Donor Services Overview

We understand that each of our donors want to make a lasting impact on this community. Our chief goal in the area of donor services is to gain a deep understanding of your giving goals, and over time, help to identify organizations, projects and strategic areas of grant making that align with these goals. Each donor relationship with the Community Foundation is different, as we take your lead for how we can best support you.

Each donor has access to our five member Philanthropic Services team. Donors will receive a specific contact on the team based on their interests and desired level of involvement with the Foundation. Your Philanthropic Services contact will provide a variety of customized services based on donor preference. All services are included in the Foundation’s administrative fee – no additional fee for service is charged.

New Donor Orientation
This marks the beginning conversation about a donor’s charitable goals, where we begin to dig into how you want to impact this community in the short- and long-term. We seek to schedule the orientation as soon as practical after the creation of your fund.

Your Philanthropic Services contact will work with you to schedule additional personal contacts around your schedule and comfort level, but we are prepared to meet as frequently as needed as we gain a greater understanding of how the Community Foundation can help you achieve your philanthropic goals.

Financial and Investment Stewardship
In addition to regular contacts with respect to community impact, the Community Foundation team will partner and communicate as needed with your financial services team, including professional advisors and estate planning attorneys. We work together to ensure donors receive maximum impact – from a tax planning, legacy building and community investment perspective.

Additional Donor Services
Additional support for philanthropic impact can take the following format(s):

- Quarterly fund statements and donor newsletters, highlighting upcoming opportunities and stories of how other donors have used their fund at the Community Foundation to make a difference
- Site visits to key organizations to explore an interest area, or to learn more about an issue the donor wants to explore
- One-on-one meetings with leaders of nonprofit organizations working in an area of importance to the donor family (either in conjunction with site visits, or as an additional learning mechanism)
- Access to Community Foundation Program staff members, who are subject matter experts on community needs and opportunities, as well as on best practices to achieve community impact
- Leveraging opportunities to partner with Community Foundation discretionary grant making and initiative funding, and/or other local, regional and national foundations
- Facilitated family meetings based on philanthropy and values.
Fund Types

The Community Foundation of Greater Birmingham, an Alabama nonprofit corporation, offers a variety of ways for donors to make an impact with their charitable giving. We start by listening to a donor’s interests so we can work with that individual, family, or business, and the professional advisors they rely on, to create a component fund that meets their charitable impact objectives and our community’s needs. Except as noted, a component fund may be opened at the Community Foundation with a minimum investment of $15,000.

Flexible Grantmaking Funds

- **Community Funds** are permanent resources dedicated to meet the needs of Greater Birmingham now, and forever. Community Funds are ideal for people who want to give back to the community they love by creating a fund to respond to community needs as they change over time. The Community Foundation uses Community Funds for its competitive and proactive grantmaking and initiatives.

- **Field of Interest Funds** are permanent resources dedicated to impact the donor’s chosen areas of interest. Field of Interest Funds are well-suited for people who want to focus their giving on one or more targeted needs or issues. The Community Foundation uses Field of Interest Funds to make grants to organizations working on the field of interest identified by the donor. Donors may establish a named fund with a minimum gift of $15,000; and may work with the Community Foundation to establish an entirely customized grantee selection process with a minimum gift of $500,000.

- **Community Catalyst Funds** are philanthropic venture funds that allow donors to partner with the Community Foundation to identify and fund catalytic projects in the Greater Birmingham region. Donors who establish Catalyst Funds work with other Catalyst Fund donors to recommend the unique funding opportunities poised to catalyze growth and energize this community. Donors may establish a Community Catalyst Fund with a minimum gift of $50,000.

Donor-Defined Funds

- **A Donor Advised Fund** (DAF) keeps the donor directly involved with grantmaking by serving as a fund advisor and recommending grants from the DAF to the donor’s favorite charities. DAF donors also have the opportunity to co-invest with the Community Foundation in its competitive grantmaking. By establishing a DAF, a donor leverages the professional services of the Community Foundation, including extensive knowledge of local nonprofit partners, to simplify giving while amplifying impact.

- **A Designated Fund** permanently supports the work of specific charities chosen by the donor.

- A nonprofit organization may create an **Agency Endowment** at the Community Foundation. By using the professional services of the Community Foundation, nonprofit boards can trust that their assets will be carefully and securely maintained so they can focus on the organization’s mission.

