



Why create a Donor Advised Fund



**FAIRFIELD
COMMUNITY
FOUNDATION**
CITY • TOWNSHIP Affiliate of the Hamilton
Community Foundation

Thinking of creating a Donor Advised Fund?

The Fairfield Community Foundation is proud of its history of partnering with donors to support Fairfield area charities. Our expert staff can guide your giving decisions by offering information about giving trends and emerging community needs. We can connect you with organizations that will help you achieve your charitable goals.

Our customized philanthropy services benefit individual philanthropists, corporations, private foundations, and nonprofit organizations. We have expertise in strategic grantmaking and philanthropic planning, investing charitable assets, and administering crucial day-to-day back-office foundation work. We offer guidance that supports effective giving and provide comprehensive professional and administrative services. Our extensive expertise will make your giving thoughtful, efficient, and effective.

By creating a Donor Advised Fund it allows you the opportunity to give back to the community in an informed and active way. This handbook is designed to explain the Community Foundation's procedures and to answer some of the basic questions you may have about Donor Advised Funds. It is a useful orientation for new donors and a handy refresher for our advisors of established funds. Our goal is to make participation in the work of the Community Foundation as rewarding as possible.

The staff at the Community Foundation is dedicated to meeting the diverse needs and interests of our donor advisors. We attempt to personalize our donor services in a variety of ways. But most of all, we want to get to know you charitable interests. By knowing you as a donor advisor, we are better able to assist you in meeting your charitable giving goals.

“When all is said and done, I want to know that our gifts made lives better, that we did the greatest good we could with what we gave. The Fairfield Community Foundation has been a wonderful way for us to give back.”

- Donor Advised Fund Holder



A Community Foundation is a publicly supported organization created by and for local citizens to benefit their community. Community Foundations pool gifts, both large and small, to meet local needs and improve the quality of life for all the community's residents.



OUR MISSION

Building a better community through creative philanthropy, vision and leadership

Our Vision

Continue to be the trusted resource for growing philanthropy and leading change to improve our community

WHAT IS A DONOR ADVISED FUND?

A Donor Advised Fund is a charitable fund established by a donor (an individual, family or business) into which they contribute cash or assets, receive a tax deduction and continue to have the opportunity to be involved in its charitable use. A Donor Advised Fund offers active participation in the grant process by allowing you to recommend the grant recipients. It affords all the advantages of a private foundation with greater tax benefits and none of the administrative tasks. A Donor Advised Fund can be created at the Fairfield Community Foundation in a variety of ways—cash donations or appreciated securities, for example. It's a perfect vehicle for those who wish to participate actively in grantmaking and retain philanthropic flexibility.

WHY SHOULD I CONSIDER A DONOR ADVISED FUND?

SIMPLICITY

Through the Community Foundation, you can centralize and streamline your philanthropy. One fund here allows you to recommend grants to many different nonprofit organizations without having to make separate contributions to each organization. Responsibility for the administrative work associated with charitable giving is transferred to the Community Foundation, and your anonymity can be protected if desired.

FLEXIBILITY

You receive a charitable tax deduction in the full amount you give to a Donor Advised Fund in the year of your contribution, but you can make decisions regarding distribution for many years thereafter. Your fund continues to be invested and grows tax-free in a well-diversified, professionally managed portfolio.

