

DONOR ADVISED FUND POLICIES & GUIDELINES ABOUT YOUR CHARITABLE FUND

Serving donors is central to our mission at InFaith Community Foundation, and we're committed to providing you with the flexibility, proven stewardship and exceptional service you need to make the most of your giving plan. We look forward to serving you and your charitable giving goals. Whenever you have questions regarding your charitable fund or any of the policies and guidelines described in this booklet, please call us at 800-365-4172 or contact us via email at contact@InFaithFound.org.

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ESTABLISHING YOUR CHARITABLE FUND

What is a Donor Advised Fund or Charitable Fund?

Donor advised funds are one of the fastest growing charitable giving vehicles in the United States because of their giving flexibility and effectiveness. Through a donor advised fund, often referred to as a charitable fund, you make gifts to the sponsoring public charity, in this case InFaith Community Foundation. You receive charitable tax deductions as you make gifts to your charitable fund and can then request grants to IRS-qualified charities at times of your choosing.

Fund Agreement

Your InFaith Fund Agreement describes your giving intentions and recommendations based on the information provided in the Fund Workbook and through discussion with InFaith Community Foundation staff. Please review and sign your Fund Agreement before making gifts or transferring assets to your charitable fund. To make changes to your charitable recommendations, contact InFaith Community Foundation.

Role of Fund Advisor & Successor Advisor

As Fund Advisor to your charitable fund, you recommend charities to receive grants and the investment allocation of your gift assets. You also have the option to name family and friends to serve as successor advisors to your charitable fund upon your death. Successor advisors have full charitable fund advisory responsibilities, including the option to name future successor advisors. If no specific charitable recommendations are in place, remaining charitable fund assets are directed to the InFaith Community Fund upon the death of the last fund advisor.

Authorizing Access

You may authorize interested parties, such as family members, friends or professional advisors (e.g., financial advisor, CPA, attorney), with access to information about your charitable fund. This authorization may be made when you complete the Fund Workbook or after your charitable fund is established. As donor/ Fund Advisor, you may change authorized individuals at any time. Contact InFaith Community Foundation for instructions.

Individuals authorized to discuss your giving with InFaith Community Foundation staff are not able to request grant distributions or have online access to charitable fund information. Financial advisor(s) identified in the Fund Workbook are provided with read-only online access to your charitable fund activity (i.e., contact information, gifts and grants). If you wish to restrict online access to your financial advisor and/or others, please contact InFaith Community Foundation.

Disclosure Options

You may provide InFaith Community Foundation with permission to publish your charitable fund's name in InFaith Community Foundation publications (e.g., annual report, newsletters, social media, website) by checking the designated box under *Additional Instructions* in the Fund Workbook. If no box is checked, InFaith Community Foundation assumes you wish to remain anonymous to the public at all times. You also have the option to have your charitable fund's name shared with charities when grant distributions are sent. If no box is

checked in this section of the Fund Workbook, your charitable fund's name will not be shared with benefiting charities.

If you wish to have InFaith Community Foundation inform recommended charities of your intended support at the time your charitable fund is created, please contact InFaith Community Foundation.

You may change your disclosure preferences at any time. To do so, contact InFaith Community Foundation.

Tax, Legal & Financial Advice

Charitable giving can result in significant tax, legal and financial benefits and consequences. Because InFaith Community Foundation cannot provide legal or tax advice, you are strongly encouraged to consult your personal attorney and tax advisor before making any gifts.

GIFTS TO YOUR FUND

Assets to Establish Your Charitable Fund

You may establish your charitable fund with any of the following: check, wire transfer, ACH bank transfer, credit card, stock/bonds and mutual funds, qualified charitable distributions from an IRA, real estate, other real assets and/ or closely-held stock. (The minimum for gifts of real estate or closely-held stock is \$200,000.) You may also establish your charitable fund with gift assets that occur upon death, such as gifts made through your will or living trust, life insurance and/or beneficiary proceeds. Contact InFaith Community Foundation for more information about minimum gifts to create charitable gift annuities or charitable remainder trusts. When making gifts of cash, please make checks payable to InFaith Community Foundation.

