a document that conveys your gift to the North Georgia Community Foundation (NGCF). A **donor** is the person who establishes the fund and a **donor advisor(s)** is designated by the donor in the Fund Agreement as the only person(s) who can recommend disbursements from the fund. In the agreement, you may name yourself as an advisor, either to act alone or with another individual (or individuals). It is recommended that if more than one person is listed as a donor advisor, that one person be specifically designated to act as the chairperson for the fund in submitting Grant Recommendation Forms to the Community Foundation.

VARIANCE POWER

It is understood that all assets contributed to the Fund become irrevocable gifts to the Foundation, and the ultimate authority and control of all property in the Fund rests with the Foundation. All funds established at the Foundation are subject to the Foundation's variance power, as set forth in the Foundation's bylaws. Variance power gives the Board of Directors of the North Georgia Community Foundation the power, without the approval of any donor, trustee, custodian, agent or other person or entity, to modify any restriction or condition on the distribution or investment of funds for any specified charitable purpose or to any specified organization if, in the sole judgment of the Board of Directors, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the corporation or if, in the sole judgment of the Board of Directors, other circumstances warrant such modifications.

MINIMUM VALUE

NGCF recommends a minimum of \$10,000 to start a Donor Advised Fund but we are eager to work with you to accomplish your charitable goals and discuss your individual circumstances.

ADDITIONAL CONTRIBUTIONS

Contributions such as cash and appreciated securities can be made at any time. Gifts of real estate and certain other tangible assets can only be accepted with prior approval of the Community Foundation's Gift Acceptance Committee, subject to review by the Board of Directors.

Gifts to a public charity, unlike contributions to a private foundation, have the benefit of the maximum charitable deduction permitted under current laws. The charitable gift you make to establish a Donor Advised Fund, and any subsequent contributions to the fund, are fully deductible as gifts to a public charity. A community foundation is defined as a public charity under sections 501(c)(3) and 170(b)(1)(A) of the Internal Revenue Code. All gifts to the fund are acknowledged by a sanctioned IRS letter that may be used as evidence of the charitable contributions for tax purposes.

All checks should be made **payable to NGCF** with the specific fund identified either on the payee line ("NGCF/Your Fund") or on the memo line. This ensures ready acceptance by banks and accountability by NGCF.

Some Donor Advised Funds conduct fundraising events or solicitations to grow their fund. All solicitations on behalf of a fund at the Community Foundation must meet our fundraising activity guidelines in advance of fundraising or solicitation. Staff will provide these guidelines upon request.

DISTRIBUTIONS

The donor advisor(s) recognized in the Fund Agreement may submit grant recommendations to one or more charities by using a Grant Recommendation Form. You may send it by mail or fax or submit it online. Grants may only be made to publicly supported 501(c)(3) charities, schools or government entities. Minimum recommendations of \$200 are encouraged in order to make the most efficient use of the NGCF's resources. Grants may be for undesignated support or you may designate the grant be used for a particular purpose. If no designation is stated, we will assume that the grant is to be used for general support.

Community Foundation staff will research and document the charitable status of the proposed recipient organizations and the charitable nature of their activities, when necessary. With the support of our grantmaking staff, the Community Foundation reviews the recommendations using criteria established by our Board of Directors in accordance with IRS guidelines.

The Community Foundation's primary interest is the support of nonprofit institutions throughout the north Georgia region. However, grants to charitable organizations outside of this geographical area are also usually found to be appropriate for consideration.

RESTRICTIONS ON DISTRIBUTIONS

The IRS is specific about some limitations on the types of grants that can be made from a Donor Advised Fund. Distributions from the Fund may not be used to fulfill any preexisting pledge or for any personal benefit for donor(s), fund advisor(s), or any related party, including personal grants, loans, compensation, reimbursements, and other similar payments. Additional examples of personal benefit include memberships in a nonprofit organization, tickets to fundraising dinners or golf tournaments and goods purchased at charitable auctions and other fundraising events. In addition, distributions may not be made to private foundations or individuals or used for political contributions, lobbying or to support political campaigns.

COMMON GRANTS

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

Unrestricted

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

Operating or general support

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

Project/Program

A project or program grant supports a specific activity.

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.

Endowment

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

Challenge or matching

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

MAINTAINING CONTACT WITH GRANT RECIPIENTS

When the Community Foundation makes a grant from a Donor Advised Fund, the charitable organization receiving the grant is informed by letter. A copy of the grant distribution letter is sent to you as confirmation. Unless you otherwise request, any distribution from a Donor Advised Fund shall identify the name of the fund and the name and address of the fund's primary contact person for acknowledgment purposes.

We make every effort to respond promptly to your grant recommendations. Checks to organizations previously known to the Community Foundation will be issued in a timely manner – usually within five business days of receipt of the grant recommendation. Community Foundation staff will gather basic data and follow through with appropriate actions as quickly as possible.

ADDITIONAL WAYS TO SUPPORT NGCF

Each year, individuals, foundations and corporations throughout north Georgia contribute to the Community Foundation. Gifts to any of the Community Foundation's Community Impact Funds help to

meet the needs of our community today and for years to come. You may request that a transfer be made from your Donor Advised Fund to any Community Impact Fund or to any other named fund at any time.

INVESTMENTS

The funds of the North Georgia Community Foundation are managed by professional investment managers under the supervision of the Investment Committee of our Board of Directors in accordance with our Investment Policy. Regular reviews are conducted to monitor investment performance and activity.