MAXIMUM TAX DEDUCTIONS

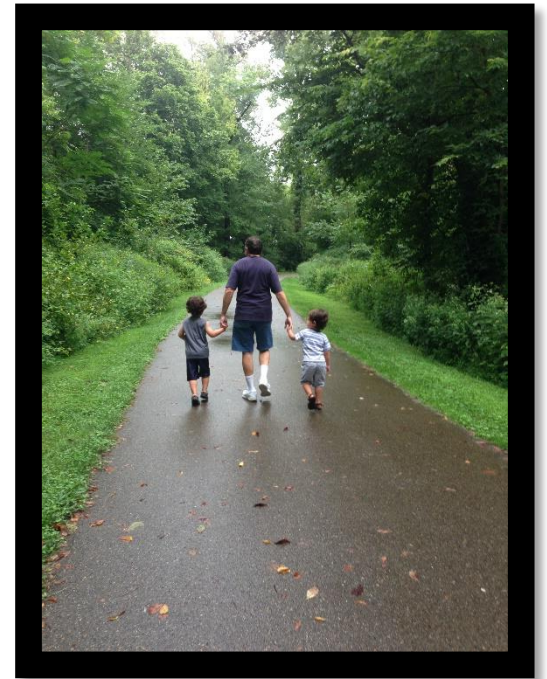
Donors who contribute long-term appreciated securities to the Community Foundation get a double federal tax benefit. Gifts of appreciated securities are deductible at their full market value if they were owned longer than twelve months. The capital gains tax on the stock's appreciation (the difference between the stock's cost and its current fair market value) is completely avoided. Every individual's tax situation is unique and we suggest that individuals consult their tax advisor with respect to maximizing tax benefits.

EXPERTISE

Your partnership with the Community Foundation is an opportunity to learn about philanthropy from experienced, professional grant makers. Program staff—a ready reserve of information and expertise about our nonprofit community—are available to review requests and make recommendations. If you wish, we will bring your attention to areas of your charitable interest.

ATTRACTIVE ALTERNATIVE TO A PRIVATE FOUNDATION OR COMMERCIAL CHARITABLE FUND

A private foundation can be an appropriate vehicle in the right circumstances. However, the disadvantages of private foundations, including costs, administration, annual tax filings to the IRS, and lesser tax benefits, cause many people to seek a better alternative. A Donor Advised Fund may be that better alternative. Private foundations can be terminated, and the assets easily transferred to a Donor Advised Fund with the Community Foundation. Commercial charitable funds can be easily transferred to your Donor Advised Fund at the Fairfield Community Foundation as well.



HOW DO I SET UP A DONOR ADVISED FUND?

To create a Donor Advised Fund, you sign a Fund Agreement—a document that conveys your gift to the Fairfield Community Foundation (HCF). A *donor* is the person who establishes the fund and a *donor advisor(s)* is designated by the donor in the Fund Agreement as the only person(s) who can suggest disbursements from the fund. In the agreement, you may name yourself as an advisor, either to act alone or with another individual (or individuals). It is recommended that if more than one person is listed as a donor advisor, that one person be specifically designated to act as the Fund Advisor in submitting Donor Suggestion Forms to the Community Foundation.

A Donor Advised Fund is an irrevocable charitable gift of cash or securities from which you have the opportunity to suggest disbursements for charitable causes. IRS regulations stipulate that you, as a donor advisor, cannot make a tax-deductible contribution and at the same time retain future control over the contribution. Therefore, in order for the gift to be irrevocable, the Fairfield Community Foundation must retain the right of final determination for the use of funds.

WHAT IS THE MINIMUM AMOUNT REQUIRED TO START A DONOR ADVISED FUND?

\$5,000 is the suggested minimum to start a Donor Advised Fund, but the Community Foundation is eager to work with you to accomplish your charitable goals and will discuss your individual circumstances.

HOW DO I MAKE ADDITIONAL CONTRIBUTIONS TO MY DONOR ADVISED FUND?

Contributions such as cash and appreciated securities can be made at any time. Gifts of real estate and certain other tangible assets can only be accepted with prior approval of the Community Foundation's Board of Trustees.

Gifts to a public charity, unlike contributions to a private foundation, have the benefit of the maximum charitable deduction permitted under current laws. The charitable gift you make to establish a Donor Advised Fund, and any subsequent contributions to the fund, are fully deductible as gifts to a public charity. A community foundation is defined as a public charity under sections 501(c)(3) and 170(b)(1)(A) of the Internal Revenue Code. All gifts to the fund are acknowledged by a sanctioned IRS letter that may be used as evidence of the charitable contributions for tax purposes.

