



Communities of
COASTAL GEORGIA FOUNDATION

A Guide to Using Your Donor Advised Fund

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**Strengthening Our Communities
Through Engaged Philanthropy**

WELCOME

Thank you for choosing The Communities of Coastal Georgia Foundation to work closely with you to develop and channel your personal philanthropy. We recognize and celebrate your generous spirit, your passion and your commitment to improving the quality of life for all in Coastal Georgia. We strive to make your giving experiences fulfilling, informed, engaged, and easy!

This handbook is designed to be a ready reference to guide you and answer questions about Donor Advised Funds in general, and how we set them up and administer them at the Coastal Georgia Foundation.

Should you have additional questions, comments or suggestions or need clarification on any matter, please do not hesitate to contact us.

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PARTNERS IN PHILANTHROPY

Our Commitment to You

CCGF is committed to serving the Coastal community and improving quality of life through philanthropy. We have set the following standards for serving our donors, and we pledge to:

- ◆ **Maintain an excellent investment program**
- ◆ **Provide clear and accurate information about your fund**
- ◆ **Respond to your inquiries and correspondence promptly**
- ◆ **Identify the emerging needs of coastal Georgia communities**
- ◆ **Engage new generations of philanthropists**
- ◆ **Offer fund advisors opportunities to partner with other donors**
- ◆ **Recognize the community spirit of our donors**

Your Role as the Fund Advisor

As an active partner in the work of the Foundation, you play a critical role in enriching the lives of Coastal Georgians through philanthropy. We suggest that an effective giving plan is the result of fund advisors embracing the following responsibilities for their fund:

- ◆ **Annually evaluate your own philanthropic goals**
- ◆ **With the help of the Foundation, seek out the best organizations to accomplish your fund's goals**
- ◆ **Talk with Foundation staff when your charitable interests change**
- ◆ **Visit a nonprofit organization in which you have an interest (*We would be happy to arrange it and accompany you.*)**

THE GRANT PROCESS

GRANT PURPOSES

You can support a wide range of programs and charities through your DAF. You may recommend that grants be made to any tax-exempt public charity with 501(c)(3) IRS classification. Grants to religious organizations, educational institutions and libraries or government programs are allowed as well. In rare instances, consideration may be given to grant requests you may make for other organizations that, although not public charities, will use the funds acquired to fulfill a broad public charitable purpose.

GRANT RECOMMENDATIONS

To recommend a grant, simply request a recommendation form from our office or download it from our website at www.coastalgeorgiafoundation.org . Requests may also be made by email. You may make recommendations at any time and as often as you wish.

We use the term “recommended” purposefully. In order to gain maximum tax advantage when you make a contribution to establish or augment your fund, the IRS insists that final determination of how the funds are used rests with the Board of Directors of the Foundation. A board would rarely decline a DAF recommendation, and only when the due diligence we perform on each grant raised a substantive issue. We would, of course, discuss the issue with you and help redirect the gift.

GRANT PROCESSING

Communities of Coastal Georgia Foundation staff reviews grant recommendations as they are received and conducts due diligence immediately. Currently, we contract with the finance department of The *Community Foundation of Northeast Florida* (Jacksonville) for accounting services, including processing grant checks. These transactions are managed electronically and grant checks are processed weekly. Thus, depending upon the timing of the receipt of the recommendation form, it may be from five to ten days before the charity receives the award from your fund. In special cases, we can expedite the recommendation through the use of courier services.

THE GRANT PROCESS

NOTIFICATION OF GRANT AWARD

Should staff have a question or issue regarding your grant request, you will be contacted immediately. You will receive a copy of the letter which was sent to the grantee along with their award check. We acknowledge that the grant is being made through the (name) Fund, unless you have asked to remain anonymous. The transmittal letter encourages the grant recipient to acknowledge your donation. Remember, you will receive no tax receipt for these gifts as you received one from the Foundation when you made a gift to your fund.

ANONYMITY

Upon your request, we will protect your anonymity both in our transaction with the charities you recommend and in our general communication. Upon establishing the donor advised fund, you may request that your name and the Fund name remain anonymous at all times. Anonymity can be accommodated on a grant-by-grant basis. Simply select that option on the grant recommendation form for that particular grant.

GRANT AMOUNTS AND FREQUENCY

Grants may be recommended up to the total value of a non-endowed fund or the amount available for grantmaking from endowed funds. The minimum grant must be \$250, however there is no limit to the number of grants you can recommend in a given year. Please note: Due to IRS regulations, grants may not be used to fulfill an existing pledge or to secure any goods or services (e.g., tickets). We require the grant recipient to certify compliance with this requirement.



