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*The Bartlesville Community Foundation offers Donor Advised Funds that allow donors to plan their charitable giving more strategically. This document outlines the policies, procedures, and expectations for establishing and maintaining a Donor Advised Fund. It details the responsibilities of both the donor and the BCF, ensuring transparency and alignment with the fund's purpose.*

## **WHAT IS A DONOR ADVISED FUND**

A donor advised fund (DAF) as defined 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 Smith Family Fund established by the Smith family children.
2. The Fund is owned and controlled by a sponsoring organization such as the Foundation.
3. The donor or persons appointed by the donor expect to have the privilege of providing advice with respect to the fund's investments or distributions.

## **MINIMUM FUND SIZE**

In accordance with the Bartlesville Community Foundation's Spending Policy, DAF's:

- Minimum opening contribution of \$2,000
- Minimum balance to keep the fund open is \$200
- Minimum balance to remain invested is \$2,000
- Minimum amount that may be granted from the fund is \$10

## **CONTRIBUTING TO A FUND**

Gifts to a fund are irrevocable. The assets of donor advised funds are owned and legally controlled by the Bartlesville Community Foundation. These funds are institutional funds of the community foundation, not a personal savings account of the donor and may only be used for charitable purposes which do not confer any private benefit on the donor or any other person.

If the Fund meets the minimum balance requirements, contributions to a fund 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 Bartlesville Community Foundation."

Many donors make contributions using appreciated, publicly traded stock that has been held for longer than a year, 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 compliance with the Foundation's Gift Acceptance Policy, appropriateness, and to obtain any unique delivery instructions.

## **VARIANCE POWER**

Some donor advised fund agreements restrict distributions to a specific charitable purpose, such as education or the environment. Others may limit distributions to named organizations. These restrictions may apply from the inception of the fund or may come into effect at the conclusion of the advisory period. 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.

## **FUND ADVISORS**

The initial advisors to the fund are those persons named in the fund agreement.

At the time of fund initiation, the persons opening the fund will have the option of identifying a distribution plan to be followed, after the passing of the last fund advisor or name successor advisors. Fund advisors may name or change successor advisors in writing at any time. Original fund advisors may list anyone they choose as a successor advisor. Successor advisors are not permitted to name sub-successor advisors without approval from the Foundation board.

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 fund advisor may change the designee at any time or specify that more than one advisor to the fund should receive regular communication from the Foundation office.

## **RECOMMENDING A GRANT**

Grants must be for charitable purposes. The minimum grant amount is \$10.

You may recommend grants to any organization described in section 501(c)(3) of the Internal Revenue Code except that the Foundation does not make grants to private foundations. You may also recommend grants to most units of government (e.g., public schools, colleges and universities, town and municipal governments, police departments, etc.).

The Foundation does not make grants from donor advised funds, even for charitable purposes, to other types of nonprofit organizations (non-charities) or to businesses without board approval.

Examples of organizations to which the Foundation will not grant include social welfare organizations (501(c)(4)); veterans' organizations; cemeteries; Chambers of Commerce and similar business associations; fraternities and sororities; social clubs; and fraternal organizations such as Elks and Moose. If a DAF submits a grant request intended for a non-charity, BCF may approve or decline the request. If the request is approved, additional requirements like executing expenditure responsibility might be necessary.

The Foundation makes grants to US organizations that carry on their work in other countries. However, the Foundation does not make grants from donor advised funds to non-US organizations or governmental entities.

Grant recommendations must be submitted in writing. Recommendations may be submitted via e-mail, a fund advisor's web portal, or in person at the Foundation office.

The Foundation processes approved grant requests in weekly batches. Qualified and complete requests received by the Foundation by noon the day before grant checks are processed, will be processed that week. Any recommendations received after the cut off time will be added to the next week's batch.

At this time, requests received by noon on Tuesday will be processed for signing by a member of the Foundation's executive committee on Wednesday. Grant checks will be ready for pick up on Thursday morning.

This timeline may be extended for any exceptionally large recommendations that require extra time for cash to post or if additional information is needed to verify details of the recommendation.

To best accommodate and adhere to recommendations from the auditor regarding acceptable separation of duties, batches may be delayed. For example, if a key member of staff is out of the office for an extended period the Foundation may delay processing grants. When this can be predicted, during a scheduled vacation for example, the Foundation will provide ample notice to fund advisors.

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. Donors shall be furnished with lists of the unmet charitable needs of the community as determined by the Foundation from time to time.