All checks should be made **payable to FCF** with the specific fund identified either on the payee line ("FCF/Your Fund") or on the memo line. This ensures ready acceptance by banks and accountability by FCF. Some Donor Advised Funds conduct fundraising events or solicitations to grow their fund. All solicitations on behalf of a fund at the Community Foundation must meet our fundraising activity guidelines in advance of fundraising or solicitation. Staff will provide these guidelines upon request.

HOW DO I SUGGEST A GRANT?

The donor advisor(s) recognized in the Fund Agreement may submit grant suggestions (minimum of \$100.00) to one or more charities by using our online **Donor Portal**.

Community Foundation staff will research and document the charitable status of the proposed recipient organizations and the charitable nature of their activities, when necessary. With the support of our grantmaking staff, the Community Foundation reviews the recommendations using criteria established by our Board of Trustees in accordance with IRS guidelines. As stated in your fund agreement, our Board of Trustees retains final authority and responsibility for determining distributions from the Fund.



WHAT ARE COMMON TYPES OF GRANTS?

Here is a list of the most common types of grants made to nonprofit organizations and what they typically mean to those organizations:

Unrestricted: An unrestricted grant allows the nonprofit to use the dollars to support the organization where most needed.

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

Project/Program: A project or program grant supports a specific activity.

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

Endowment: Some nonprofits have endowment funds. The endowment fund is a permanent annual source of income for the operating or program expenses of the organization.

Challenge or matching: A challenge or matching grant helps a nonprofit organization leverage additional dollars through a fundraising campaign.

WHO MAINTAINS CONTACT WITH THE GRANT RECIPIENTS?

When the Community Foundation makes a grant from a Donor Advised Fund, the charitable organization receiving the grant is informed by letter. Unless you otherwise request, any distribution from a donor advised fund shall identify the name of the fund and the name and address of the fund's primary contact person for acknowledgment purposes.

CAN A GRANT RECOMMENDATION BE DISALLOWED?

Yes. The IRS is specific about some limitations on the types of grants that can be made from a donor advised fund. Some examples of **disallowed** purposes include the following:

- Gifts which include personal benefit or services rendered to the donor, donor advisor(s) and/or related parties. Common examples include:
 - a) Memberships in a nonprofit organization (e.g. museums, guilds, etc)
 - b) Tickets to fundraising dinners or golf tournaments or any other activity that provides a benefit to the donor
 - c) Goods purchased at charitable auctions and other fundraising events
 - d) Raffle Tickets
- Gifts to a private foundation
- Gifts to individuals or charitable entities for the benefit of specified individuals.
- Gifts to pay for personal expenses incurred by a relative, including tuition.
- Gifts for lobbying purposes or to support political campaigns
- Gifts to fulfill legally binding personal pledges of financial support or obligations made by the donor, advisors or related parties
- Grants, loans, compensation, or similar payments (including expense reimbursements) to donors, advisors or related parties

CAN I SUPPORT THE COMMUNITY FOUNDATION IN OTHER WAYS?

Each year, individuals, foundations and corporations throughout the area contribute to the Community Foundation. Gifts to the Fairfield Community Foundation's Unrestricted Community Grant Fund demonstrate a desire to support the Community Foundation's mission and our community grants program. You may request that a transfer be made from your Donor Advised Fund to the Community Foundation's Unrestricted Community Grant Fund at any time.

WHAT ABOUT FUND INVESTMENT, PAYOUT AND FEES?

The funds of the Fairfield Community Foundation are managed by professional investment managers under the supervision of the Investment Committee of our Board of Trustees in accordance with our Investment Policy. Regular reviews are conducted to monitor investment performance and activity.

There is no initial charge to set up a fund. Once a fund is established, a Foundation Administrative Fee is assessed on a quarterly basis. Foundation Administrative fees provide for the operation of the Foundation, including documenting tax deductions for donors, check preparation, grant review and processing, fund reports, mailing, data processing, bookkeeping and obtaining an independent audit. These fees are assessed directly to the fund and do not require an additional payment by you.