Additional Gifts

You're welcome to make additional gifts to your charitable fund at any time. Please contact InFaith Community Foundation if you have questions on how to make additional gifts or wish to consult with an InFaith gift planner.

Irrevocability

Charitable gifts to InFaith Community Foundation cannot be revoked once the transfer of gift assets is complete. With gifts made upon death, such as bequests and beneficiary proceeds, you retain control of these future gifts while living.

Creating a Charitable Fund with Gifts of Qualified IRA Distributions

If you are 70½ or older, you may create a non-advised charitable fund with gifts of qualified charitable distributions from your IRA. When making this type of gift, you recommend one or more IRS-qualified charities to receive automatic annual grants from your charitable fund, either in perpetuity or for a term of years. Due to IRS regulations, you do not have advisory capacity over this type of charitable fund once it is established.

Tax Considerations

As InFaith Community Foundation is a public charity, gifts made to your charitable fund are generally eligible for the maximum charitable tax deductions available under IRS regulations. Each charitable tax deduction is based on the type of gift asset and when the asset is given (e.g., direct gifts made while living versus gifts made upon death).

Please note that for gifts of cash, donors may deduct up to 60% of their adjusted gross income (AGI) and any portion of their deduction that exceeds this threshold may be carried forward for five additional tax years. For gifts of long-term appreciated assets (assets owned for more than one year), such as stock, donors may deduct up to 30% of their adjusted gross income (AGI) and any portion of their deduction that exceeds this threshold may be carried forward for five additional tax years.

The information above pertains only to federal taxes, not taxes at the state level, which vary. In all cases, please consult with your tax advisor for charitable tax deduction information specific to your giving situation.

Gift Acceptance & Tax Receipts

In accordance with procedures adopted by the InFaith Community Foundation Board of Directors, a duly-authorized InFaith Community Foundation officer or other designated staff person accepts your gift on behalf of InFaith Community Foundation. Once your gift is accepted, a tax receipt is sent to you. In cases where multiple gifts are made in one year, a final comprehensive tax receipt is sent following year end.

Policy for Selling Capital Assets

Gifts of capital assets, such as securities, real estate, and other real assets, are sold by InFaith Community Foundation as soon as feasible. Proceeds from the sale of these assets are directed to your charitable fund and invested according to InFaith Community Foundation's investment policy.

Fundraising Policy

InFaith Community Foundation cannot accept checks from individual supporters in response to fundraising events promoting charitable funds at InFaith Community Foundation (e.g., golf tournaments, banquets, silent auctions). The exception is when InFaith Community Foundation has agreed to sponsor and run an event, and all conditions outlined by InFaith Community Foundation have been met. Gifts received at a fundraising event for a specific charitable fund should be made payable to the individual organizing the event, and are not eligible for a charitable tax deduction from InFaith Community Foundation.

GRANT DISTRIBUTIONS

Distribution of Grant Support

Grant distributions from your charitable fund are sent directly to benefiting charities. InFaith Community Foundation cannot provide grant distribution checks to the Donor/Fund Advisor for personal delivery. You may designate grants for general operating support or specific projects. Grants provide general operating support unless otherwise noted by the donor/Fund Advisor.

Grant Distribution Policies

A charitable fund at InFaith Community Foundation allows you to support charities in the following ways:

Advise as You Go – Any Charity, Any Time. (*option A in the Fund Workbook*) Recommend grants of \$100 or more to your favorite IRS-qualified charities at times of your choosing.

Automatic Annual Grant Support. (*options B, C and D in the Fund Workbook*) Designate IRS-qualified charities, a scholarship

or a field of interest to receive automatic annual grants in the following ways:

- **Perpetual Grant Support.** Through the perpetual grants option, 5% of your charitable fund's value is distributed proportionately among recommended charities on an annual basis. This distribution rate is subject to change.
- **Term of Years Grant Support.** Through the term of years grant option, 10% of the charitable fund's value is distributed annually among recommended charities for 10, 15 or 20 years based on your request. Following the term of years, any remaining assets in your charitable fund are distributed proportionately among your recommended charities.
- **One-Time Grant to Specific Charities.** A portion of your initial gift may be granted to one or more recommended charities. This option is available whether your initial gift is made upon death or while living. A minimum of \$50,000 or 20% of the gift, whichever is greater, must remain in your charitable fund.
- **When a Charity No Longer Exists.** If a recommended charity no longer exists, annual distributions will be made proportionately among remaining charities. If all charities cease to exist and no other charitable recommendations are in place, remaining charitable fund assets will be directed to the InFaith Community Fund. In the case of charitable funds with term of years grant distributions, remaining charitable fund assets are distributed among named charities at the end of the term. If all charities cease to exist, remaining assets are distributed to the InFaith Community Fund.

