



## **GUIDELINES FOR DONOR ADVISED FUNDS**

The Community Foundation of the Florida Keys (CFFK) is honored to work with the many individuals and organizations that have established donor advised funds (DAF) for the benefit of the Florida Keys. CFFK is very flexible in working with donor advisors about grants from the funds they establish.

We realize that with the management of these funds comes a stewardship responsibility. These policies that have been established to manage and direct donor advised funds reflect our responsibility to the community and the trust that generations of philanthropists have placed in us. These policies are also driven by our understanding of IRS rules and requirements. Rules affecting the administration of Donor Advised Funds are subject to CFFK governing instruments, board policies, IRS regulations, and current federal, state and local laws. The following guidelines are provided to help answer some important questions about how a donor advised fund works.

We welcome the opportunity to work with you to fulfill your philanthropic goals. Our programs are flexible and can be customized to fit your specific needs. Our Donor Advised Funds, Unrestricted Funds, Scholarship Funds, and Designated Funds allow donors to establish a fund in their name, in a family's name, or in the name of any person or organization they wish to honor. Grants distributed from these funds are awarded in the name of the fund. These funds may, if the donor chooses, last forever, and the person or organization will always be remembered and linked to good works in our community. The Donor may choose to be anonymous, if desired.

### ***Why Establish a Fund With the Foundation Instead of Giving Directly to a Favorite Charity?***

Donors who want to ensure that their gifts will do the most good in the community and support organizations over the long term, find that community foundations offer them the expertise, flexibility and community resources that can add useful value to their gifts. Some donors also prefer to be shielded from fundraisers by giving through the auspices of the Foundation.

### ***How Do I Start a Donor Fund?***

The process is easy.

- **Decide When to Give.**  
Now, through a named fund or through our Legacy Program.
- **Decide What to Give.**  
Almost any type of appreciated asset can be used as the basis for your fund.
- **Choose the Name for Your Fund**  
Your name, family name or you can choose anonymity.
- **Choose a Type of Fund**  
We provide a wide variety of funds to meet your charitable interests.

Then contact CFFK who will work with you to determine which type of fund fits your specific needs and draft the appropriate fund agreement for your signature.

### ***Is There a Minimum to Start a Donor Fund?***

The minimum to start a donor fund is \$10,000.

### ***How Do I Recommend Distributions From My Fund?***

Recommendations for grants from donor advisors must be in writing by letter, fax or via email ([cffk@cffk.org](mailto:cffk@cffk.org)) and signed by the donor advisor. Requests must contain 1) amount of grant; 2) name of organization; 3) purpose of grant and 4) any special delivery instruction. If the donor advisor does not specify the purpose of the grant, we notify the charity the grant is for general operating support. If the Donor Advisor(s) or his/her immediate family is an employee, officer, or member of the governing board of the grant recipient, this information should be disclosed in detail in the grant request.

### ***Is There A Minimum Grant Amount?***

You may recommend grants of any size. However, we recommend the minimum size of grant recommendations be at least \$500.

### ***Who May I Recommend To Receive Grants?***

You may recommend grants to nonprofit charities, private schools and universities, and religious institutions. We cannot make grants to private foundations or pre-selected individuals.

### ***Are There Any Restrictions For Grants?***

You may not pay a pre-existing, legally binding pledge or a capital campaign pledge from your fund. Paying such a pledge from a donor advised fund may result in a private benefit not permitted under IRS regulations. Also, because donor-advised fund assets are 100 percent charitable, no part of a grant may be used to pay for any tangible benefit such as attending a fundraising event or receiving tangible benefits of a membership. All grant letters indicate that the donor and CFFK may not receive any benefit from the grant.

### ***How Does The Grant Process Work?***

As part of our fiduciary responsibility, all grants are approved by the CFFK Board. When a grant request is received, the request is forwarded to the Executive Committee for approval after review by staff to ensure 501(c)(3) status by obtaining the Federal EIN number via Guidestar and/or contacting the agency directly for relevant information. The entire process takes approximately a week to ten days, although special arrangements may be considered from time to time to accommodate emergency requests. Later, the full Board ratifies the grant at their monthly meeting.