The annual Foundation Administrative Fee for all Foundation funds is 100 basis points (1%).

CAN I INVOLVE MY FAMILY?

You may wish to encourage your children to carry on this tradition of philanthropy. The Community Foundation invites you to appoint your children as successor advisors. Experience indicates that educating children through example and shared activities instills this legacy of commitment. We would be glad to assist you in determining an appropriate way to involve others in your family philanthropy.

HOW CAN I CREATE A LEGACY?

By creating a fund with us during your lifetime, you have already made it possible to leave a permanent legacy to charity. Upon the death of the last surviving advisor, the fund can continue as a permanent named endowment meeting your charitable purposes for generations to come. This allows you to build a permanent legacy and to perpetuate the name you select for the fund. For more information on creating a lasting legacy through your fund, please contact your fund representative at the Community Foundation.

You may want to add to the Fund by making a charitable provision in your will. Or you may also create additional funds named for your family or in honor of a relative or friend to serve as memorials to them. Gifts may then be made in the name of your fund in perpetuity.

When may I make suggestions for distributions from the Fund?

You may make grants from your fund whenever you wish throughout the year. You have 24/7 access to your fund through the donor portal.

Can I make a suggestion to support a nonprofit outside of the Hamilton area?

Yes, you may request to send a gift to any nonprofit throughout the country.

How often should I suggest grants from the fund?

We encourage you to suggest grants from your fund on a regular basis. Some advisors choose to do this annually, while others offer their suggestions semi-annually or quarterly.

How will I know how much I have available in the fund to make suggestions for grants?

Through the donor portal you have access to your fund activity at any time. You are able to see your balance, any gifts or grants and any other documents relating to your fund is all available online. Making a grant from your fund is easy through your donor portal.

What kind of organization may I suggest for grants?

You may recommend publicly supported 501(c)(3) charities, schools or charitable causes. If you have any questions about qualifying organizations or causes, call your fund representative and we will research the organization or cause for you.

May I suggest a multi-year grant from my fund?

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

May I serve on the board of a nonprofit and give to it from my Donor Advised Fund?

Yes, as long as you receive no personal benefit from the grant.

GENERAL POLICIES OF THE FAIRFIELD COMMUNITY FOUNDATION

THE COMMUNITY FOUNDATION WORKS WITH YOU

These guidelines provide you, the donor advisors and prospective donor advisors of the Fairfield Community Foundation, with information on what you may expect in working with the Community Foundation. We look forward to helping you reach your charitable goals and always welcome your input and suggestions.

As a donor, you are encouraged to communicate freely and frequently with us. Communication fosters understanding and helps us to efficiently administer your contributions and more effectively respond to your distribution suggestions. You may contact us in person, by telephone, mail, or email, whichever is most convenient for you. Staff contact information is listed on the following page.

The information contained in this handbook is intended to inform donors and professional advisors about Donor Advised Funds. We will make our best effort to communicate any changes about Donor Advised Funds in a timely manner.

CONFIDENTIALITY OF DONOR INFORMATION

Information about Community Foundation donors is confidential. We do not disclose financial information, individuals' ages or other personal information without the donor's consent.

We use your mailing information only to grantee organizations so that they may appropriately acknowledge the grant to you (unless you request anonymity) and only as a means for us to stay in touch, to keep you informed of your fund activity and Community Foundation activities and opportunities.

INFORMATION ON CHARITABLE GIVING AND ORGANIZATIONS

To assist you in meeting your charitable goals, we are pleased to provide you with information on charitable-giving techniques, such as planned giving, as well as information about charitable organizations you may wish to support through the Community Foundation.

In our relationship with you and with other donors, we also encourage the involvement of your professional advisors. We do suggest you solicit legal and other professional advice, as needed, to optimize the benefits of your relationship with us.



STAFF CONTACT LIST

The Fairfield Community Foundation's staff - an affiliate of the Hamilton Community Foundation - is an excellent resource for donor advisors and is always available to assist you in accomplishing your philanthropic goals. You may be interested in visiting a nonprofit organization, or in having research provided to you about a nonprofit group. You may be interested in a specific geographic area and seek information about nonprofits serving that region. You may be interested in planning a bequest for a charitable purpose. If so, please contact us.