Qualifying Charities & Grantmaking Due Diligence

InFaith Community Foundation strives to ensure that grants from your charitable fund achieve your giving intentions, and verifies the charitable status of all nonprofits receiving grants. Each grantee's financial and program information is reviewed.

While the vast majority of grants recommended by donors are honored by InFaith Community Foundation, the following types of grant requests are not permissible:

- Grants that provide a more than incidental benefit to the donor or other third party. This includes: all or a portion of the cost to attend a charitable event, goods bought at charitable auctions, raffle tickets, grants to satisfy a financial obligation to any individual or entity, grants that fulfill fundraising pledges or other commitments, or that are directed to or for the benefit of specific individuals (e.g., school tuition, scholarships earmarked for individuals);
- Grants to organizations whose purpose or work is not solely charitable or when the grant will be used for a non-charitable purpose (e.g., cemeteries, VFW, fraternal societies);
- Grants to private non-operating foundations; and
- Grants to supporting organizations (501(c)(3)s identified in 509(a)(3)) that do not have an IRS determination letter stating they are "Type I" or "Type II".

For more information about permissible grants from your charitable fund, please contact InFaith Community Foundation. Visit InFaithFound.org/charity_research for information on specific charities and resources for evaluating them. More information is also included in your Fund Handbook. Organizations receiving grants from your charitable fund are requested to reference the name of your charitable fund

(example: The (insert fund name) of InFaith Community Foundation) in press releases, publications and/or other related communications (unless you requested anonymity).

Variance Power

As a community foundation, InFaith Community Foundation is governed by federal laws and regulations that require it retain “variance power.” This means that in accepting donor gifts, InFaith Community Foundation must have the ability to re-direct charitable support under certain circumstances, including if a charity loses its nonprofit status, support to a charity becomes unnecessary, the charity becomes incapable of fulfilling its mission, or is otherwise inconsistent with the charitable purposes of InFaith Community Foundation.

FEES & EXPENSES

Administrative Fees

There is no fee charged to establish your charitable fund. Once gift assets are received to your charitable fund, an annual fee equal to 1% is assessed to charitable fund assets on a quarterly basis to cover program and administrative expenses. This fee is based on the fund's average daily balance for the quarter. Charitable fund assets in excess of \$1,000,000 are assessed a reduced fee of .5%, and additional reductions occur with assets exceeding \$5,000,000. Fees are assessed on a per fund basis and are subject to change.

If you established a charitable fund where grants are advised at times of your choosing (i.e., “Advise as You Go”), a minimum \$25 quarterly administrative fee is assessed when the charitable fund value drops below \$10,000. There may be additional fees for gifts of illiquid assets (e.g., real estate, closely-held stock, life insurance). Contact InFaith Community Foundation for additional information.

InFaith Community Foundation also offers an Advisor Managed Fund program for donors who elect to work with a financial advisor for investment advisory and management services. The minimum gift for the program is \$250,000 and the annual administrative fee is 1% of the assets or \$2,500, whichever is greater. Investment advisory fees assessed by a financial advisor, plus custody and investment management, and management fees embedded within mutual funds, commingled funds, etc., will not exceed 2% of a charitable fund's value.

In all cases, gift and charitable fund minimums must be met.

Investment Expenses

InFaith Community Foundation invests gift assets in a diversified portfolio of no-load, institutional class investments. Investment advisory fees are netted out of overall investment returns. If you establish an Advisor Managed Fund, please note the separate fee schedule described above.