## **GRANT RESTRICTIONS**

The Internal Revenue Code prohibits grants to individuals from donor advised funds. Also prohibited are grants for political contributions or to support political campaigns. Grants may not

result in benefits, goods, or services to the donor, the fund advisor, members of their families, and businesses they control. Failure to observe this restriction can subject the fund advisor to tax penalties. Benefits include the payment of pledges, event tickets, meals, sponsorships, registration fees, discounted merchandise, preferred parking and/or seating, and memberships unless the membership confers nothing of value. Please contact the Foundation if you have specific questions about whether a grant you are considering recommending will result in a prohibited benefit.

## **VIEWPOINT-BASED RULES FOR DONOR ADVISED FUNDS**

The Bartlesville Community Foundation seeks to enhance the quality of life for all citizens in the region and works from the knowledge and experience that we are better together. It is through the 'Power of Together' that we will be better equipped to meet the challenges and opportunities for our future.

To this end, we honor the fundamental value and dignity of all individuals and will not support organizations through donor recommendations for establishment of funds that benefit such organizations that attach, or malign individuals or groups based on race, color, religion, gender, national origin, or sexual orientation.

The BCF relies primarily on the IRS to regulate the charitable status of organizations, but if we become aware of a public charity that does not align with our mission, the Foundation leadership team and board may exercise variance power.

Recommended grants and proposed funds are reviewed to ensure charitable status and eligibility through commonly utilized databases in the community foundation industry, and to ensure consistency with existing policies and procedures.

Staff are responsible for flagging any questionable grant recommendations or potential fund deemed inconsistent with BCF policies and values. Staff will research the organization and decide if further discretion is warranted. That will be provided to the President/CEO and Executive Committee.

If deemed necessary, the Executive Committee will make a recommendation to the full board on whether the proposed grant or fund establishment is consistent with BCF policies and values. If it is decided that a grant recommendation or potential fund will be declined, staff will communicate the decision and reason for the decision to the donor or potential fund owner.

## **PAYMENTS FROM A DONOR ADVISED FUND**

Expense reimbursements, loans, compensation, and other similar payments are not permitted from a donor advised fund to a donor, fund advisor, or related party.

## **GRANT ACKNOWLEDGMENT**

Unless other arrangements have been made (e.g. anonymity requested), the grant letter will indicate that the contribution is from “The XYZ Fund of Bartlesville Community Foundation” and that it has been given upon the recommendation of the named advisor. The recipient organization is encouraged to acknowledge the gift to the advisor and to the Foundation. Additional language confirms that no benefits have been offered or provided to the Foundation or the advisor 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 the Bartlesville Community Foundation.”

Fund advisors may request the Foundation include a personal address in any grant award letters, but this is not routine practice.

## **FUNDRAISING**

Donors sometimes want to raise money to add to their advised funds. The Foundation’s policies on fundraising are attached to this document. 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.

## **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 Investment Committee and approved by the Board of Directors. Donor Advised Funds are customarily invested and commingled with assets of other funds of the Foundation.

The Foundation maintains investment pools with varying risk and return objectives. These pools are described in the Investment Pool Election Form. All investment options are reviewed and presented by the Foundation’s Finance Committee to the Board of Directors for approval and may change from time to time as the Committee [Board] determines.

The investment pools available to fund advisors are described in the Investment Pool Election Form. Fund advisors may choose the investment model for their fund at the time of fund opening or every year in July.

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 ten-year period.

The Foundation appoints an investment consultant and investment managers from time to time to carry out some of its investment management responsibilities with respect to its invested asset pool.

## **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 our 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:

- 1% administrative fee
  - Assessed as .25% quarterly
- Minimum of \$100 annually

If the BCF will disclose any changes to this fee schedule to the fund advisor(s).

Investment management fees vary depending on the investment manager. The Bartlesville Community Foundation currently partners with Arvest Wealth Management for investment services. The fee for their services is .5% annually. This fee is assessed to any fund in an investment pool as .125% quarterly.

## **INACTIVE FUNDS**

A fund is deemed inactive if:

- The fund advisor dies or resigns or evidence of his or her incapacity is provided to the Foundation, and if no successor advisor has been named.
- All named successor advisors are unable or unwilling to serve as such.
- No recommendations are made with respect to grants from the fund for a period of three years and, during such period, the advisor or successor advisor does not reply to the Foundation's attempts to contact them.

If the fund becomes inactive, 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.

## **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 Foundation's unrestricted permanent endowment. 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.