



Helping You, Help Others

DONOR ADVISED FUND



Let's Do Some Good Today!

306 West Dixie Avenue • Elizabethtown, KY 42701

270.737.8393

www.ckcf4people.org

Thank You!

We appreciate your interest and welcome you to Central Kentucky Community Foundation.

First, we want to thank you for partnering with us to make a difference in our community. We value the trust you are placing in Central Kentucky Community Foundation and we work to exceed your expectations. We appreciate your commitment to making your community a better place by giving to various organizations. Your Donor Advised Fund is an excellent way to simplify your giving.

This Donor Advised Fund Handbook covers many of the questions you may have about how the fund operates. If you have others, please don't hesitate to contact us at (270) 737-8393 or info@ckcf4people.org.

The Central Kentucky Community Foundation wants to work with you, the donor, to fulfill all of your philanthropic wishes. The Foundation works with communities to identify needs/opportunities for growth. Together, we can help achieve new levels of experiences for people in our communities.

In addition to Donor Advised Funds, we offer other avenues of giving. A description of those are included in the back of this book.

Again, thank you for this opportunity to work with you.

Let's do some good today!

Al Rider
President and CEO
Central Kentucky Community Foundation

Donor Advised Funds

What is a Donor Advised Fund?

A **Donor Advised Fund** is a charitable giving tool created by an individual, family or group and administered by a public charity for the purpose of managing charitable donations. A Donor Advised Fund offers the opportunity to create an easy-to-establish, low cost, flexible vehicle for charitable giving as an alternative to direct giving or creating a private foundation. Donors enjoy administrative convenience, cost savings, and tax advantages by conducting their grant making through the fund.

Donor Advised Fund Defined

A Donor Advised Fund defined by IRS regulation possesses three characteristics:

- The Fund is separately identified with reference to the gifts of a donor or donors. For example the Smith Family Fund established by the Smith family children.
- The Fund is owned and controlled by a sponsoring organization, for example the Central Kentucky Community Foundation.
- The Donor/Advisor has the privilege of providing advice with respect to the fund's distributions.

Getting Started

A Donor Advised Fund can be created with a simple letter of agreement between a donor and Central Kentucky Community Foundation. A Donor Advised Fund is activated upon receipt by CKCF of an initial gift of \$5,000 or more. The original Donor(s), who is, often, the original Advisor(s), has the opportunity to include additional Advisors. The original Advisor(s) named in the agreement may recommend grants from the fund to qualified charitable organizations. The donor may name the fund, subject to approval by CKCF. Unless the donor requests that a fund be anonymous, it may be listed by name in CKCF materials. The Fund and its advisor(s) will be identified to grant recipients unless the advisor(s) requests anonymity, on a case-by-case basis.

An endowed Donor Advised Fund can be created with an Endowment Agreement between the donor and Central Kentucky Community Foundation. An endowment of \$10,000 or greater may make the donor eligible for state tax credits under Endow Kentucky.

Contributing to a Fund

After the initial gift to establish a Fund, subsequent gifts may be made in any amount at any time. Gifts to a Fund are irrevocable; the assets of Donor Advised Funds are owned and controlled by CKCF. Gifts may be made using cash, publicly traded securities or other property, including closely held stock, partnership interests, real estate, personal property, trusts and life insurance in accordance with CKCF's Gift Acceptance Policy. Gifts should be clearly designated by fund name "The XYZ Fund of Central Kentucky Community Foundation" Many donors make gifts using appreciated, publicly traded stock that has been held for longer than a year, to enjoy maximum tax benefits. Gifts of property that may not have immediate liquidity are accepted at the discretion of CKCF and subject to the Gift Acceptance Policy and Due Diligence Procedures. Donors considering a gift in any form other than cash are welcome to contact CKCF for specific details and arrangements.

Recommending Grants

Grant recommendations may be made at any time during the year, and should be made at least annually. Grants from a Donor Advised Fund must be made to more than one qualifying recipient over the lifetime of the Fund. Grant making instructions will be provided upon creation of a fund, as part of the Advisor orientation process.

Donor Advised Funds must maintain a \$5,000 balance at all times. Once a Donor Advised Fund has been activated and as long as it maintains a fund balance in excess of \$5,000, the Advisor(s) named in the agreement may recommend grants to qualified charitable organizations. Each recommended grant shall be for at least \$100. Unless otherwise restricted in the agreement, grants may be recommended out of the accumulated investment earnings and any principal in excess of \$5,000.

Tax Benefits

There is an immediate charitable tax deduction for the fair market value of the gifts made to the Fund. There is no tax benefit for making a grant from a Donor Advised Fund. The tax deduction was incurred when the gift was made to the Fund. Therefore, Advisor(s) are encouraged to avoid end of year grant making.

