POLICY

Eau Claire Community Foundation
For Good. For Ever.

Approved: 07.27.2017
Approved Revision: 12.6.2019
Approved Revision:

DONOR ADVISED FUND ACTIVITY POLICY

The Eau Claire Community Foundation's Board of Trustees has adopted this Policy to assist the Foundation's director, officers, employees, agents, and fiduciaries (which include supporting organizations, affiliate funds, and volunteers) in fulfilling their obligations and commitments.

Acceptable Types of Fund activities

The following are definitions of fund activity that leads to fund distributions that apply to donor advised funds which have at least three characteristics: (1) donor(s) or person(s) appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distributions or investments; (2) the fund is separately identified by reference to contributions of the donor(s); and (3) the fund is owned and controlled by a sponsoring organization, such as a community foundation; and has more than $25,000. If this policy ever conflicts with federal law or state law (including UPMIFA), the relevant law controls.

A fund is considered active when there is regular communication between a donor (or named successors) and the Eau Claire Community Foundation (ECCF) regarding the existence and purpose of that fund. Examples of some of the activities that would **deem a fund active include but are not limited to:**

A. **Regular Grant Recommendations:** A donor advisor generally recommends grants on a regular basis, which may be annually or as the result of donor's circumstances, may be delayed or postponed according to a written statement on file with the Foundation, to qualified charitable organizations. The amount of grantmaking can vary from year to year.

B. **Project Grants:** A donor advisor makes a substantial contribution to a donor advised fund and determines to recommend grants to a specific qualified charitable organization over a period of 20 years so that the donor can monitor how the charitable organization performs, and to consider whether another organization would better achieve the donor's charitable objectives.

C. **Acorn Fund:** Donor advised funds may need time to build the fund balance to make substantial grants to the community. Therefore, there may be no distributions made until the fund balance reaches an amount stated in the ECCF's Primary Agreement.

D. **Specific Occasion Grant:** Donor advisor refrains from recommending grants for a number of years with the specific charitable goal of recommending a grant upon a specific occasion.

Examples may include:

1. Donor is incapacitated with no successor advisor(s) named so the community foundation waits until an individual obtains the legal authority, as the result of the donor's death or otherwise, to distribute the fund according to the donor's original intent;

2. Founders of fund who are also the donor advisors are getting divorced so that grants are suspended until both the husband and wife agree on grants, which may include splitting the fund into two separate funds, one for each spouse to advise or eventually dissolving the fund by the making of charitable grants;

3. Grants are suspended during litigation involving a fund (e.g., the donor has left his/her estate to a fund, but the donor's children are disputing the bequest so the community foundation does not allow grants until the litigation is resolved);

4. Donor leaves a bequest to a fund and distributions are made periodically to the fund during the estate settlement process, but grants are not made until the estate is fully settled.

The remainder of the Donor Advised Fund Activity Policy is stated in the attachment Exhibit A, Donor Advised Fund Agreement, as it may be amended from time to time.

Revisions:

The addition of supporting organizations and affiliate sin this was approved on December 6, 2019.

Exhibit A:

Eau Claire Community Foundation ("ECCF")
Donor Advised Fund Agreement

Whether on initial funding or once minimum requirement has been met.

The Fund shall be known and identified as the:

Fund.

Subject to the terms of this agreement, the distributions from the Fund shall be distributed to beneficiaries and for purposes, as recommended by the then-authorized advisors.

1. The initial donor(s) (the "Donor(s)") shall be the initial advisor(s). The Donor(s) has or reasonably expects to have advisory privileges with respect to the fund's distributions or investments. The Donor(s) retains the privilege to recommend grants from the charitable fund for which he or she has been designated as fund advisor. The Donor(s) shall provide ECCF with a written designation of the name and contact information of one or more successor advisors. If more than one successor is named, the Donor(s) shall include the name of the advisor authorized, on the death or incapacity of all Donors, to make recommendations on behalf of all of the advisors and to name one or more successor advisors. (The Donor(s), or the authorized sole successor, as then-applicable, is referred to below as the "Authorized Advisor.")

2. Distributions from the Fund shall be made in accordance with ECCF's distribution policy as in effect from time to time after taking into consideration the recommendations made to ECCF by the Authorized Advisor. ECCF is not bound by any recommendations of the Authorized Advisor, and such advice may not be followed. However, ECCF will consider such advice and will conduct an independent investigation to evaluate whether such is consistent with the purposes of ECCF's then-current grant policy. Donors may deduct charitable contributions in accordance with federal and their respective state tax codes only if donations are made to a qualified charitable organization, which must be determined by the IRS.