- **Scholarship Funds** provide tuition assistance to qualified people. Donors may participate in the Community Foundation Scholarship Pool with a gift of $15,000, or endow a separate scholarship targeting a school or population of their choice with a minimum gift of $200,000.
Donor Advised Funds

Establishing a Donor Advised Fund at the Community Foundation of Greater Birmingham enables generous individuals, families and businesses to leverage their giving in partnership with the Community Foundation, as well as to support their favorite charities, including educational and religious institutions. The Board of the Community Foundation will see that charitable dollars are carefully invested, accounted for, and distributed according to donor’s recommendations.

A Donor Advised Fund at the Community Foundation of Greater Birmingham provides maximum convenience and flexibility by enabling donors to address a wide variety of issues as their charitable interests and priorities change over time. With this type of fund, the donor makes suggestions for distributions to specific charities.

To get started:

- Using a simple Fund Agreement, we help you set up a grantmaking fund in your name or another name of your choice. A donor who creates an Advised Fund may recommend grants from the fund during his or her lifetime, or identify advisors who may serve this function if the fund is to be established through a bequest. Note that signing the fund agreement constitutes acknowledgement of the Community Foundation’s Donor Advised Fund Policy, which is attached.

- Supply us with your contact information, or the contact information of those you name as advisors, on the Philanthropy Profile. This information will be used for grantmaking authorization as well as sending correspondence related to your fund, including account statements and grant payment confirmations.

- Transfer assets of at least $15,000 to the Community Foundation — you can give cash, appreciated stocks, real estate, or other assets. You receive tax benefits in the year your gift is made – with a 5-year carry-forward – and you can later make additional gifts of any size to your Fund.

- We handle all the administrative details, including managing specific qualifications that you may establish for grant disbursements.

For the donor who wants to involve children or grandchildren in a family tradition of giving, an Advised Fund is the perfect vehicle. Funds of any size may be advised by two generations of advisors. If the fund is to be maintained at a balance above $1 million, the Community Foundation allows for perpetual family involvement.
Advised Funds can be established so that all or a portion of the principal is available for grantmaking, or so that grants are made from fund earnings, preserving principal in perpetuity. The Community Foundation’s stewardship ensures that the donor’s charitable intent is always fulfilled.

For more information about establishing a fund at the Community Foundation, contact a member of our Giving Strategies Team:
Megan Wilson, Sr. Director of Gift Planning: (205) 327-3828 or mwilson@cfbham.org
Lora Terry, VP Philanthropic Services: (205) 327-3808 or lterry@cfbham.org
ABOUT THE COMMUNITY FOUNDATION

OUR VISION
A just, prosperous and unified region where every person is empowered to reach their full potential.

OUR MISSION
To ignite passion for transformational change.

OUR CORE VALUES
  Lead
  Inspire
  Innovate
  Include

HISTORY
In 1959 several prominent community leaders, who were also generous givers, came together to create a public endowment that would benefit the community for generations to come. In the 59 years since, the Community Foundation of Greater Birmingham has connected philanthropists, nonprofits and engaged leaders to build a stronger more vibrant future for our community.

TYPES OF FUNDS

COMMUNITY CATALYST FUNDS: Philanthropic venture funds that allow the Community Foundation and its donors to make transformational investments that benefit the greater Birmingham community.

DESIGNATED: Donors can choose to create a long-term charitable resource to benefit one or more nonprofits.

DONOR ADVISED: These funds allow individuals, families and businesses to be part of the work of the Community Foundation, while also supporting their favorite charities and organizations. Donor Advised Funds are like having a private foundation but with greater tax advantages and fewer administrative burdens.

FIELD OF INTEREST: Many donors have a specific area of philanthropic interest they want to support; a Field of Interest Fund allows them to do this without having to specify any particular organization.

AGENCY ENDOWMENTS: These funds allow individual nonprofit organizations to start and build an endowment, using the professional services of the Community Foundation.

