



Spencer County Community Foundation

Member of the Community Foundation Alliance Inc.

For Good. For Ever. For Spencer County.

Donor-Advised Fund

Guidelines and Procedures

Donor-advised funds create opportunity for people to give back to their communities in an informed and active way without incurring the paperwork, taxes, and administrative expenses of maintaining a private foundation. As a catalyst for giving, the Community Foundation Alliance and its members are committed to promoting the betterment of Southwestern Indiana communities and to improving the quality of life for all our citizens. Our donor advisors are an important part of our Community Foundation family, and grants from advised funds are a significant source of support to vital nonprofit programs serving our communities. The Alliance is committed to responsible and prudent grantmaking with clear goals and procedures, legal knowledge and compliance, and internal and external accountability.

How are donor-advised funds regulated?

In accordance with the requirements set forth by the Alliance Board of Directors, provisions of the Pension Protection Act of 2006, and regulations of the Internal Revenue Service.

How will I know the amount available for granting each year?

Twice each year—after the end of each *fiscal* year (June 30) and after mid-year (December 31)—you will receive a Fund Activity Report detailing the fund's performance over the most recent six-month period. The June 30 statement includes the amount available to grant from the fund.

How do I recommend a grant?

Using the Alliance's Grant Recommendation Form, which is sent to advisors shortly after the June 30 Fund Activity Reports are mailed (forms are available at any time upon request). Recommendations are accepted at any time from receipt of Fund Activity Reports to May 30 of the following year. (Note: recommendations for grants from nonpermanent funds are accepted at any time.)

What if I don't recommend a grant during the year?

Any balance remaining available to grant on June 30 will be added to the fund endowment and will no longer be available for granting. (Note: the assets of nonpermanent funds are not endowed and therefore remain available to grant at any time.)

What if I don't recommend a grant for an extended period of time?

Generally, if fund founders have made no contributions to the fund and advisors have made no recommendations for grants from the fund for a consecutive 36-month period, the fund will be reclassified as an unrestricted fund and its proceeds will be distributed as part of the Foundation's yearly competitive grant process. Extensive attempts will be made to contact fund founders before such action is taken.

Is there a minimum grant size?

Yes. Recommended grants must be at least \$100.

What kinds of organizations are eligible to receive grants from donor-advised funds?

Charitable, nonprofit agencies that are deemed tax-exempt under sections 501(c)(3) and 509(a) of the Internal Revenue Code and governmental agencies such as schools, law enforcement agencies, and libraries.

What if the organization I want to support is charitable but doesn't hold nonprofit status according to the IRS?

Grants to these kinds of organizations may be considered as long as we are able to verify the organization's charitable purpose, governance, and financial status.

What program areas may be supported with my recommendations?

We support grantmaking for the benefit of health and human services, arts and culture, education, community development, youth development, and civic endeavors that serve people in your Community Foundation's geographic area. Grants may be made for general support or for a particular program or activity such as museum exhibits, laboratory equipment, or a childcare program.

May I recommend grants that benefit organizations outside Southwestern Indiana?

Yes, as long as the majority of grants benefit your Community Foundation's geographic area.

May I recommend grants to support my Community Foundation?

Absolutely! The Grant Recommendation Form includes options for supporting your Foundation's discretionary grants program and operations.

May I recommend a grant for membership dues and pledges?

No, legislation prohibits grants to satisfy membership obligations or to fulfill pledges or pre-existing obligations. Moreover, legislation prohibits fund founders, advisors, and their families from receiving direct benefits as a result of a grant (for example, grants that will entitle advisors to tickets for fundraising events or greens fees for charity golf tournaments or grants to reimburse an advisor's fundraising expenses).

What about grants to support a political cause?

The Alliance will not consider or award a grant from an advised fund if it will be used to carry on propaganda or otherwise attempt to influence legislation or if it will be used to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

May I recommend grants to religious organizations?

Yes, churches are deemed tax-exempt under the Internal Revenue Code and are therefore eligible to receive grants for religious purposes, general purposes, and for programs intended for the greater good of the community (such as operation of homeless shelters and public educational offerings).

May I recommend grants to individuals?

No, legislation prohibits grants to individuals—such as grants for scholarships, educational awards, and emergency assistance—from donor-advised funds.

What if I'd like to recommend a grant to an educational institution to benefit an individual?

The Alliance Board will consider grants recommended to benefit an individual, such as a scholarship or award for educational purposes, provided the grant is made directly to the educational institution and provided the educational institution supplies written verification that the selection process is based on an objective, nondiscriminatory, and competitive process; that the educational institution has sole authority to determine the recipient; and that the recipient will not have been identified at the time the grant is made.

Are there resources to help me in determining an appropriate grantee?

Yes, we are happy to help in researching charitable organizations and programs for potential grants.

What happens after I recommend a grant?

We will investigate each potential recipient organization to certify its charitable status and will document the organization's governance, purpose, and financial status. If our program staff finds the recommended grant in compliance with applicable regulations and Alliance policies, the grant recommendation will be presented to our Board of Directors for deliberation.

When does the Board consider my grant recommendation?

The Board typically meets on the third Tuesday of each month. Advisors should plan to submit grant recommendations at least two weeks prior to Board meetings if timing is a factor for consideration. Requests to expedite grant recommendations are accommodated whenever possible.

What if the members of my civic group are advisors to a fund?

When civic groups, such as Rotary and Kiwanis clubs, are advisors to a fund, we require that the group leader act on behalf of the group and be responsible for attesting to the group's consensus in recommending grants. This requirement is intended to ensure group collaboration in recommending grants and to prevent individual members from acting outside the wishes of the group as a whole. Only the group leader's signature will be accepted on the Grant Recommendation Form.

How are grantees notified?

A letter to the grantee agency accompanies all grants from advised funds. The letter includes the name of the fund from which the grant is made. Names and addresses of fund founders and advisors are not provided in this correspondence to protect their privacy. However, grantees are invited to send letters of appreciation to the Alliance for forwarding to the advisor. Grants also can be made anonymously if preferred by marking the appropriate space on the Grant Recommendation Form, in which case the name of the fund is not included in correspondence to the grantee. Advisors are notified of the status of their grant recommendations as soon as possible after Board deliberation.

May I and my family and friends contribute to the fund?

Yes! Many donors give gifts to advised funds in memory or honor of someone special or to recognize a special event, like a birthday or anniversary. Not only are these gifts a wonderful way to honor someone special, they help the fund grow, increasing its ability to serve the community through grants. Gifts of any amount are welcome at any time from anyone.

Can nonpermanent funds become endowed?

Yes! Typically, nonpermanent funds are used by advisors to support short-term charitable purposes or projects. At any time, a nonpermanent fund can become an endowed fund at the request of the fund founder. Or, a fund founder may wish to maintain both a liquid nonpermanent advised fund and an endowed fund. For example, \$5,000 could be transferred each year from the nonpermanent fund to build the endowed fund.