3. If a donor advisor recommends grants from donor advised funds, these grants are required to be designated for nonprofit organizations exempt from federal taxation under section 501(c)(3), 170 (b), 509(a)(1) or (2) of the IRS for a charitable purpose. Furthermore, these grants may not be made to, or for the benefit of, an individual. Scholarship awards are excluded from donor advised funds. An advisor can donate to a Scholarship Fund at ECCF whether designated or pass-through. Advisors can't grant into a Scholarship Fund after the scholarship application has closed as the candidates for the award are then known and it could be an attempt to increase an award only for particular candidates.

4. The Pension Protection Act of 2006 states that all donors, advisors, and related parties shall not receive more than incidental benefits from donor advised fund grant distributions and prohibits grants to individuals from donor advised funds.

- This includes checks written directly to an individual or checks written to an entity (such as a university) for the benefit of a specified individual;
- prohibits organizations receiving grants whose primary purpose is lobbying, cemetery associates, and funds set up to provide emergency relief to specific individuals or families;
- prohibits funds used to fulfill pledges or secure benefits from the distribution recipient and;
- prohibits donor advisors or related parties from receiving grants, loans, compensation or similar payments from donor advised funds.

5. Unless advisory rights have terminated pursuant to paragraph 9 below, if no recommendations have been received by ECCF when grant decisions are to be finalized by its Board of Trustees (the "Board") in any year, the income of the Fund determined available pursuant to the Fund's Primary Agreement and ECCF's grant policy shall be distributed as the Board determines in its sole discretion.

6. The Fund will be the sole property of ECCF once it is contributed to ECCF and neither the Donor nor any advisors have any right to reclaim the Fund from ECCF. The proceeds in the Fund will be segregated for bookkeeping purposes by ECCF. The assets of the Fund will be invested under ECCF's usual investment policy and will be subject to any market fluctuation, including market losses. The Fund will participate in the costs and expenses of ECCF as described on the attached - Schedule A, incorporated herein, including without limitation, participation in the cost of any money manager charges incurred in the management of the investments. ECCF reserves the right to apply additional charges against the Fund if the Fund requires services above and beyond the normal administration of similar Foundation funds; however, no such charges shall be applied without prior written notice to the Authorized Advisor.

7. The Fund shall be held and administered subject to the provisions of ECCF's governing documents now in effect or as they may be amended from time to time.

8. Distributions are ordinarily made out of income only allowing the principal of the Fund to be preserved and maintained as an endowment. However, at any time the Fund is a quasi-endowed fund, the Board may, in its sole discretion, authorize distribution from the Fund's principal; provided any such distribution shall be subject to any restrictions set forth above.

9. If no Authorized Advisor advises ECCF regarding grants for three (3) consecutive years, or if all initial Donors are incapacitated or dead and ECCF has not received written notice of the name and contact information of a successor advisor, ECCF may send written notice to the last known address of the last-serving Donor or Authorized Advisor, as applicable, of its intention to terminate the right to recommend distributions from the Fund unless written instructions from the Donor or Authorized Advisor, as applicable, are received within ninety (90) days of the notice. At the end of the notice period, the advisory rights granted under this Agreement will cease to apply and the Fund shall become an unrestricted component fund of ECCF with distributions from the Fund to be made pursuant to ECCF's grant policy; provided, the Board shall consider any restrictions set forth above.

10. If the Fund is accepted, a copy of this Agreement, signed by ECCF's Board Chair, will be provided to the Donor. This Agreement is supplemented by the Schedule A and a completed Primary Agreement, which together constitute the entire agreement of the Parties. By signing and returning this Agreement, and upon delivery of the initial gift, the Donor requests approval of the Fund by ECCF's governing body and agrees the Fund shall be the sole property of ECCF, subject to ECCF's authority to vary the terms of the gift. This authority, ECCF's "variance power," is set forth in ECCF's governing documents and IRS regulations governing community foundations.

11. Sec. 408(d)(8) of the Internal Revenue Code of 1986 states that if a Donor makes a direct distribution from their IRA to a Donor Advised Fund or to a Supporting Organization, then the Donor is required to claim those funds as income and they cannot be characterized as a qualified charitable distribution.*

______________________________	______________________________
Donor	**Donor**
Date: ____________________	Date: ____________________
______________________________	Date: ____________________
Executive Director	

*ECCF encourages donors to visit with their financial and legal advisors to determine which charitable giving strategies are best for them. ECCF is available to work with donors and their advisors to fulfill personal, financial, and charitable wishes.

Updates approved 4.24.2019