KEY FACTS AND FIGURES

TOTAL ASSETS
$212 million

GRANTS MADE IN 2018
$18.5 million

NEW GIFTS IN 2018
$22.4 million

NUMBER OF GRANT MAKING FUNDS 504

MINIMUM FUND SIZE
$15,000
$50,000 Catalyst Fund
$200,000 Scholarship Fund

AVERAGE FUND SIZE
$416,347

LARGEST FUND
$17.1 million

COMMUNITY GRANTS SINCE 1959
$483 million

YEAR FOUNDED
1959

COUNTIES SERVED
Blount, Jefferson, St. Clair, Shelby and Walker Counties

Unaudited as of 12/31/18
A HIGHER STANDARD

The National Standards Seal indicates official confirmation from the Council on Foundations that we have met the most rigorous standards in philanthropy. It affirms our commitment to financial security, transparency and accountability. It says our grant-making includes an open, competitive process designed to address the changing needs of our community.

PROGRAMMING: GRANTS AND INITIATIVES

GRANTS: The grants we make to nonprofits in the Birmingham region come from the Community and Field of Interest Funds. Through the Community Foundation’s competitive process that supports our Results Framework, we seek to have an impact on important areas of community life in four areas:

Result: Children are Successful Along the Education Pipeline
Grants: 2011-18: $4,879,500 / 78 grants

Result: People Can Lead Healthy Lives
Grants: 2011-18: $4,981,795 / 130 grants

Result: Individuals and Families are Economically Secure
Grants: 2011-18: $3,913,600 / 99 grants

Result: Communities are Sustainable, Livable, and Vibrant
Grants: 2011-18: $5,848,000 / 131 grants

PROACTIVE INITIATIVES: To maximize our positive impact on the region, the Community Foundation develops and implements large-scale, multi-year regional initiatives on a regular basis. Working with donors, nonprofit organizations, civic and local leaders, we identify key concerns and develop initiatives to address specific concerns, as well as opportunities within the area.

Current initiatives include: Children’s Mental Health, Payday Lending, Breast Cancer Survivorship, Regional Cooperation, West End Initiatives and Summer Learning Loss.

2019 BOARD OF DIRECTORS

Chair: Dave Gray
Greg Butrus
Myla Calhoun
Daniel Coleman
Stewart Dansby
Brian Hamilton
Judge William Hereford
Gen. Charles Krulak
Michael D. Luce
Edgar Marx, Jr.
Susan Matlock
Ruffner Page, Jr.
Sanjay Singh, Ph.D.
Lissa Tyson
Ray L. Watts, M.D.
Jared Weinstein
Lloyd R. Wilson
Denise (Dee) A. Woodham
Cathy Wright

President and CEO:
Christopher Nanni

A HIGHER STANDARD

The National Standards Seal indicates official confirmation from the Council on Foundations that we have met the most rigorous standards in philanthropy. It affirms our commitment to financial security, transparency and accountability. It says our grant-making includes an open, competitive process designed to address the changing needs of our community.
## Comparison of Charitable Vehicles

