



THE COMMUNITY FOUNDATION  
*of Shelby County*

*Build Today...Dream for Tomorrow*

## Gift Account Guidelines

A Gift Account at the Community Foundation of Shelby County (“CFSC”) is a short-term donor advised fund that is intended to disburse to qualifying charities the entire amount gifted to the account. These non-endowed funds make budgeting and tracking your charitable giving very easy.

Gifts to a Gift Account are irrevocable and, by law, the Fund must be under the authority of the Board of Trustees of the CFSC.

### **What is a Donor Advised Fund?**

According to the Pension Protection Act of 2006, a Donor Advised Fund must possess three characteristics:

- It must be separately identified with reference to the contribution of a donor or donors. For instance, the XYZ Gift Account is established by Mr. & Mrs. XYZ.
- It must be owned and controlled by a sponsoring organization, such as the CFSC,
- The donor or a person appointed by the donor must have, or must reasonably expect to have, the privilege of providing advice with respect to the fund’s investments or distributions.

### **Establishing a Gift Account**

Two items are necessary to establish a Gift Account: a signed fund agreement and a gift. A basic agreement is available from the CFSC office which allows you to specify advisors (typically you and your spouse or other family members) and successor advisors who may provide grant recommendations. There is no minimum balance required to maintain a Gift Account.

### **Adding New Gifts**

Gifts to charitable funds within the CFSC are tax deductible to the highest amount allowed by law, which varies depending upon gift type. By law, gifts to a Donor Advised Fund are irrevocable and assets are owned and controlled by the CFSC.

You may add to the Gift Account at any time and in any amount in the form of cash or publicly traded securities. Checks may be made payable to: **Community Foundation of Shelby County**...add to the memo line “Gift Account of (your name).” If you are planning to transfer a gift of public securities to our account, please contact our office with the company name (or stock ticker) and number of stock. We want to correctly credit the sale proceeds to the proper account. Please call us if you need our account and DTC numbers. Please refer to the Gift Acceptance Policy for further information.

Gift Account assets are not placed in our investment pools. Gifts placed in the Gift Account are held until depleted through grant disbursements.

### **Advisory Committee Involvement**

Donor advisors have the opportunity to stay involved with the Gift Account by offering recommendations for grants.

Advisors and successor advisors may be named on Exhibit B of the account agreement. If at any time there is more than one Advisor to the Gift Account, the Advisors shall appoint an Authorized Advisor to conduct all communications to and from the CFSC. If there is no Authorized Advisor appointed, the designee shall be the first Advisor or Successor Advisor listed in Exhibit B who is capable and willing to fulfill the role of Authorized Advisor.

Upon the death, incapacity or resignation of the survivor of these Advisors, any outstanding grants authorized shall be paid to qualifying charitable organizations. Any undesignated balance shall be held permanently and transferred to a general, unrestricted granting fund of the CFSC.

#### *Fund Statements*

Donor advisors will be offered the opportunity to receive fund statements by mail or through an online, password protected site. Viewing the statements online gives you access to your gift and grant histories, as well as other information such as investment returns and administrative fees.

Donor advisors should update contact information whenever necessary and inform the Foundation of changes in the involvement of the Authorized Advisor, other advisors or successors. Please see the section regarding ‘The Future of the Fund’ for successor advisor and fund transition information.

### **Granting**

Gift Account advisors may recommend grants at any time or in any amount, up to the balance of the Gift Account. Grants may be sent to other qualifying not-for-profit organizations and to other charitable funds within the CFSC. Distributions from a Gift Account have no tax impact for the donor, as a gift to the CFSC was the tax deductible event.

Gift Account grants are written only for charitable purposes and typically to organizations that have a 501(c)(3) tax exemption and are described in Section 170(b)(1)(A). Our staff handles due diligence to uncover the tax status of a grantee and will contact you if there are any concerns or difficulties with a grant.

