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The purpose of this policy is to define what constitutes activity within a donor advised fund and to guide the Bartlesville Community Foundation in maintaining fund compliance and ensuring alignment with donor intent. This policy outlines acceptable types of fund activity, procedures for reactivating dormant funds, and key definitions to support responsible fund stewardship in accordance with applicable laws and regulations.

ACCEPTABLE TYPES OF FUND ACTIVITY

The following are definitions of fund activity that leads to fund distributions that apply to funds that have more than \$2,000 OR the Foundation's minimum required balance to maintain a donor advised fund. If this policy ever conflicts with federal law or state law (including UPMIFA*), the relevant law controls.

**UPMIFA (Uniform Prudent Management of Institutional Funds Act) is a uniform act that provides guidance on investment decisions and endowment expenditures for nonprofit charitable organizations. UPMIFA is the law in 49 states, the District of Columbia, and the U.S. Virgin Islands. Neither Pennsylvania nor Puerto Rico has adopted UPMIFA.*

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

- Regular Grant Recommendations. Donor advisor generally recommends grants at least annually to qualified charitable organizations. The amount of grantmaking can vary from year to year.
- Developing a Philanthropic Program. Donor advisor makes a substantial contribution to donor advised fund, for example, upon the sale of his or her business, and refrains from recommending grants for a given initial period while the fund advisor consults with the sponsoring charity and/or does his or her own research to determine what types of grants will best meet community needs and/or her philanthropic goals.
- Long-term Giving Plan. Donor advisor deliberately reduces the frequency or size of grant recommendations from fund and communicates this intent to the Foundation, for example:
 1. During his or her working years with the intention of increasing the donor advised fund balance to support grantmaking during his or her retirement, when the advisor expects his or her income to change.
 2. A donor may want to build a fund over time so the donor's children can make grants later (the idea being the donor is leaving a charitable legacy for the next generation to administer).

3. Donor advisor refrains from recommending grants for a given period because the fund is invested in an illiquid or undervalued investment. Donor advisor intends to begin making grant recommendations when the investment can be sold at a reasonable price.
- Project Grants. Donor advisor makes a substantial contribution to a donor advised fund and determines to recommend grants to a specific qualified charitable organization over a period of 20 years 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.
 - Starter Fund. Donor advised funds may need time to build the fund balance to make substantial grants to the community. Therefore, there may be no distributions made until the fund balance reaches an amount stated in the donor advised fund file.
 - Specific Occasion Grant. Donor advisor refrains from recommending grants for a number of years with the specific charitable goal of recommending a grant upon a specific occasion.

Examples may include:

1. Donor is incapacitated with no successor advisor(s) named so the community foundation waits until the donor's death to distribute the fund according to the donor's original intent;
2. Fund has transitioned to named successor advisors but they are minors and no adult representative is named to represent them (so grants resume when successor advisors are adults);
3. Founders of fund who are also the donor advisors are getting divorced so that grants are suspended until both the husband and wife agree on grants, which may include splitting the fund into two separate funds, one for each spouse to advise or eventually dissolving the fund by the making of charitable grants;
4. Grants are suspended during litigation involving a fund (e.g., the donor has left his/her estate to a fund, but the donor's children are disputing the bequest so the community foundation does not allow grants until the litigation is resolved);
5. Donor leaves a bequest to a fund and distributions are made periodically to the fund during the estate settlement process, but grants are not made until the estate is fully settled.

ACTIVATING GRANTMAKING

Should grant activity stop for more than a 3-year period, steps will be taken by the staff or the board to activate that fund. These steps may include such activities as:

- Notifying the fund advisor regularly and periodically (for example, three times over a period of 1 year) to encourage the fund advisor to activate the fund or provide the Foundation with intent to resume grantmaking.
- Distributing grants from the fund to qualified grant recipients that align with donor intent, but if the community foundation determines such intent is obsolete, incapable of being

fulfilled, impractical, or inconsistent with the community's charitable needs, then exercise of the Bartlesville Community Foundation's overriding variance power to enable the community foundation to continue to use its resources to meet the needs of the community and to address the charitable purposes for which the funds were committed.

- Closing of a fund if the balance does not reach the Foundation's required minimum amount within a stated period, and, for example but not limited to, re-allocating of the fund proceeds to the Bartlesville Community Foundation's unrestricted fund or issuing the balance as a charitable grant to a qualified recipient.

DEFINITIONS OF TERMS

Qualified Charitable Organization

Donors may deduct charitable contributions in accordance with Federal and their respective state tax codes only if donations are made to a qualified organization. Most organizations, other than churches and governments, and public schools must apply to the IRS to become a qualified organization. Bartlesville Community Foundation is a Qualified Charitable Organization Refer. Grants from a component fund of the Bartlesville Community Foundation to qualified organizations following the Foundation's internal due diligence checks. If a donor advisor requests a grant from a fund to an organization that the BCF cannot verify, the Foundation will work with the donor and the organization in question to resolve issues or identify and recommend qualified organization that fits donor intent.

Sponsoring Organization

An organization, like a community foundation, that owns and controls donor advised funds.

Donor Advisor (sometimes referred to as "Fund Advisor")

A donor or person appointed or designated by the donor who has or reasonably expects to have advisory privileges with respect to the fund's distributions or investments. The donor retains the privilege to recommend grants from the charitable fund for which he or she has been designated as fund advisor.

Donor Advised Fund

A fund may be classified as donor advised if it has at least three characteristics: (1) a donor or person appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distributions or investments, (2) the fund is separately identified by reference to contributions of the donor(s), and (3) the fund is owned and controlled by a sponsoring organization, such as a community foundation. A fund possessing these 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.

Disqualified Person

As applied to public charities, the term disqualified person includes (1) organization managers, (2) any other person who, within the past five years, was in a position to exercise substantial influence over the affairs of the organization, (3) donors and donor advisors with regard to transactions with a particular donor advised fund, (4) investment advisors to assets of donor advised funds, (5) and disqualified persons of supporting organizations who are also disqualified persons of the supported organization, (6) family members of the above, and (7) businesses they control. Paying excessive benefits to a disqualified person will result in the imposition of penalty excise taxes on that person, and, under some circumstances, on the charity's board of directors (see "intermediate sanctions": <http://www.cof.org/content/glossary-philanthropic-terms#sanctions>).