<table>
<thead>
<tr>
<th></th>
<th>DONOR ADVISED FUND at the Community Foundation (CFGB)</th>
<th>PRIVATE FOUNDATION (PF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Creation of Fund</strong></td>
<td>Component fund of CFGB governed by a Fund Agreement and subject to CFGB’s governing documents and policies</td>
<td>Distinct legal entity (corporation or trust) independently organized and governed by its own governing documents</td>
</tr>
<tr>
<td><strong>Tax-Exempt Status</strong></td>
<td>Holds beneficial IRS Public Charity status as component fund of CFGB</td>
<td>Applies to IRS for private foundation status</td>
</tr>
<tr>
<td><strong>Minimum Size</strong></td>
<td>$15,000</td>
<td>Substantial assets required</td>
</tr>
<tr>
<td><strong>Maximum Size</strong></td>
<td>Unlimited</td>
<td>Unlimited</td>
</tr>
<tr>
<td><strong>Tax Deduction Limitations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Gifts</td>
<td>Up to 60% AGI*</td>
<td>Up to 30% AGI</td>
</tr>
<tr>
<td>Publicly Traded Stock</td>
<td>FMV, up to 30% AGI</td>
<td>FMV, up to 20% AGI</td>
</tr>
<tr>
<td>Other Appreciated Property</td>
<td>FMV, up to 30% AGI</td>
<td>Cost basis up to 20% AGI</td>
</tr>
<tr>
<td><strong>Grantmaking</strong></td>
<td>Makes grants to IRS sanctioned charities recommended by donor, including U.S. based organizations doing work internationally; no grants to individuals</td>
<td>Makes grants to IRS sanctioned charities selected by PF board of directors/trustee**</td>
</tr>
<tr>
<td><strong>Investment Control</strong></td>
<td>Investments overseen by CFGB Board and Investment Committee as recommended by donor from list of investment options</td>
<td>Investments managed by PF Board</td>
</tr>
<tr>
<td><strong>Grant Tracking and Record Keeping</strong></td>
<td>Provided by CFGB</td>
<td>Must establish and/or obtain these services</td>
</tr>
<tr>
<td><strong>Annual Payout Requirements</strong></td>
<td>None</td>
<td>Annual grants must exceed 5% of asset value</td>
</tr>
<tr>
<td><strong>Annual Costs</strong></td>
<td>Administrative fee of 1% of fund’s balance, plus an investment management fee</td>
<td>Legal and accounting fees, insurance, poss. office space, staff, misc. expenses</td>
</tr>
<tr>
<td><strong>Annual Taxes</strong></td>
<td>None</td>
<td>1 - 2% excise tax on net investment income and realized capital gain</td>
</tr>
<tr>
<td><strong>Annual Tax Filings and Returns (990s)</strong></td>
<td>Not required</td>
<td>Filed by PF with required supporting schedules</td>
</tr>
<tr>
<td><strong>Public Disclosure</strong></td>
<td>No public listing of names or contributions; donor may be completely anonymous</td>
<td>Public listing of board members and financial information</td>
</tr>
<tr>
<td><strong>Succession Options</strong></td>
<td>CFGB works with donors to name successor advisors and to safeguard their charitable wishes after their death.</td>
<td>Must be carefully planned and well documented to accommodate unforeseen changes.</td>
</tr>
</tbody>
</table>

* AGI = Adjusted Gross Income, up to 50% AGI if a combination of cash and non-cash assets; FMV = Fair Market Value; deductions may be carried forward for up to 5 years

** Grants to entities other than 501 (c)(3) IRS sanctioned charities -- such as individuals and foreign organizations -- may be required to comply with extensive record keeping and/or prior IRS approval.
Administrative Fee Policy for Component Funds

The Community Foundation charges no setup fees or out-of-pocket expenses to establish a component fund. Administrative fees are calculated based on a fund’s average daily balance on an annual basis, and fees are assessed to the fund at the beginning of each year. Donors wishing to establish a non-permanent fund at the Community Foundation will be charged a pass-through fee of 2% (to be paid on an appropriate schedule determined in consultation with the donor).

In all cases, the minimum administrative fee charged to each individual fund will be $250.

Investment management fees are also deducted from each individual fund at various times of the year. Investment management and custodial fees, while they may vary, usually average between 0.85 – 0.95% of the fund’s value.

The administrative fee schedule for each individual type of fund is as follows:

**Community & Field of Interest Funds**
Minimum balance: $15,000
1.15% on the balance of the fund

**Customized Field of Interest Funds**
Minimum balance: $500,000
1.50% on $500,000-$2 million in the fund
1.25% on $2 million to $3 million in the fund
1.15% on $3 million to $5 million in the fund
*Fees on balances above $5 million determined on an individual basis*

**Community Catalyst Funds**
Minimum balance: $50,000
1.00% on the balance of the fund

**Designated & Donor Advised Funds**
Minimum balance $15,000
1.00% on the first $1 million in the fund
0.75% on the next $1 million in the fund
0.50% on the next $1 million in the fund
0.25% on the remaining balance in the fund, up to $10 million
*Fees on balances above $10 million determined on an individual basis*

**Agency Endowment Funds**
Minimum balance: $15,000
0.75% on the first $1 million in the fund
0.60% on the remaining balance in the fund, up to $10 million
*Fees on balances above $10 million determined on an individual basis*

**Scholarship Funds (See Scholarship Program Guidelines)**
Minimum balance-$15,000: Option #1-General Scholarship Pool
2.0% on the balance in the fund
Minimum balance-$200,000: Option #2-Custom Scholarship Fund
2.0% on the balance in the fund
Minimum balance-$15,000: Option #3- Designated Fund to support scholarships
Normal tiered fee same as for Designated Fund (see Designated Funds above-begins at 1%)

Approved by the Board of Directors on August 16, 2018
Making a Gift Through a Will

The following language is suggested to direct your gift to the Community Foundation of Greater Birmingham. You may designate one or more individual Funds as beneficiaries; you may also help build the community’s endowment with a Community Fund in your name or in honor of someone else. Please feel free to ask us for assistance in designing your charitable estate plans—we can create customized vehicles to reflect your unique charitable goals and amplify your legacy.