Grant payouts from Donor Advised Funds can be made from income (endowed) or principal (non-endowed). When you create an endowed Donor Advised Fund, you make an endowed gift to the Community Foundation. This type of fund is invested not as an individual account, but as a part of a pool. Therefore, this fund enjoys economies of scale in investment fees and returns, more so than if it were invested as a separate, individual fund.

When you create a non-endowed Donor Advised Fund, you make a non-endowed gift to the Community Foundation. These funds are invested in a money market fund and, upon request, a portion may be invested in the investment pool described above.

FEES

There is no initial charge to set up a fund. Once a fund is established, a Foundation Support Fee is assessed on a quarterly basis. Foundation support fees provide for the operation of the Foundation, including documenting tax deductions for donors, check preparation, grant review and processing, fund reports, mailing, data processing, bookkeeping and obtaining an independent audit. These fees are assessed directly to the fund and do not require an additional payment by you.

The annual Foundation Support Fee for Donor Advised Funds is 1.6% assessed on the fund balance at the close of every quarter at 0.4% with declining fees above \$1.5 million (see detail below):

Fund Fair Market Value	Total Annual Fee	Quarterly Assessment
Up to \$1.5 million	1.60%	0.4%
From \$1.5 to 2 million	1.35%	0.338%
From \$2 to 3 million	1.1%	0.275%
Amount above \$3 million	1%	0.25%

FUND STATEMENTS

You will receive quarterly fund statements, sent to you approximately the 15th of the month following the close of the quarter. These reports contain information on interest and dividends earned, realized/unrealized gains and losses, contributions, fees, and grants made during the quarter. Historical data of all your gift and grant-making can be provided to you upon request. If you should have any questions, please do not hesitate to contact us.

FAMILY INVOLVEMENT

You may wish to encourage your children to carry on this tradition of philanthropy. The Community Foundation invites you to appoint your children as successor advisors. Experience indicates that educating children through example and shared activities instills this legacy of commitment. We would be glad to assist you in determining an appropriate way to involve others in your family philanthropy.

CREATING A LEGACY

By creating a fund with us during your lifetime, you have already made it possible to leave a permanent legacy to charity. Donors establishing a Donor Advised Fund have the option to determine a future plan for the fund upon the death, resignation or incapacity of the fund's last surviving donor advisor of the last surviving advisor.

FREQUENTLY ASKED QUESTIONS

When may I make recommendations for distributions from the Fund?

You may make grants from your fund whenever you wish throughout the year.

How often should I recommend grants from the fund?

We encourage you to recommend grants from your fund on a regular basis. Some advisors choose to do this annually, while others offer their recommendations semi-annually or quarterly.

How will I know how much I have available in the fund to make recommendations for grants?

Fund statements are prepared quarterly. You may contact the Community Foundation at any time to discuss the details of your fund including the amount that is available for you to recommend for grants.

What kind of organization may I recommend for grants?

You may recommend publicly supported 501(c)(3) charities, schools or government entities.

May I recommend a multi-year grant from my 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 automatically.

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.

GENERAL POLICIES OF THE COMMUNITY FOUNDATION

These guidelines provide you, the donor advisors and prospective donor advisors of the North Georgia Community Foundation, with information on what you may expect in working with the Community Foundation. We look forward to helping you reach your charitable goals and always welcome your input and suggestions.

As a donor, you are encouraged to communicate freely and frequently with us. Communication fosters understanding and helps us to efficiently administer your contributions and more effectively respond to your distribution suggestions. You may contact us in person, by telephone, mail, email or facsimile, whichever is most convenient for you.

The information contained in this handbook is intended to inform donors and professional advisors about Donor Advised Funds. We will make our best effort to communicate any changes about Donor Advised Funds in a timely manner.

Confidentiality of Donor Information

Information about Community Foundation donors is confidential. We do not disclose names, financial information, individuals' ages or other personal information without the donor's consent.

We use your mailing information only to grantee organizations so that they may appropriately acknowledge the grant to you (unless you request anonymity) and only as a means for us to stay in touch, to keep you informed of your fund activity and Community Foundation activities and opportunities.

Information on Charitable Giving and Organizations

To assist you in meeting your charitable goals, we are pleased to provide you with information on charitable-giving techniques, such as planned giving, as well as information about charitable organizations you may wish to support through the Community Foundation.

In our relationship with you and with other donors, we also encourage the involvement of your professional advisors. We do suggest you solicit legal and other professional advice, as needed, to optimize the benefits of your relationship with us.

STAFF CONTACT LIST

The North Georgia Community Foundation's staff is an excellent resource for donor advisors and is always available to assist you in accomplishing your philanthropic goals. You may be interested in visiting a nonprofit organization, or in having research provided to you about a nonprofit group. You may be interested in a specific geographic area and seek information about nonprofits serving that region. You may be interested in planning a bequest for a charitable purpose. If so, please contact us.

James E. Mathis, Jr. (Jim) – President/CEO
Extension 223
Email: jmathis@ngcf.org

Callie Flack, Vice President – Programs
Extension 226
Email: cflack@ngcf.org

Lisa Warwick, Vice President – Finance
Extension 222
Email: lwarwick@ngcf.org

Cheryl Vandiver, Vice President – Development
Extension 221
Email: cvandiver@ngcf.org