Qualified charities generally include those described in section 501(c)(3) of the Internal Revenue Code and certain governmental organizations. These include charitable, religious, and educational organizations as well as school districts, public libraries and other units of government. Examples of organizations not eligible for gifts from a Donor Advised Fund include fraternal orders, organizations whose primary purpose is lobbying, private foundations and funds set up to provide emergency relief to specific individuals or families. If an advisor is concerned about a particular recommendation, CKCF can pre-screen an organization for eligibility.

Grant Restrictions and Prohibitions (IRS regulations)

Grants from a Donor Advised Fund cannot result in the donor, advisor or any related parties receiving an exchange of goods or services or any personal or material benefit that is not provided to the general public. Prohibited benefits, include tickets, memberships, meals, preferred parking, preferred seating, discounted merchandise or other preferential treatment from a recipient organization.

Donor Advised Fund grants also cannot be used to satisfy all or a portion of a pre-existing personal pledge or other financial obligation of the donor, advisor(s) or any related parties. An Advisor(s) may, however, recommend that a grant be paid out over multiple years, subject to grant approval and annual due diligence.

Provisions of the Pension Protection Act of 2006 prohibit Donor Advised Funds from making any grants to individuals such as scholarships, emergency hardship grants or disaster relief grants. This includes checks written directly to an individual or checks written to an entity for the benefit of a specified individual. For example a grant to a university for the benefit of a designated student is prohibited.

Donors, Advisor(s) or any related parties may not receive grants, loans, compensation or similar payments (including expense reimbursements) from Donor Advised Funds.

Once a recommendation is received, CKCF staff will perform due diligence to verify the organization is a qualified charity. For most organizations this process can be completed in a few days. For grants to unfamiliar organizations, CKCF requires an affirmative response from the organization before awarding a grant. This process may take longer. It is CKCF's practice generally to follow the Advisor(s) recommendation. However, the final decision about all recommended grants resides with CKCF. Once CKCF approves the grant, a check will be issued and a letter prepared for the recipient organization.

Grants Acknowledgment

Unless other arrangements have been made (e.g. anonymity requested), the grant letter will indicate the gift is from "The XYZ Fund of Central Kentucky Community Foundation" and that it has been given upon the recommendation of the named Advisor(s). The recipient organization is encouraged to acknowledge the gift to the Advisor(s) and also to CKCF. Additional language confirms that no benefits have been offered or provided to CKCF or the Advisor(s) in exchange for the accompanying grant. If the recipient organization publishes a news release or a list of donors, it is asked to indicate the contribution as a grant from "The XYZ Fund of Central Kentucky Community Foundation."

Partners in Philanthropy Program

CKCF's Partners in Philanthropy Program may bring to the Advisor(s) attention grant making opportunities in which the Advisor(s) may have an interest. The Advisor(s) is not obligated to recommend a grant for the identified program. Donors may also be furnished with lists of the unmet charitable needs of the community as determined by CKCF.

Restrictions and Limitations

If a grant is recommended that would reduce a fund's balance below the \$5,000 minimum, the grant payment will be withheld pending discussion with the Fund's Advisor(s). If the Advisor(s) does not plan to replenish the Fund for future grant making, the Advisor(s) will be encouraged to relinquish the advisory role for the Fund. The Fund will continue to be listed among the component funds of CKCF, but its assets will be commingled in a pool of unrestricted assets for which the income is used to meet community needs as determined from time to time by CKCF's Board. Once the Donor(s) is deceased, the fund becomes part of CKCF unrestricted endowed funds. The Fund will then continue to be listed among the component funds of CKCF, but its assets will be commingled in a pool of unrestricted assets from which the income is used to meet community needs as determined by CKCF's Board.

Successor Advisors (Requires minimum \$25,000 endowed initial gift)

A Donor(s), wishing to include an additional family generation in the Fund beyond the lifetime of the original Donor(s), may do so with an endowed \$25,000 initial gift. At such time as the Advisor(s) from the second generation become active Advisors, the endowed fund, and CKCF's spending policy will determine the amount available for distribution annually.

In addition, the Donor(s)/Advisor(s) will be encouraged to take advantage of the knowledge and expertise of CKCF's grant making staff through the Partners in Philanthropy Program and suggest that a portion of the Donor Advised Fund grants remain within the service area of CKCF.

CKCF may consider an exception to the Successor Advisor Policy to involve a third generation upon the request of the Donor. The response to a Donor who has requested a third generation be Included as a successor advisor(s) will take into account expectations that:

- Successor Advisor(s) (whether residing in the region or not) will be active participants in CKCF's Partners in Philanthropy Program; and

- A significant portion of the advised fund grants will remain within the CKCF service region.