Your inquiries are encouraged and welcomed.

John Guidugli – President/CEO
Email: jguidugli@hamiltonfoundation.org

Katie Braswell, Vice President
Email: kbraswell@hamiltonfoundation.org

Crystal Reece, Director of Finance
Email: creece@hamiltonfoundation.org

Amy Berlean, Director of Communications
Email: aberlean@hamiltonfoundation.org

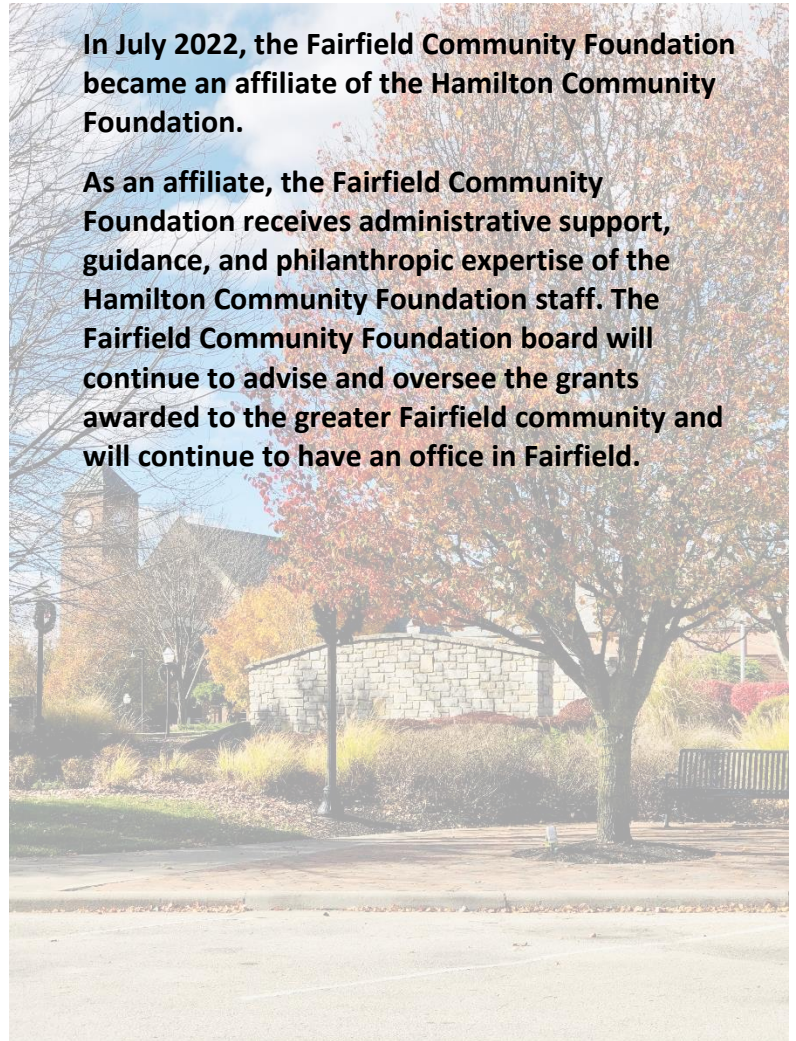
Kasey Rouse, Scholarship Program Manager
Email: krouse@hamiltonfoundation.org



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In July 2022, the Fairfield Community Foundation became an affiliate of the Hamilton Community Foundation.

As an affiliate, the Fairfield Community Foundation receives administrative support, guidance, and philanthropic expertise of the Hamilton Community Foundation staff. The Fairfield Community Foundation board will continue to advise and oversee the grants awarded to the greater Fairfield community and will continue to have an office in Fairfield.



To begin the conversation about your charitable goals, contact
Katie Braswell, Vice President at
513-805-0220 or
kbraswell@hamiltonfoundation.org.