In accordance with the Pension Protection Act of 2006, donor advised fund grants may be issued to 501(c)(3) charities that have a 509(a)(1) or 509(a)(2) status and to 509(a)(3) Type I, II or III functionally integrated supporting organizations. Grants to not-for-profit organizations that do not have a 501(c)(3) status or are 509(a)(3) Type III non-functionally integrated supporting organizations (or other types of supporting organizations if the organization they are supporting is controlled directly or indirectly by either the donor, advisor or a related party) may be permitted if the organization satisfies expenditure responsibility requirements.

It is the CFSC’s general practice to follow donor advisor recommendations; however, **as a component fund of the CFSC, the final decision regarding all distributions from the Gift Account shall lie with the Board of Trustees.**

### **Making a Grant Recommendation**

Grant recommendations should, whenever possible, be made in writing to avoid confusion over amount and organization name or special instructions. Acceptable forms of providing a grant recommendation include a signed note or Grant Recommendation form, an email from the donor advisor’s email address or, if necessary, a verbal communication from the donor advisor.

Recommendations should include the following:

- Organization name and mailing address (or other charitable fund name)
- Grant amount
- Special instructions to include with the grant check, such as ‘In Memory of’ or a specific account to receive the grant. (ie: Annual Campaign or Building Fund)

Grant checks for approved grants are issued on a weekly basis. Checks may be mailed to any local or national charity’s office or returned to the donor advisor for personal delivery. Monthly or quarterly grants may be scheduled. The full amount of the scheduled grants must reside in the fund and will be accrued.

#### *Community Grants Opportunity*

Each spring during the CFSC’s Community Granting cycle, donor advisors are sent the list of organizations seeking grants from our community granting and field of interest funds. There is no obligation to support these requests, but they offer insight into current needs of local organizations.

#### **Grant Restrictions**

Certain types of grants prohibited by the Pension Protection Act of 2006 will not be issued, including:

1. Grants to individuals or to organizations for the benefit of specific individuals.
2. Grants or other payments to donors, advisors or related parties
3. Grants for non-charitable purposes.

Grants will not be issued under certain circumstances. The following restrictions apply to fund donors, advisors and related parties, including family members and employees:

- ◆ To an individual;
- ◆ To satisfy pledges (e.g. a signed commitment to make future gifts);
- ◆ To provide a loan, compensation or similar payments or to reimburse individuals for expenses incurred because of the Gift Account;
- ◆ To pay for dinners, entertainment, golf tournaments, tickets to events and other benefits of more than an incidental value. Grants cannot be used to cover the cost of tickets for a charity dinner or entertainment, even if the donor advisor does not use the tickets;
- ◆ To pay a membership in an organization such as a fraternal or veterans organization or a nonprofit golf or fitness club. Donor Advised Funds may be able to support foundations associated with these organizations, so long as no membership benefit is given in return for the contribution;
- ◆ To purchase raffle tickets, games of chance, or charity auction items; or
- ◆ To private foundations, to political campaigns, or for lobbying purposes.

#### **Variance Power**

The CFSC is authorized to adopt such regulations, procedures, and other administrative provisions to carry out the purposes of the Gift Account or as may be required by the Internal Revenue Service so as not to jeopardize the Foundation’s status as a tax-exempt public foundation.

The Foundation is further authorized to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified charitable organizations, if in their sole judgment (without the approval of any trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the service area.

**Fund Updates**

You can view monthly updates to the Gift Account through a password protected area of our website. This helps you keep track of the account's balance and grant history. The password and login instructions will be sent to you after a gift is received to establish the Gift Account.

**No Fees**

No fee is charged to the balance of the Gift Account. Instead, the Foundation retains any interest earned on the account.

If you have any questions about the Gift Account or the Community Foundation of Shelby County, please contact Marian Spicer, Executive Director ([mspicer@commfoun.com](mailto:mspicer@commfoun.com)) or Jessica Fortkamp, Donor Relations Director ([jfortkamp@commfoun.com](mailto:jfortkamp@commfoun.com)), at (937) 497-7800.