

Donor-Advised Fund Guidelines

These Guidelines are intended to supplement the Whitefish Community Foundation Donor-Advised Fund Agreement

WHAT IS A DONOR-ADVISED FUND?

A donor-advised fund is established when and if a donor or person appointed or designated (as an advisor) by the donor has, or reasonably expects to have, advisory privileges with respect to distributions or investments. The fund is separately identified by reference to contributions of donor(s) and the fund does not fall within an exception to the Pension Protection Act of 2006.

Donor-advised funds are component funds and, therefore, while donor advisors may recommend grant recipients, the assets have been given to the Whitefish Community Foundation. All funds are subject to Whitefish Community Foundation's bylaws, including the ability of the Board of Directors to redirect funds should the original cause for which the fund was established become obsolete: this is known as "variance power" and is a distinguishing feature of community foundations.

The following explains the procedures involved in setting up and maintaining a donor-advised fund. If you have any questions, please call us at (406) 863-1781. Our staff will be glad to help you. You should seek professional legal, accounting, financial, or tax advice regarding the establishment of a donor-advised fund prior to doing so.

- 1. Establishing a Fund:** A donor-advised fund is established with a tax-deductible, irrevocable contribution of \$5,000 or more in cash, securities, bonds, mutual funds, or other assets. The contribution is placed in a separate fund and invested on a tax-free basis. As a donor, you have the privilege of recommending grants to the qualified charities of your choice. In addition, you will receive regular reports on contributions, grants, investment income, and all other activity related to your individual fund. A minimum of \$5,000 must be held in the fund for it to remain open.
- 2. Administrative Fees:** The Whitefish Community Foundation will receive a fee for services based on the average quarterly balance in your fund during any given calendar year. Fees are presently charged quarterly.¹
 - For funds up to \$1,000,000, the annual fee is 1% of the average ending quarterly balance, with a minimum fee of \$100 per year.

¹ Fees may change from time to time.

- For funds over \$1,000,000 there is a declining scale fee structure.

Currently, funds are also subject to the terms and conditions of D.A. Davidson as administrator of funds.

- 3. Contributing to your Fund:** After you establish your donor-advised fund, you may make contributions to your fund at any time. Others, with your approval and that of the Whitefish Community Foundation, may also contribute to the fund. It is recommended that donations be made in amounts of at least \$250.00. Each gift made to your fund entitles the contributor to receive the income, gift, and estate tax benefits allowed by law. The principal and income contributed to your fund will be available for grant making.

Below is a brief description of the ways you may contribute to your fund. Prior to doing so, we encourage you to consult your legal or tax advisor to review any tax or other benefits.

Cash and Stock: You may contribute cash or stock by sending a check, wiring funds, or transferring shares to the Whitefish Community Foundation.

Publicly Traded Securities: You may contribute appreciated marketable securities. To authorize you or your advisor to transfer shares to our account please call the Foundation office at 406-863-1781.

Bonds, Mutual Fund Shares, Private or Restricted Stock: To arrange the transfer of bonds or mutual fund shares, approval of the Whitefish Community Foundation Finance and Investment Committee is required.

Other Assets: upon request and its full disclosure, assets other than those outlined above may be contributed to your donor-advised fund.

- 4. Grantmaking:** Donors have the privilege of making non-binding recommendations as to the timing, amount and charitable recipient of distributions. Donors do not retain any legal right to direct grants. All grants are to be used for purely charitable purposes; no goods or services (including meals at special events) may benefit the donor or advisors.

Charity Auctions: A donor-advised fund cannot be used to purchase an item at a charity auction.

Gifts to Individuals: A donor-advised fund cannot be used to make a distribution to benefit a specific individual.

Personal Pledges: A distribution from a donor-advised fund cannot be used to satisfy a legally enforceable personal pledge.

Grant Timing: We encourage donors to request grants at least 45 days prior to the date the actual grant is scheduled to be made. We suggest grants be made to coincide with the Whitefish Community Foundation's Annual Grants Award Ceremony, which takes place in the fall of each year.

Recommending a Grant: The Foundation will provide you with a Disbursement Recommendation Form to use when recommending grants. You have the privilege of recommending grants to qualified tax-exempt organizations or to qualified governmental entities, as well as providing support to the Whitefish Community Foundation's Endowment Fund.

- 5. *Approval Process/Distribution:*** The donor or advisor submits a completed Disbursement Recommendation Form. Following review of the requested disbursement, such disbursement recommendations are considered by the Whitefish Community Foundation's Executive Committee of the Board of Directors at its monthly meeting, and, if approved, distribution of funds will occur. Should the Executive Committee not approve a grant, the donor or advisor will be notified immediately. Distributions from a donor-advised fund may be made from the available net income and principal of the fund and may be requested with a minimum amount being \$250². In addition, distributions should be made at least annually.
- 6. *Qualifying Grant Recipient:*** Generally, grants from a donor-advised fund must only be made to nonprofit organizations that have federal tax-exempt status as Section 501(c)(3) organizations or to governmental entities. Grants cannot be made to private foundations. The Whitefish Community Foundation's focus and expertise involves qualified organizations within the Whitefish community. However, donor-advised funds may make grants within the United States to qualified organizations but not to foreign organizations.
- 7. *Grant Acknowledgment:*** When a grant is made to a recipient, it is accompanied by a letter giving recognition to the donor-advised fund from which the grant was made and advising the recipient that the grant was made at the recommendation of the donor of that particular fund, unless a donor requests to remain anonymous.
- 8. *Active Grantmaking:*** All funds are intended to be active grantmaking funds. Should the donor or advisor cease to provide annual recommendations over a 24-month period, despite attempts by the Whitefish Community Foundation to gain the donor or advisors' participation, the Board of Directors will assume grantmaking responsibility, using the fund to support the Whitefish Community Foundation's unrestricted grantmaking, unless otherwise specified in the original fund agreement. This policy assures the original donor that active and effective grantmaking will always continue.
- 9. *Investment Options:*** Your contributions to the Whitefish Community Foundation may be placed in your choice of our investment portfolios, including a fixed-income fund and a pooled investment portfolio. The pooled investment portfolio includes a variety of equity mutual funds and fixed income securities, determined by the Finance and Investment Committee of the Board of Directors of the Whitefish Community Foundation. The Committee regularly reviews the performance of these investments and updates the selection as needed. The Whitefish Community Foundation has full

² Amounts may change from time to time.
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discretion over the investment of account balances and reserves the right to change the investment program and procedures at any time. Your contribution will be automatically invested in a pooled investment portfolio unless otherwise directed.

10. Administrative services:

Acknowledgment letter: Upon accepting your gift or cash, securities, bonds, mutual funds, or other assets, the Whitefish Community Foundation will send you a letter acknowledging your contribution. This letter serves as a receipt for tax purposes. Please consult your professional tax advisor to determine the appropriate deductibility of your contribution.

Annual Statements: Each year you will receive a statement detailing the activity that has taken place in your donor-advised fund throughout the year, including contributions, grants, investment income, fees, etc.

Other Reports: The Whitefish Community Foundation issues an Annual Report. The Report details all grants made from the Whitefish Community Foundation including grants from donor-advised funds. Copies of the Whitefish Community Foundation's annual information returns (IRS Form 990) are available upon request.

11. Affirmation of Understanding: You will be asked to affirm your understanding and compliance with the above when you sign the Donor-Advised Fund Agreement. These guidelines are designed to protect the interests of donors, advisors, and the Whitefish Community Foundation. Exceptions or changes to these guidelines may be made by the Whitefish Community Foundation.