**Percentage:**
I give and devise to the Community Foundation of Greater Birmingham, Inc., an Alabama nonprofit corporation, ____% of my estate, to benefit the [fund name].

**Specific:**
I give and devise to the Community Foundation of Greater Birmingham, Inc., an Alabama nonprofit corporation, (choose one)
- The sum of $__________ to benefit the [fund name].
- __________ shares of stock in __________Company, to benefit the [fund name].
- My real property commonly known as __________ to benefit the [fund name].

**Residual:**
I give and devise to the Community Foundation of Greater Birmingham, Inc., an Alabama nonprofit corporation, all the residue of my estate, including real personal property, to benefit the [fund name].

**Contingent:**
In the event of the death of any of the beneficiaries, I devise to the Community Foundation of Greater Birmingham, Inc., an Alabama nonprofit corporation to benefit the [fund name], ____% of my estate, (percentage, specific, or residual language as above).

In many cases, the following provision may also be advisable in order to ensure the bequest qualifies for both an income tax charitable deduction for the estate as well as an estate tax charitable deduction:

> The amount payable to the Community Foundation of Greater Birmingham (as well as any other charitable beneficiary under this instrument) shall be paid, to the extent possible, out of items of property that constitute ‘income with respect to decedent’ as that term is defined by the Internal Revenue Code.
COMMUNITY FOUNDATION OF GREATER BIRMINGHAM
DONOR ADVISED FUND POLICY

The IRS allows community foundations to offer donors the opportunity to make tax-deductible gifts at the most advantageous time for them and then to recommend grants over a prolonged period of time through a Donor Advised Fund (“Fund”). The IRS expects that the Community Foundation of Greater Birmingham (“Foundation”) will administer its Funds in a manner that will maximize the benefits to the community, ensure effective charitable giving and follow IRS regulations. Funds of the Foundation are subject to the provisions of the Articles of Incorporation (“Articles”) or Resolution and Declaration of Trust (“Declaration”), and Bylaws, as amended from time to time.

The Donor Advised Fund Policy has been established and may be amended from time to time, when deemed necessary or desirable by the Board, or to comply with IRS regulations governing Funds or National Standards for Community Foundations. If the Donor Advised Fund Policy ever conflicts with federal or state law, the relevant law controls.

CHARACTERISTICS OF DONOR ADVISED FUNDS

Under the Internal Revenue Code, a Donor Advised Fund possesses three characteristics:
1. Fund is owned and controlled by a sponsoring organization, such as a community foundation.
2. Fund is separately identified by reference to the contributions of a donor or donors and is given a name or other appropriate designation as requested by the donor. (For example: Smith Family Fund established by members of the Smith family)
3. The donor or person(s) appointed by the donor (the “donor advisor” or sometimes referred to as the “advisor”, Fund advisor” or “Fund representative”) may expect to have the privilege of providing advice with respect to the Fund’s investments and recommendations for distributions. Said recommendations are advisory only and are in no way binding upon the Foundation. The Foundation attempts to honor the charitable intentions of its donors and designated advisors, consistent with community needs and applicable laws and regulations.

A Fund possessing the above characteristics may be exempt from the Donor Advised Fund classification if it grants to one single public charity or government unit or if the Fund meets certain requirements applicable to scholarship funds.

DEFINITION OF DONOR AND DONOR ADVISOR

The donor is the person who establishes a Fund or makes contributions to the Fund. The initial donor advisor or advisors refers to the designated person or persons named by the donor and are listed as such in the Fund Agreement. The donor may also name successor advisors in the Fund Agreement. All requests to appoint additional advisors and successor advisors not named in the Fund Agreement or to remove a named advisor or successor advisor must be communicated to the Foundation in writing by the donor(s) establishing the Fund.

SUCCESSOR ADVISOR LIMITATIONS

Funds maintained at $1 million or more (endowed) may have perpetual family advisors, with one specified contact person per generation after the second generation. Funds maintained at less than $1 million in assets may have one generation of advisors named beyond the original donor generation.