Once the grant is approved, the grant check and transmittal letter on CFFK letterhead are sent to the agency. The letter names the donor advised fund the grant came from and states that neither the donor advisor nor CFFK is receiving any benefits for the gift. Thank you letters received from the grantee by CFFK are forwarded to the fund advisor.

At the donor advisor's request, grant checks may be sent to the donor advisor to forward to the agency or you may send us a letter or any special wording in your grant request. Please let us know if you have any special requirements such as remaining anonymous or requesting that the gift be made in honor or in memory of someone.

### ***What Is an Endowment Fund?***

An endowment fund intends to maintain the real value of its principal in perpetuity. Grants are made out of investment returns only at a rate that is sustainable over the very long term, usually four to five percent per annum. This is in contrast to a spend-down fund in which the plan is to spend the entire fund over some time period. Because endowed funds build a savings account for our future, the Board of Governors strongly recommends that individuals choose to establish "endowed" donor funds.

### ***What Happens to the Corpus in an Endowed Fund?***

It remains invested in the Foundation. After the donor's lifetime, either his heirs, or appointed advisors (acting as advisors to the fund), or the Foundation Board will continue to make grants. Grants will be made in the donor's name and according to the donor's wishes.

### ***How Do I Know My Recommendation Was Processed and Received?***

We send you a copy of the transmittal letter at the same time we send the grant check to the agency/recipient. Additionally, all grant activity is included in the quarterly donor report mailed to fund advisors after the end of the calendar quarter. We can provide a summary of grant activity or answer questions about fund balances anytime during the year.

### ***How Is My Donor Fund Managed?***

The CFFK manages donor funds in a commingled account unless otherwise indicated by the fund advisor and agreed upon by the CFFK at the time the fund is established. The Investment Committee of the Board of Governors oversees the investments and reports periodically to the Board of Governors. Quarterly Investment Performance Reports are posted on the [www.CFFK.org](http://www.CFFK.org) website.

### ***When Do I Get Reports on the Activity in My Fund?***

Quarterly reports are issued to the donor advisor(s) of record around the 15<sup>th</sup> of the month following the end of a calendar quarter. Quarterly reports contain a summary of grant activity, donations received, fees paid and gains or losses. Upon written request by the donor advisor, reports may be sent to other appropriate persons. It is the responsibility of the donor advisor to notify CFFK in writing of any changes to individuals serving as donor advisors and mailing addresses.

### ***What If There Are Multiple Fund Advisors Representing The Fund?***

When the fund is represented by a group of individuals on behalf of an agency or founding donor, it is recommended the Donor Advisors meet at least regularly and minutes of those meetings are shared with CFFK. The minutes should reflect any real or perceived conflicts of interest in relation to all decisions made on behalf of the fund they are representing. This process becomes particularly important for endowment funds, after the death of the donor(s).

### ***Can I Add to My Fund Through Fund Raising Events?***

Contributions are only tax deductible when they are received and acknowledged directly by a qualified nonprofit organization. Every fund is a component fund of CFFK which is responsible for ensuring that all its activities meet all federal, state and local legal requirements, and maintaining an unbiased representation for all charitable agencies and funds under management.

We regret that we are unable to assist Donor Advisors with any kind of public fundraising event that relies upon the use of the Foundation's tax-exempt status in order to offer contributors a charitable tax deduction for their participation due to proper monitoring of liability concerns and compliance with state and federal contribution rules.

You are welcome to contribute the net proceeds of a fundraising event, or ask for direct, tax-deductible gifts made payable directly to the fund at CFFK; however, CFFK is not equipped to operate or assist in public fundraising events such as golf tournaments, auctions or dinners to raise money for funds it manages. We have often found that donors who participate in fundraising events are not doing so to receive a tax deduction and will make a contribution regardless of the tax benefits to themselves because of their belief in the purpose of the fundraiser.

### ***Who Can I Contact If I Have Questions About My Fund?***

Contact the foundation at 305-292-1502 or by email at [cffk@cffk.org](mailto:cffk@cffk.org).

For questions about adding to an existing fund or creating a new fund: Contact Dianna Sutton, 305-292-1502 or by email at [dsutton@cffk.org](mailto:dsutton@cffk.org).