

COMMUNITY FOUNDATION OF SOUTH GEORGIA, INC.  
DONOR ADVISED FUND POLICY

What is a Donor Advised Fund?

A donor advised fund under the Internal Revenue Code possesses three characteristics:

1. The Fund is separately identified with reference to the contributions of a donor or donors. For example, the Jones Family Fund established by the mother and father of the Jones Family.
2. The Fund is owned and controlled by a sponsoring organizations such as the Community Foundation of South Georgia.
3. The donors or persons appointed by the donor expect to have the privilege of providing advice with respect to the fund's investment or distributions.

Minimum Fund Size

There is currently no minimum amount to establish a fund at the Community Foundation of South Georgia. A Donor Advised Fund may be nonpermanent (all contributions may be expended), permanently endowed (invested with only a portion of the earnings and appreciation available for expenditure), or may have both a nonpermanent account and permanently endowed account. Gifts or contributions of \$250 or greater will be accepted with the expectation that over a reasonable period of years, the Fund will accumulate over \$10,000 in contributions. It is the goal of the Foundation that all Donor Advised Funds reach a minimum of \$10,000 in contributions over the first three years.

Contributing to a Fund

Gifts to a fund are irrevocable. The assets of Donor Advised Funds are owned and controlled by the Foundation. Contributions greater than \$250 may be made in any amount and at any time. Contributions 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. Contributions are subject to acceptance by the Foundation. Contributions should be clearly designated by fund name: "The XYZ Fund of the Community Foundation of South Georgia".

Many donors make contributions using appreciated, publicly traded stock that has been held for longer than a year in order to enjoy maximum tax benefits. Contributions of property that may not have immediate liquidity are accepted at the discretion of the Foundation, and subject to completion of our due diligence procedures. Donors considering a gift in any form other than cash should contact the Foundation to discuss its appropriateness and to obtain delivery instructions.

Variance Power

Some donor advised fund agreements restrict distributions to a specific charitable purpose, such as education or arts and culture. Others may limit distributions to particular named organizations. These restrictions may apply from the inception of the fund or may come into effect at the end of the advisory committee. Any such restrictions are subject to modification by the Foundation if it determines, in its sole discretion, that the restriction or condition is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. All contributions to the Foundation are subject to the Foundation's variance power, as stated in Section 9.8 of the Bylaws, which gives the Board of Trustees of the Foundation the right to redirect the use of any fund under certain conditions to better meet the changing needs of the community.

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Fund Advisors

The initial advisors to the fund are those persons named in the fund agreement. If at any time there is more than one advisor to the fund, the advisors will appoint a designee and all communications to and from the Foundation will be through the designee. If no designee has been appointed, the Foundation will consider the first advisor named in the agreement to be the designee. The donor may also designate an advisor or advisor to interact with the Foundation on the donor's behalf.

Donor Advised Funds created by organizations, rather than by individuals, are often advised by an appointed committee with an identified process for selecting new members. As with funds created and advised by individuals, additional advisors, successor advisors, or changes in the Fund Advisors must be communicated to the Foundation in writing by the organization and/or the appointed committee.

Succession Plans

Fund advisors have the opportunity to request a succession plan for their Donor Advised Fund. There are many options available including naming successor Fund Advisors, converting to a Designated Fund, converting to a Field of Interest Fund, or becoming a named Unrestricted Fund for the benefit of the South Georgia Community. All plans will be submitted in writing and included as an Amendment to their Fund Agreement and are subject to the Foundation's approval.

Recommending a Grant

Grants must be for charitable purposes. The minimum grant amount is \$100.

Fund advisors may recommend grants to any qualified charitable organization. Qualified charitable organizations generally include those organizations described in Section 501(c)(3) of the Internal Revenue Code that are not private foundations. This includes organizations such as public schools, colleges and universities, town and municipal governments, police departments, and other units of government.

The foundation does not make grants from donor advised funds, even for charitable purposes, to other types of non-profit organizations (non-charities) or to businesses. Examples of organizations to which the Foundation will not make a grant include social welfare organizations (501(c)(4)), veterans' organizations, cemeteries, Chambers of Commerce, fraternities, sororities, and social clubs.

The foundation will make a grant to US organizations that carry on their work outside of the United States. However, the Foundation does not make grants from donor advised funds to non-US organizations or governmental entities.

Fund advisors may make grant recommendations by completing, signing and submitting a Grant Advisement Form to the Foundation by mail, email, or fax. The Community Foundation of South Georgia, in accordance with tax law, retains final discretion over disbursements from all donor advised funds. Grant recommendations are processed within seven business days of receipt, provided that the Foundation has received, or has in its files, all necessary documentation from the organization to complete its due diligence and verify that the charity is a qualified charitable organization. All grant advisement forms are initialed by the President of the Foundation to indicate approval of the grant. The Foundation will contact the donor if there is a delay in processing the grant request. All grant checks are accompanied by a letter from the Foundation that identifies the donor advised fund that recommended

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the grant (unless Anonymity has been requested) and confirming that no benefits have been or will be provided to the donor, advisor, or related parties in connection with the grant.