VARIANCE POWER

The governing documents of the Foundation vests power in its Board to modify any restriction or condition on the distribution of Funds for any specified charitable purposes or to specified
organizations if in the sole judgment of the board (without the approval of any custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served. Restrictions may not be added to a Fund by the donor or donor advisor after it has been established.

CONTRIBUTIONS

Funds may be established by the donation or transfer by any person to, and acceptance by, the Foundation of money or property, whether by contribution, gift, bequest or devise, or by transfer from a charitable or other organization, to further or carry out the charitable purposes of the Foundation, as set forth in the Articles or Declaration, and Bylaws, as amended from time to time.

Contributions to Funds are irrevocable and subject to the legal and fiduciary ownership and control of the Foundation and its Board. Contributions should clearly designate the Fund name. Generally, contributions may be cash, publicly traded securities or other property including closely held stock partnership interests, real estate, personal property, trusts and life insurance. Contributions may be subject to due diligence procedures and acceptance by the Foundation depending on the type of gift instrument. Donors should notify the Foundation prior to making a contribution to discuss the possible appropriateness of a gift and receive current delivery instructions.

A donor may not impose any material restriction or condition that prevents the Foundation from freely and effectively employing the assets contributed, or the income therefrom, in furtherance of the charitable purposes of the Foundation. Anything herein or in the deed of gift or other instrument of transfer creating a Fund to the contrary notwithstanding, each Fund shall be a component part of the Foundation and shall be subject to the governing instruments of the Foundation, including its Articles, Declaration and Bylaws, as amended from time to time. For further information, see the Gift Acceptance Policy, available upon request.

MINIMUM FUND SIZE

Funds must be established with a minimum of $15,000 and maintained at a balance of at least $10,000. If a Fund’s balance falls below $10,000, the Fund advisor(s) will be contacted to establish a plan to build the Fund, or if not, make plans to close the Fund via one or more distributions for charitable purposes, including adding all or a portion of the remainder to the Foundation’s Community Funds.

INVESTMENT OF ASSETS

Funds held at the Foundation are invested at the discretion of its Board and all investments involve risk, to include the possible loss of principal. Regarding investment advisory privileges, the donor or advisor may only recommend an investment option that is available through the Foundation. The Foundation has the sole responsibility and authority for the investment of the assets of each Fund.

The assets of any Fund may be separately invested or may be commingled with those of other component funds of the Foundation, or may be invested in units of a common investment fund which may be established or utilized by the Foundation. The Foundation shall have no obligation either to invest separately or to commingle the assets for investment purposes. Any decision with respect to the retention, investment or reinvestment of assets, and with respect to commingling of the assets, shall be made by the Foundation’s Board and Investment Committee, in accordance with its regular procedures in accordance with prudent investment standards.

SEPARATE INVESTMENT MANAGEMENT

When the size of a Fund warrants separate investment consideration, typically for Funds over $500,000, the Foundation will consider requests from donors for separate investment of Fund...
 assets, or use of a particular investment manager, broker or agent in accordance with the Foundation’s Investment Policy Statement, available upon request.

**OTHER INVESTMENT OPTIONS**

In 2018, the Board approved the establishment of passive-indexed funds as an additional investment option for eligible non-endowed donor advised funds. Annually, eligible donors can choose to have their Fund managed in one of the available pooled passive-indexed funds.

For more information about how and where assets may be invested, see the Investment Policy Statement, available upon request.

**FEES**

Funds are subject to administrative and investment management fees. The Foundation reserves the right to change its Administrative Fees from time to time. Investment management fees vary depending on the investment manager, and are addressed in the Foundation’s Investment Policy Statement. The current Administrative Fee schedule is available upon request.

**FUND ACTIVITY**

To align with best practices and the National Standards Board governing community foundations, the Foundation requires Funds to remain active and to be used for charitable purposes.

**ACTIVE FUNDS - ACCEPTABLE TYPES OF FUND ACTIVITY**

A Fund is considered active when there is regular communication between a donor (or named advisors or successors) and the Foundation regarding the existence and purpose of that Fund. Examples of some of the activities that would deem a Fund as active include (but are not limited to):

- **Regular Grant Recommendations.** It is expected that grants will be made from a Fund on a regular basis unless a long-term plan has been developed and given to the Foundation. Recommending grants on a regular basis is defined as recommending grants at least annually to qualified charitable organizations. The amount of grants can vary from year to year.