INVESTMENT OF FUND ASSETS

Foundation Investments

All investments of InFaith Community Foundation are reviewed for approval by the InFaith Board of Directors. Assets of your charitable fund may be commingled with the assets of other charitable funds that InFaith Community Foundation holds and administers.

Investing Your Fund's Assets

As a donor/fund advisor, you may recommend how your charitable fund assets are invested. Once gift assets are invested, changes in market value may cause the value of the underlying investments of your charitable fund to be worth more or less than the value of the original gift. All dividends and capital gains are reinvested.

For charitable funds where you “Advise as You Go”, you have the option of investing gift assets in any of InFaith Community Foundation's investment portfolios. You may also choose to customize your charitable fund's investment allocation among multiple portfolios.

For charitable funds where you designate charities for automatic annual grants, you may choose to invest assets in one or more growth-oriented investment portfolios.

Once your charitable fund is established, you may recommend changes to your investment selection or allocation by submitting your request in writing or online to InFaith Community Foundation. You may change your investment allocation quarterly. If no investment allocation is selected in the Fund Workbook, assets will be invested in the Mission Growth Portfolio. *Note: Charitable gift annuity assets are invested in the Core Growth Portfolio and charitable remainder trust assets are invested in the Mission Growth Portfolio.*

For gifts of \$250,000 or more, donors have the option of establishing an Advisor Managed Fund. Contact InFaith Community Foundation for additional information.

Investment Recommendations

Whenever possible, InFaith Community Foundation follows donors' investment preferences but as per IRS regulations, investment recommendations are advisory and InFaith Community Foundation may follow or decline donors' recommendations. Investments are administered in accordance with the financial policies of InFaith Community Foundation and are subject to normal market and interest rate fluctuation risks. Any gain or loss generated by the above investments will be reflected accordingly in the fund's value.

DONOR COMMUNICATIONS

Fund Reports & Online Access

At least annually, InFaith Community Foundation provides update statements to donors with charitable funds that are making grants. These reports detail grants to charities, administrative fees, and investment gains or losses. Statements for charitable funds are also available online at InFaithFound.org/fundlogin.

Once your donor advised fund is established, you can request electronic delivery of statements at InFaithFound.org/fundlogin. Please contact InFaith Community Foundation whenever you have questions regarding your charitable fund.

RESOURCES TO SUPPORT YOUR CHARITABLE GOALS

The staff of InFaith Community Foundation is here to help you make informed and thoughtful giving decisions. Please contact us if we can serve you in any of the following ways:

- Identify charities/nonprofit organizations that match your interests and values.
- Research causes or issues important to you.
- Link your giving with InFaith-led initiatives, joining other donors to provide support to specific charitable concerns.
- Assist you in making additional gifts to your charitable fund.

Following are additional resources to help you evaluate charities and learn more about giving:

Your Plan for Giving—This questionnaire is designed to help you define your charitable interests. We encourage donors to share completed questionnaires with InFaith Community Foundation. Your responses can help guide InFaith and successor advisors should a recommended charity cease to exist or change its mission.

Family Giving Program—Many individuals choose to engage friends, family or loved ones in their charitable giving, and some name them as successor advisors to advise their charitable fund when they are no longer living. You may be the key decision maker for your fund or choose to share this role with others. Either way, InFaith has developed GenerationsGive inFaith, a suite of resources for you to share your giving journey with future generations and our staff is here to support you along the way. More information at inFaithFound.org/generationsgive.

Charity Navigator: Your Guide to Intelligent Giving (CharityNavigator.org)—Charity Navigator is America's most prominent evaluator of charities. Their rating system examines two broad areas of a charity's financial health—how responsibly it functions day to day as well as how well positioned it is to sustain its programs over time. Each charity is then awarded an overall rating, ranging from zero to four stars.

GuideStar (GuideStar.org)—With free registration you can view information on all 1.8 million nonprofits listed with GuideStar, and all are formally registered with the IRS or have proven they meet all IRS criteria for exempt organizations.

Donors/Fund Advisors are subject to the policies and guidelines outlined in this booklet. InFaith Community Foundation reserves the right to modify these policies and guidelines at any time.



Spreading Joy. Changing Lives.®

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