CONTRIBUTIONS

Contributions to a donor advised fund are irrevocable and legally owned by the Community Foundation of Northeast Alabama. These funds are institutional funds of the Community Foundation of Northeast Alabama—not a personal savings account of the donor—and may only be used for charitable purposes which do not confer any private benefit on the donor or any other person. All contributions are subject to the legal control of the Community Foundation of Northeast Alabama.

ACTIVE FUND DEFINED

A fund is considered active when there is regular communication between a donor (or named successors) and the Community Foundation of Northeast Alabama regarding the existence and purpose of that fund, as well as a specific grant distribution plan. Examples include (but are not limited to):

- **Regular Grant Recommendations.** Donor advisor generally recommends grants at least annually to qualified charitable organizations. The amount of grantmaking can vary from year to year.
- **Developing a Philanthropic Program.** Donor advisor makes a substantial contribution to donor advised fund, for example, upon the sale of his or her business, and refrains from recommending grants for a given initial period while the donor advisor consults with the sponsoring charity and/or does his or her own research to determine what types of grants will best meet community needs and/or his/her philanthropic goals.
- **Long-term Giving Plan.** Donor advisor deliberately reduces the frequency or size of grant recommendations from fund, for example:
  1. During his or her working years with the intention of increasing the donor advised fund balance to support grantmaking during his or her retirement, when the advisor expects his or her income to change.
  2. A donor may want to build a fund over time so the donor’s children can make grants later (the idea being the donor is leaving a charitable legacy for the next generation to administer).
  3. Donor advisor refrains from recommending grants for a given period because the fund is invested in an illiquid or undervalued investment. Donor advisor
intends to begin making grant recommendations when the investment can be sold at a reasonable price.

- **Project Grants.** 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.

- **Forging 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 *Donor Advised Fund Policy*.

- **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 becomes incapacitated and unable to recommend grants with no successor advisor named. Grants will be suspended during the period when the donor advisor is incapacitated and without a successor advisor. At the time of the donor’s death the Board of Trustees will allocate the grantable proceeds according to the fund’s defined purpose(s) as stated in the fund agreement and in accordance with the *Donor Advised Policy*.
  2. Fund has transitioned to named successor advisors but they are minors and no adult representative is named to represent them (so grants resume when successor advisors are adults);
  3. Founders of a fund who are also the donor advisors are in divorce proceedings—at this time grants are suspended until both spouses agree on grant recommendations, or splitting the fund into two separate funds (one for each spouse to advise), or dissolving the fund by making charitable grants;
  4. 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 of Northeast Alabama does not allow grants until the litigation is resolved);
  5. 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.

**ACTIVATING GRANTMAKING**

Annually the Community Foundation of Northeast Alabama reviews all donor advised fund activity and if a donor advised fund has had no activity in the past year senior staff at the Community Foundation of Northeast Alabama contact the donor advisor by phone, mail, email, or text. A minimum of 4 (four) attempts will be made to reach the donor advisor.

Should grant activity stop for more than a 3 (three) year period, additional steps will be taken by staff to activate the fund. These steps may include such activities as:
• Notifying the donor advisor by certified mail that if no grant recommendations are made within the year the Board of Trustees will begin making grants from the fund to qualified grant recipients that align with donor intent. However, if the Community Foundation of Northeast Alabama determines such intent is obsolete, incapable of being fulfilled, impractical, or inconsistent with the community’s charitable needs, the Board of Trustees will exercise the Community Foundation of Northeast Alabama’s variance power, as stated in the Donor Advised Policy, to enable the Community Foundation of Northeast Alabama to continue to use its resources to meet the needs of the community and to address the charitable purposes for which the funds were committed.

• Closing the donor advised fund and distributing the remaining assets in alignment with Donor Intent.

• If the donor advised fund has not reached its minimum fund balance the fund will be transferred to the Community Foundation of Northeast Alabama’s unrestricted Longleaf Fund in accordance with the Community Foundation of Northeast Alabama’s Forging Fund Policy.

DEFINITIONS OF TERMS

Qualified Charitable Organization:
Donors may deduct charitable contributions in accordance with Federal and their respective state tax codes only if donations are made to a qualified organization. Most organizations, other than churches and governments, and public schools must apply to the IRS to become a qualified organization. Refer to the Foundation’s Donor Advised Fund Policy for grant making protocol.

Sponsoring Organization:
An organization, like a community foundation, that owns and controls donor advised funds.

Donor Advisor:
A donor or person appointed or designated by the donor who has or reasonably expects to have advisory privileges with respect to the fund’s distributions or investments. The donor retains the privilege to recommend grants from the charitable fund for which he or she has been designated as fund advisor.

Donor Advised Fund:
A fund may be classified as donor advised if it has at least three characteristics: (1) a donor or person 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. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.
Disqualified Person:
As applied to public charities, the term disqualified person includes: (1) organization managers, (2) any other person who, within the past five years, was in a position to exercise substantial influence over the affairs of the organization, (3) donors and donor advisors with regard to transactions with a particular donor advised fund, (4) investment advisors to assets of donor advised funds, (5) disqualified persons of supporting organizations who are also disqualified persons of the supported organization, (6) family members of the above, and (7) businesses they control. Paying excessive benefits to a disqualified person will result in the imposition of penalty excise taxes on that person, and, under some circumstances, on the charity's board of directors.

If this policy ever conflicts with federal law or state law (including UPMIFA), the relevant law controls.

NOTIFICATION AND RECEIPT OF POLICY

_Fund Name_ donor advisor _Advisor’s Name_ acknowledges receipt of the Community Foundation of Northeast Alabama’s Donor Advised Fund Activity Policy by signing below.

_________________________________________   __________________
Donor Advisor Name       Date

Approved August 17, 2017
Revised November 09, 2017