



## Donor Advised Fund Policy

### 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 Pikes Peak Community 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

Pikes Peak Community Foundation has no minimum amount required to establish a Donor Advised Fund. A fund can be started with any amount. Distributions can be made from the principal or interest of the fund. The minimum amount to establish a fund is subject to change at any time by the Board of Trustees.

### Contributing to a Fund

Gifts to a fund are irrevocable. The assets of donor advised funds are owned and controlled by the Foundation. If 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. Contributions should be clearly designated by fund name: **"The XYZ Fund of Pikes Peak Community Foundation"**

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 named organizations. These restrictions may apply from the inception of the fund or may come into effect after 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. Donors may designate individuals as successor advisor(s), who have privileges to make recommendations appropriate for the fund. When choosing a successor advisor for a donor advised fund, please consider the following:

- A donor advised fund allows for successor advisors so long as they are alive when the fund is established and are 18 years of age when they become a successor advisor.
- If multiple successor advisors are named, one must be designated as the primary advisor. The primary advisor should confer with the any other advisors to the fund before grant recommendations are submitted. Primary successor advisors may add future successor advisors, after conferring with the other advisors to the fund.
- If a primary advisor is not desired, the fund may be split into independent funds for each named successor.

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**

Grants must be for charitable purposes. The minimum grant amount is **\$250**. You 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. 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 makes 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.

The Foundation's goal is to make giving easy, effective and enjoyable. A donor may make recommendations for grant distribution by:

- The online donor portal by clicking on "My Fund" from the Community Foundation's website ([www.ppfc.org](http://www.ppfc.org)); or
- By emailing your philanthropic advisor

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 Pikes Peak Community Foundation”** 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 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 Pikes Peak Community Foundation.”**

### **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 Donor Initiated Fundraising 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. Although the Assets may be commingled with other assets of the Foundation, the Fund’s separate identity will be maintained. The

Assets will be managed in the investment pool set forth in Schedule D of the Donor Advised Fund Agreement.

When the size of a fund warrants separate investment consideration, typically for funds over \$100,000 dollars, the Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use of an 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.

### **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:

#### **Administrative Fees Donor Advised Funds**

These fees directly support the services that PPCF staff offer to administer your fund and to act as a personal advisor toward advancing your goals of making our community a better place, now and forever.

<b>Fund Balance</b>	<b>Fee Percentage</b>
Up to \$249,999	1.75%
\$250,000 to 499,999	1.5%
\$500,000 to \$999,999	1.25%
\$1,000,000 to \$4,999,999	1.0%
\$5,000,000 and above	0.9%
Donor endowed fund	0.9%

**Administrative Fees:** – Pass-through granting within 90 days of gift will be assessed a 1.75% fee on the balance, charged up front.

**Important Note:** Investment management and other transaction fees will vary depending on the investment option selected. Current investment fees, when pooled in the Pikes Peak Community Fund investment account, are 0.53%.

The Fee Schedule is subject to change based upon Board approval. Investment management fees vary depending on the investment manager.

### **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;
- All named successor advisors are unable or unwilling to serve as such; and/or
- No recommendations are made with respect to grants from the fund for a period of two years and, during such period, 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.

### **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.