- **Development of Long-Term Grantmaking Plan.** The donor advisor makes a contribution to Fund, for example, upon the sale of his or her business, and refrains from recommending grants for a given initial period which the donor advisor consults with the Foundation and/or does his or her own research to determine what types of grants will best meet community needs and/or his or her philanthropic goals.

- **Long-Term Giving Plan.** Donor advisor deliberately reduces the frequency or size of grant recommendation from Fund, for example:
  - Donor wants the Fund balance to build to a certain stated amount before recommending grants.
  - A donor or advisor may want to build a Fund over time so the donor’s children can make grants later (the idea being that the donor is leaving a charitable legacy for the next generation to administer).

- **Project Grants.** Donor advisor makes a substantial contribution to a Fund and determines to recommend grants to a specific qualified charitable organization over a period of time so that the donor can monitor how the charitable organization performs, and to consider whether another organization would better achieve the donor’s charitable objectives.

**INACTIVE FUNDS**

A Fund is active unless it is deemed inactive based on the information below:
• The Fund advisor dies or resigns, or there is evidence of his or her incapacity that has been presented to the Foundation when no successor has been named and there is no stated donor intent.
• All successor advisors are unable or unwilling to serve as such.
• The Fund does not receive any gifts into the Fund or grant recommendations to be made from the Fund for a period of 24 months prior to January 1st of each year, and if, during such period, the advisor or successor advisor does not reply to the Foundation’s attempts to contact them.

STEPS TO ACTIVATE A FUND
Should a Fund become inactive, steps may be taken by staff and/or board to activate the Fund. A donor or advisor may make grants to activate the Fund or respond in writing to put in place a plan that reflects that the Fund is in a building or planning phase to activate the Fund. See examples above in section titled Acceptable Types of Fund Activity.

Following official notification by the Foundation to the donor or advisor when the Fund has been deemed inactive and the Fund balance is $15,000 or more, the Foundation may convert the Fund to a named Community Fund or a Field of Interest Fund. Converting the Fund to a Field of Interest Fund is based on having written documentation from the donor(s) and/or successor advisor(s) that the Fund is to be used to meet one or more broad community purposes. If there is already other written documentation for the purpose of the Fund at the end of its life, it could be converted to another type of fund (ex: Designated for specific agency or agencies). If a balance is below $10,000, the remainder will be transferred into the Community Fund of the Foundation, where resources will support the important work of area nonprofits for generations to come.

REMAINDER PLAN AFTER DEATH
If any present donor fails to establish a succession plan prior to death, the remaining balance of the Fund at the donor’s death shall be used to:

a) create a named Community Fund (endowed unrestricted fund) if the Fund’s remainder exceeds $15,000, or
b) add to the Community Fund of the Foundation, if the Fund’s balance is less than $15,000.

If the balance exceeds $15,000, the Fund may be subject to the Investment Policy Statement depending on where the Fund is managed.

GRANTS FROM DONOR ADVISED FUNDS
The Foundation welcomes the involvement and recommendations of its donor advisors with respect to grants (may also be referred to as distributions) from Funds. Distributions from Funds shall be approved and made only if they are consistent with the Foundation’s charitable purposes and comply with IRS regulations and this Donor Advised Fund Policy.

RESTRICTIONS ON GRANTS AND DISTRIBUTIONS FROM FUNDS
The IRS places certain restrictions on distributions from Donor Advised Funds. See details below:

• The donor, advisor or related parties⁠ may not get a tax deduction for any grants made from the Fund (even if the recipient organization sends an acknowledgement for the distribution).
• Distributions may not provide a tangible benefit back to the donor or related parties.

¹ Related Persons Definition: The term includes both a donor or advisor’s family members and businesses they control: Family Members – An individual’s parents, grandparents, great grandparents, spouse, siblings, children, grandchildren, great grandchildren and the spouses of all of the above. Controlled Businesses – Corporations, partnerships, and trusts or estates if the donor or advisor and family members own more than 35 percent of the total combined voting power (corporations), 35 percent of the profits interest (partnerships), or 35 percent of the beneficial interest (trusts or estates).
• Distributions may not be made to individuals (or earmarked for a specific individual or individuals through an organization).

• Distributions from a Fund may not reference a distribution as a pledge payment. The Foundation is not responsible for any commitments made by a donor to an organization.