When the last Advisor(s) is deceased, the fund becomes part of CKCF unrestricted endowed funds. The Fund will then continue to be listed among the component funds of CKCF, but its assets will be commingled in a pool of unrestricted assets from which the income is used to meet community needs as determined by CKCF's Board.

Investments and Fees

CKCF has the sole responsibility and authority for investment of the assets of each Donor Advised Fund. Decisions with respect to the retention, investment, or reinvestment of assets and with respect to commingling of assets shall be made by the CKCF Board.

Donor Advised Funds are customarily invested and commingled with assets of other funds of CKCF. However, when the size of a fund warrants separate investment consideration, typically for funds over one million dollars, CKCF will endeavor to accommodate requests from donors for separate investment of fund assets, or use of a particular investment manager, broker or agent in accordance with CKCF Investment Policy, and may consult with donors on investment options for such funds.

CKCF investment objective is to provide a net return that equals or exceeds the sum of the endowment distribution rate established from time to time by CKCF and the long-term rate of inflation. CKCF may appoint an investment consultant and investment managers to carry out some of its investment management responsibilities with respect to its invested assets pool.

Each Donor Advised Fund is assessed an annual service fee equal to 1.5% of the fund balance or a minimum of \$150, whichever is greater. Service fees are calculated and assessed quarterly based on the last day of the previous quarter.

The financial activity and balance information for each Donor Advised Fund is reported in quarterly statements distributed to the advisor(s).

CENTRAL KENTUCKY COMMUNITY FOUNDATION

Philanthropy is our business — our only business.

Central Kentucky Community Foundation is here to help you accomplish your charitable goals — with experience, expertise and opportunities to make a difference.

Explore the causes you care about, participate in events to expand your philanthropic vision, and join others with similar interests to make a greater impact.

Simplify Your Giving

Consolidate your giving

- ◆ No need for numerous tax receipts—only keep records of gifts to your fund
- ◆ Track grants with your annual summary
- ◆ Support multiple causes with one fund

Customize your fund's name

- ◆ Personalize your fund with your name, or any other name that is meaningful to you
- ◆ Make grants anonymously, if you wish

Experience Personal Engagement

Consult with CKCF Staff

- ◆ Discuss unique giving ideas and opportunities
- ◆ Analyze your giving interests and history

Attend educational programs

- ◆ Connect with other donors
- ◆ Learn from local, regional and national experts

Access Community Knowledge

Donner Connections Calendar

- ◆ Learn about local organizations and their missions
- ◆ Attend a featured informational event

Learn about emerging issues and funding opportunities

- ◆ Join us for presentations and briefings
- ◆ Participate in site visits

Tap into our grant making expertise

- ◆ Benefit from research and inquiries made by our staff on your behalf
- ◆ Gain insights on the causes you care about

Partner for Lasting Impact

Develop a personal giving plan

- ◆ Evaluate your unique charitable priorities
- ◆ Devise a personalized, long-term vision

Consider opportunities to support community needs that match your interests

- ◆ Add your charitable dollars to CKCF grant that supports local programs
- ◆ Earmark grants for specific projects, or add to the available pool of grant funds

Create your permanent legacy

- ◆ Establish a fund that perpetually supports your favorite cause (or causes) in your name
- ◆ Include your family in giving for generations

ADDITIONAL GIFTS TO YOUR FUND

The Central Kentucky Community Foundation accepts a wide variety of assets as gifts, all of which qualify for maximum tax deductibility. Anyone may make additional tax-deductible contributions to your Donor Advised Fund at any time. The following information will help insure gifts are processed promptly and properly.

CASH GIFTS

Checks should be made payable to Central Kentucky Community Foundation and mailed or delivered to the CKCF office. For tax purposes, the date of the contribution is generally the date of the postmark or the day you personally deliver the check to CKCF.

STOCK GIFTS

Upon receipt of securities, we immediately sell them and credit your fund with the net proceeds. Your tax deduction and the credit to your fund may differ—your charitable deduction is generally based on the average of the high and low stock market price on the day you made your gift rather than the amount we actually received.

- **Stock Certificates:** Stock certificates can be either hand delivered to our office or delivered by mail along with a completed Gift Letter. For tax purposes, the value of the stock gift is established on the date the certificate is received or postmarked. If securities will be hand-delivered—Please sign the back of the securities exactly as your name appears on the certificate, but only if they will be hand-delivered to our offices—not mailed. Do not fill in any other information on the back of the certificate—this will enable us to process your gift immediately. Sign the stock power exactly as your name appears on the stock certificate. If two or more persons hold the stock, all signatures must be present.