From time to time, the Foundation may bring to the advisor's attention grant making opportunities in which the advisor may have an interest. The advisor is not obligated to recommend a grant for the identified program.

Grant Restrictions

IRS rules do not allow the following types of distributions from Donor Advised Funds:

1. Grants from a Donor Advised Fund cannot result in a donor, advisor, or any related party receiving goods or services or any benefit that is more than incidental. Prohibited benefits include event tickets, memberships, meals, preferred parking, preferred seating, discounted merchandise, or other preferential treatment from the charitable organization.
2. Donor Advised Funds may not make any grants to individuals. This includes payments directly to an individual or to an entity for the benefit of a specified individual.
3. Donors, advisors, or any related parties may not receive grants, loans, compensation or similar payments (including expense reimbursements) from a Donor Advised Fund.

Fundraising

Donors sometimes want to raise money to add to their advised funds. Fundraising, if permitted, must strictly adhere to the guidelines in the Fundraising Policy and to any additional restrictions imposed as a condition of the Foundation's consent.

Investments

The Foundation 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 Foundation's Board of Directors as overseen by its Investment Committee. Donor Advised Funds are customarily invested and commingled with assets of other funds of the Foundation.

The Foundation maintains two investment pools, an Equity Pool and a Fixed Income Pool, to accommodate varying risk and return objectives. Fund Advisors can recommend to allocate their fund at varying percentages between the two pools to accommodate their individual risk tolerances. These investment recommendations are communicated in writing via an Investment Advisement Form. The Investment Committee reviews both of these pools on a quarterly basis, with the assistance of an outside investment consultant, to monitor performance, risk tolerances, and adherence to the investment policy of the Foundation. All investment options are reviewed and approved by the Investment Committee and Board of the Foundation and may change from time to time as the Foundation determines.

When the size of a Donor Advised Fund exceeds \$250,000, the Foundation will consider requests from donors for separate investment of fund assets or the use of a particular investment manager. These requests will be considered by the Investment Committee of the Foundation in accordance with the Foundation's Investment Policies in its Fixed Income Pool and Equity Pool.

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The Foundation's long-term investment objective is to preserve the real value of its permanent funds. This means that the Foundation seeks a total rate of return that supports the Foundation's grantmaking, expenses, investment fees, and inflation. The Foundation will normally measure whether it has achieved that objective over a rolling five-year period.

The Foundation appoints an investment consultant and investment managers from time to time to carry out some of its investment management responsibilities.

Fees and Minimums

The Foundation assesses fees, including investment management fees, against all its funds to cover the cost of administration and to continue the Foundation's important work in the South Georgia Community. Fees provide the necessary resources to operate efficiently and effectively, ensuring fiscal responsibility in grant due diligence, donor and nonprofit education, research, and other activities. The Foundation's current Administrative Fee Schedule for donor advised funds is as follows:

Up to \$1 Million	1.25%
\$1 Million-\$2 Million	1.00%
Over \$2 Million	0.75%

The minimum annual fee for a fund is \$125.

Investment management fees vary depending on the investment manager.

Inactive Funds

The Foundation encourages the Fund Advisor to retain an active role in their Donor Advised Fund. In order to carry out its mandate of distributing charitable dollars throughout South Georgia, the Foundation periodically reviews the grantmaking activities of all Donor Advised Funds. Should a fund not make any grants over a two year period, the Foundation will contact the Fund Advisor to discuss intentions for the fund. When the Foundation meets with the Fund Advisor, the following options will be given:

- Recommend grants to one or more 501(c)(3) charities of their choice during the next year.
- Provide a plan for funding a specific charitable purpose that requires an accumulation of resources for more than a three year period.
- Provide a long-term giving plan that requires the donor to reduce the frequency or size of grants in current years to allow for the fund to support grantmaking during their retirement/non-working years (when their income is greatly reduced) or to build the fund so that their children can continue the family's legacy of philanthropy in the future.

In the event that the Foundation cannot locate the Fund Advisor or the Fund Advisor is unresponsive after another year, making the fund inactive for a total of three years, the fund will be considered inactive. At this time, the Foundation will deem the advisory period to have ended and will initiate distributions from the fund in accordance with the provisions of the fund agreement. If the fund agreement does not contain any provisions for distributions, then the Foundation will consider the fund to be terminated and the balance of the fund will be transferred to the Foundation's unrestricted permanent endowment, named the South Georgia Legacy Fund.

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Termination

Unless otherwise specified in the fund agreement, upon the death, resignation, or incapacity of the last advisor to the fund, or if the fund is determined to be inactive, the assets of the fund will become a part of the South Georgia Legacy Fund. If the principal balance of the fund exceeds \$10,000, the Fund will continue to be maintained as a separate named endowed fund for discretionary purposes or as a field of interest, if the donor(s) or successor advisor(s) have specified in writing one or more broad fields of interests for the fund.

**ORIGINALLY APPROVED BY THE BOARD OF TRUSTEES ON NOVEMBER 16, 2017 AND AMENDED BY THE BOARD ON MARCH 21, 2019.**

**SECRETARY'S SIGNATURE**

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**DATE**

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