INVESTMENT

FUND MANAGEMENT

At a community foundation, funds are professionally invested and managed, and fees are reduced resulting from economies of scale through co-mingling of funds. The Finance/Investment Committee in concert with our professional investment managers direct an investment strategy in accordance with a detailed investment policy to provide for security of principal as well as asset growth. A copy of the Foundation's investment policy is available upon request.



NON-ENDOWED FUNDS

Non-endowed donor advised funds may be established with as little as \$10,000 and 100% of the fund balance is available for grant making at all times. The balance, however, must be brought back up to the minimum level before the start of each new calendar year. To maintain that level of liquidity, typically non-endowed funds are invested in the Communities of Coastal Georgia Foundation's cash pool. However, you will also be given the option of investing a portion in the long-term pool overseen by the Foundation.

ENDOWED FUNDS

Currently, an endowed donor advised fund may be created with a minimum of \$50,000. Endowed funds generally are invested in the foundation's long-term investment pool comprised of a diversified portfolio that follows the investment policy guidelines. The strategy is designed to generate a return that will provide for the annual distributable amount while maintaining the purchasing power of the fund over time. The principal remains protected and grants are made from the income. The board of directors of the Foundation sets the spending policy annually, not to exceed 5%, to determine the distributable amount from which grants and fees are paid. A fund established in the current year will not be eligible for grant recommendations until the beginning of the next calendar year. A fund that has a balance history of fewer than twelve quarters (the current basis for calculation) will have its distributable amount established using the rolling average of the actual number of calendar quarters from the date of the fund creation.

F E E S

FUND STATEMENTS

You will receive fund statements on a quarterly basis, generally within 35 days following the close of the quarter. These reports contain customized information on interest and dividends earned, realized/unrealized gains and losses, contributions, fees, and a listing of all grants made.

FEES

Administrative contributions cover the costs associated with servicing and supporting Donor Advised Funds.

The following annual rate schedule applies:

- 1.25% on the first \$1 million
- 1.00% on the next \$1 million
- 0.75% on the next \$2 million
- 0.50% on the remaining balance of the fund

The non-endowed advised fund fee is calculated using the average quarterly balance times one-fourth of the fee from the above schedule. The fee is deducted from the fund at the end of each quarter. The minimum quarterly fee is \$62.50.

Endowed advised funds are charged an annual fee based on the average quarterly balance in the fund for the 12-quarters ended on the previous September 30. The fee is deducted at the end of each quarter.

COASTAL COMMUNITY ENDOWMENT CONTRIBUTION

The Board of Directors has established the Coastal Community Endowment Fund to allow fundholders to participate in the Foundation's competitive, community grantmaking function. When you create or augment a DAF, a one-time, one percent (1%) contribution is granted to the Coastal Community Endowment. With the investments of all fundholders, the Coastal Community Endowment will grow to become a powerful tool to promote positive change in our Coastal communities.

CONTRIBUTIONS



ADDITIONAL CONTRIBUTIONS

Additional gifts may be made to a fund at any time. Checks should be made payable to The Communities of Coastal Georgia Foundation. If you plan to contribute stock or another appreciated asset, please contact the Foundation or visit the website to download instructions. It is to your tax benefit to simply advise your broker to transfer the stocks according to a stock transfer procedure we can provide and not to sell the stock yourself and contribute cash. As policy, all stock gifts are liquidated upon receipt. All fund additions are net of any transactional fees.

If you plan to contribute a non-liquid asset, please contact the Foundation. The Foundation has a comprehensive set of gift acceptance policies which govern how we process gifts of real estate, closely held stock, S-corporation stock and similar assets.

Contributions are eligible for tax deductions in the year they are made. Charitable planned gifts such as charitable remainder trusts or charitable lead trusts may be used to fund a donor advised fund. Charitable income tax deductions generated by such gifts receive the most favorable tax treatment under the Internal Revenue Code as a Communities of Coastal Georgia Foundation donor advised fund is part of a public charity.

We are pleased to work with your attorney and/or Professional Advisor to facilitate your philanthropy.



ADDITIONAL RESOURCES

COMMON TYPES OF DISTRIBUTIONS [GRANTS]

Capital or Capital Campaign—A capital grant provides support for the purchase of property, the construction, remodeling/expansion of a facility or purchase of equipment.

Challenge or Matching—This grant helps a nonprofit organization leverage additional dollars through a fundraising campaign.

Endowment—Some nonprofit organizations have endowment funds. This type of fund is a permanent annual source of income for the operating or project expenses of the organization.

Operating or general support—An operating grant provides support for the day-to-day costs of running the nonprofit organization.

Project—A project distribution supports a specific activity or program of an organization.