Please keep copies of everything for your records pending final receipt by CKCF and formal acknowledgment of your gift. **Please call us in advance of mailing stock certificates so that we can anticipate their arrival.**

- **Stock Held by a Bank or Brokerage Account:** Your bank or broker can electronically transfer shares to CKCF brokerage account after they receive a gift letter from you. Important: Please ask your broker to contact Al Rider, at 270.737.8393 for specific instructions.

MUTUAL FUND GIFTS

Upon receipt of transferred mutual fund shares, we immediately sell them and credit your fund with the net proceeds. For tax purposes, the value of the mutual fund gift is established on the date the shares are transferred to a CKCF account.

Important: Giving mutual funds can be a more complicated process than other types of gifts. Many mutual fund companies have their own forms and procedures, and the gifting process may take from several weeks to a couple of months to complete. Please contact CKCF at 270.737.8393 before initiating the gift with your mutual fund company.

OTHER GIFTS

CKCF accepts a variety of gifts, including closely held stock, real estate, life insurance policies, or other readily converted assets. In some instances, the Foundation will accept limited partnership interests. You may also add to your fund after your lifetime by a bequest or beneficiary designation.

YEAR-END GIFTS AND GRANT MAKING

The end of the calendar year is a popular time for people to do their charitable giving. In order to respond effectively to this seasonal increase in charitable activity, we request the following:

For cash gifts: Please mail your check or hand-deliver it to CKCF no later than December 31. Assuming that your check is postmarked on or before December 31, it will be counted as a charitable gift in the same year.

For stock gifts: Certificates that you hold must be delivered to CKCF by December 31. If your shares are held in a brokerage account, give your broker transfer instructions well in advance so that he or she is able to complete the transfer by December 31. Many brokers require 5 to 10 business days at this time of year to complete the transfer.

For mutual fund gifts: Please make transfer arrangements with your mutual fund company well in advance of year end. Mutual funds take much longer to transfer than stocks, so transfers may require a couple of months to be completed.

For holiday or other year-end grant recommendations: Because of high volume of grant recommendations at the end of the calendar year, grant recommendations should be received by the second Friday in December to ensure distribution by December 31. CKCF will try to accommodate all year-end requests, but we cannot guarantee that requests received after the second Friday in December will be fulfilled before the end of the year. Any recommendations received after that date will be processed and distributed as soon as possible.

GIVING FROM YOUR FUND

You can request a grant to any IRS-approved 501(c)(3) charity in the United States. Please be sure to tell us whenever you want the grant to be used for a particular purpose by the charitable organization; otherwise, we will inform the recipient organization that it is to be used for general purposes.

1. **Make your grant recommendations by** (select one):

- Sending a written Grant Recommendation form via fax or mail
(a sample form is included,) or
- Calling CKCF at 270.737.8393.
- Email CKCF at info@ckcf4people.org

Please note: the minimum grant amount is \$100.

2. **Your grant recommendation will be reviewed, processed and mailed** to an approved nonprofit organization. Generally, grant recommendations received by Friday will be mailed on the following Friday. Requests for grants of \$50,000 or more must first be reviewed by the Grants Committee, which may take longer.
3. **A transmittal letter accompanying each grant check** states the grant is “made possible by (your name)” and includes a contact name and address. If you would prefer your grant recommendations to be anonymous, or if you would like to use a different designation, just let us know.
4. **To confirm the grant is issued**, you will receive a copy of the transmittal letter that accompanies the grant check.

There are some restrictions on the types of grants that can be made from a Donor Advised Fund.

IMPORTANT TAX INFORMATION:

You receive a tax deduction based on your contribution(s) to your Donor Advised Fund, so subsequent grant recommendations from your fund have no tax implication.



Central Kentucky Community Foundation

Donor Advised Fund Grant Recommendation Form

Date: _____

I (we) suggest grant distribution(s) from the

_____ (fund name)

to the following organization(s):

1. _____
Organization Amount

Address City, State, Zip

Project purpose (unless general operation)

I wish to remain anonymous to the grantee: _____ Yes _____ No

2. _____
Organization Amount

Address City, State, Zip

Project purpose (unless general operation)

I wish to remain anonymous to the grantee: _____ Yes _____ No

I/we acknowledge that the above suggestion(s) do not represent the payment of any pledge or other financial obligation that has not had prior approval of CKCF Board. Nor does the undersigned expect any personal benefit from this charitable distribution.

Signature

Phone Number

Email Address

If you have any questions please call Central Kentucky Community Foundation, at 270.737.8393, or email info@ckcf4people.org.

You may fax this form to 270.737.8393, or mail your completed hard copy

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