• No expenses (including expenses for travel, meals, lodging and the like) incurred by donors or advisors may be paid or reimbursed from the Fund.

• A donor, advisor or related party may not receive a loan or compensation or other similar payments from or through a Fund.

• Fund distributions may not be used to support or promote political or legislative activities.

• Distributions may not be made to a disqualified supporting organization which includes:
  1. Any supporting organization which supports a public charity directly or indirectly controlled by a donor, donor advisor, or related persons.
  2. Any Type III supporting organization that is not “functionally integrated” with the charitable organization it supports.

Failure to observe the personal benefit restrictions will subject the donor(s) or advisor(s) and the Foundation to tax penalties.

APPROVAL OF GRANT RECOMMENDATIONS

All distributions from Funds are subject to the Foundation’s variance power and all must be approved or ratified by the Foundation’s Board. Once a grant recommendation is received from a donor advisor, the Foundation staff does due diligence on all prospective grant recipients to determine the IRS status of the organization and review the recommendation’s compliance with IRS regulations and this Policy to determine if a grant will be considered for approval.

To be considered for approval of a distribution from a Fund:

• The grant recommendation must be received in writing by postal mail, email, fax or online submission (via Donor Central or any future online portal).

• The amount for a grant recommendation is at least $100 or more.

• The grant is deemed 100% tax deductible by the receiving organization.

• The grant will not result in benefits, goods or services to the donor, Fund advisor or members of their families or businesses they control. Examples include but are not limited to: event tickets, meals, sponsorships, registration fees, discounted merchandise, preferred parking and/or seating, and memberships unless they provide nothing of value.

• The grant is for a charitable purpose in accordance with Federal and its respective state tax code.

• The grant is to a qualified organization:
  1. Public charity described in Section 501(c)3 and 509(a)(1), (a)(2), or (a)(3);
  2. Private operating foundation under Section 4942(j)(3) of the IRS Code; or
  3. Most governmental units; public schools, colleges and universities; or religious organizations.
Because the Foundation’s principal geographic area is the greater Birmingham (5-county) region, the Foundation’s primary focus is to support and improve the charitable organizations within this region, although grant requests to all qualified U.S. charitable organizations will be considered.

- The authorized Fund advisor agrees to the following statement:
  "I request that the Board of Directors of the Community Foundation of Greater Birmingham consider the grants I’ve requested and I understand that each request is a recommendation only and not a direction. I also attest that the grants are 100% tax deductible and that no recommendation represents payment of a personal obligation on behalf of any Fund advisor, family member or business they control, and that these entities have not or will not receive any goods, services or any other benefit or privilege from the grant. In addition, grants are not designated to benefit one or more named individuals through the grantee organization."

**PAYMENT OF GRANTS**
For approved grants, all grant payments will be sent directly to the grantee organization. Per the IRS, the donor may not control the distributions from a Fund.

**FUND DISCLOSURE FOR GRANTS PAID**
Donors may request in writing that distributions from the Fund be identified to the grantee organization in the name of the Fund or made anonymously.

**OTHER FUNDING OPPORTUNITIES**
From time to time, the Foundation may contact the Fund advisor to inform them about grant opportunities and initiatives of the Foundation.

**OTHER INFORMATION**

**FUNDRAISING**
Donors sometimes wish to raise money to add to their Fund. The Foundation’s Fundraising Policies for Component Funds are available to donors upon request. Fundraising, if permitted, must strictly adhere to the guidelines in the policy and to any additional restrictions imposed as a condition of the Foundation’s consent.

**AGREEMENT TO POLICY**
Donors and Fund Advisors of Donor Advised Funds agree to abide by this policy or as amended from time to time.

*Amended, Approved by Board of Directors on December 14, 2016*
*Amended, Approved by Board of Directors on March 21, 2019*
THE COMMUNITY FOUNDATION OF GREATER BIRMINGHAM
DONOR ADVISED FUND POLICY

RECEIPT OF POLICY AND STATEMENT OF AGREEMENT

I have received, read and understand the Donor Advised Fund Policy and agree to abide by this policy to the best of my ability in my role as a donor advisor of a component fund of the Community Foundation of Greater Birmingham.

Date: _________________

Signature: ________________________________________________________________

Printed Name: _____________________________________________________________

Fund Name: _______________________________________________________________