Pooled Fund—The Community Foundation's board of directors, in concert with the community, periodically identifies an opportunity where a committed source of money and leadership will make a significant difference in an issue facing our coastal region. The Foundation partners with donors who have advised funds and similar interests and together build a pooled fund within the structure of the foundation to concentrate on this issue.

Seed—A seed grant helps to jump-start a new organization or project or to launch a capital campaign.

Unrestricted—An unrestricted grant allows the nonprofit to use the money to support the organization where most needed.

PHILANTHROPY RESOURCES

American Institute of Philanthropy
www.charitywatch.org

The Chronicle of Philanthropy
www.philanthropy.com

Council on Foundations
www.cof.org

Forum of Regional Assns. of Grantmakers
www.givingforum.org

Foundation Center/Philanthropy News Digest
www.foundationcenter.org/pnd

Georgia Center for Nonprofits
www.gcn.org

Guidestar
www.guidestar.org

Independent Sector
www.independentsector.org

Internal Revenue Service
www.irs.gov

Southeastern Council of Foundations
www.secf.org

Women's Philanthropy Institute/Center on Philanthropy
www.philanthropy.iupui.edu/womens-philanthropy-institute

FREQUENTLY ASKED QUESTIONS

- ◆ **I would like to support my alma mater, which is located in another state. Is this possible?**

Yes. You may recommend a grant to any 501(c)(3) public charity, school or government program in the United States. International grants can only be made when the nonprofit organization has a U.S. office.

- ◆ **May I recommend support for the general operating budget of a charity?**

Yes, it is fine to suggest distribution for general support, as well as distributions for capital campaigns or specific projects as long as the distribution is to a qualified nonprofit public charity, school or government program.

- ◆ **Now that I have established a Donor Advised Fund, I'd like to wait until later to recommend any distributions from the fund. Is that permissible?**

Yes, you may recommend distributions at any time—now, in future months, or even years.

- ◆ **May I make a grant for a membership?**

It is not possible to make a grant for any item that provides a direct benefit to a donor or fund advisor. Therefore, memberships, dues, club fees or other similar charges cannot be recommended from a donor advised fund.

- ◆ **May I recommend a distribution in lieu of tickets for a fund-raising event?**

Yes, you may recommend such a distribution in support of a fund-raising event, as long as tickets are not purchased with the distribution.

- ◆ **May I recommend a grant to fulfill a pledge?**

Due to IRS regulations, it is not possible for a donor to fulfill a legally binding obligation from their donor advised fund. Because there is uncertainty as to whether a 'pledge' can be construed as a legally binding obligation, especially if an organization relies on a pledge, it is not possible for the Foundation to fulfill such pledges. It is possible, however, for a donor advised fund to pay a commitment for a gift on behalf of a donor and it is possible for a donor advised fund to make a pledge. Before completing a pledge card, please contact the Foundation so that the card may be correctly completed to enable the fund to make the distribution.

FREQUENTLY ASKED QUESTIONS

◆ **May I make a grant to an individual or a private foundation?**

No. According to IRS regulations, you may recommend distributions only to qualifying nonprofit public charities. Grants to organizations for the benefit of pre-determined individuals are not authorized. Staff reviews all organizations for documentation of nonprofit status.

◆ **May I recommend a multi-year distribution from my fund?**

Yes. At the time of your recommendation, please indicate that the grant is to be made in increments. We will administer the grant and payment schedule.

◆ **May I recommend a distribution to an organization to support their public advocacy activities?**

Yes. According to IRS regulations it is legally permissible for distributions to be made for general support to organizations that do advocacy work, which may include lobbying. However, you may not recommend distributions to organizations to support a particular candidate, political campaign or specific legislation.

◆ **May I serve on the board of an organization and recommend a distribution to it from my Advised Fund?**

Yes, as long as you receive no personal benefit from the distribution and you do not have controlling interest in the organization.

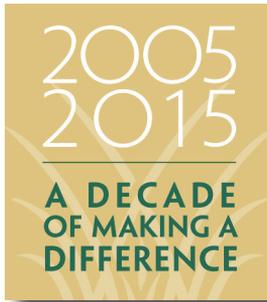
◆ **Sometimes I am not 100 percent sure about the status or reputation of a particular charity that I am considering. Can your staff assist me?**

The Communities of Coastal Georgia Foundation staff has extensive knowledge of the tax-exempt organizations and community needs. We are pleased to provide information and assist in your consideration.

◆ **May other people make donations to my fund?**

Yes. You and/or others may make additional gifts to your DAF. Others may choose to make contributions to the fund in your honor, (e.g., as a gift or honorarium). Upon the death of a family member, many families suggest their donor advised funds at CCGF for designated memorial gifts. They will be received by the Foundation for tax purposes and you will receive notification of any gifts including the name of the donor, unless they wish to remain anonymous.





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