



ADDING VALUES TO STRONG PERFORMANCE.

DONOR ADVISED FUND POLICY

What is a Donor Advised Fund: A donor makes a contribution to set up a donor advised fund. It is an irrevocable gift and the donor receives a tax deduction for the full amount of the gift at the time the gift is made. Grants of income, and principal if desired, are made from the fund. No future tax deductions are due to the donor when grants are made from the fund.

The donor is able to *advise* or make grant recommendations as to what charities should receive grants from the fund. Due to the legal requirements for donor advised funds, these recommendations are not binding. The recommendations of the donors will generally be considered but all decisions concerning grants of income and principal are within the sole discretion of Friends Fiduciary Corporation (FFC) and its Committees, as fiduciary for the fund. The benefits for donors are that they receive their charitable deductions now and can be actively involved through recommending grants to further their philanthropic goals.

Goals for Friends Fiduciary Corporation:

- To serve Quakers and non-Quakers who want to support Quaker institutions and non-Quaker 501c3 organizations, that are in harmony with the values of Friends
- To benefit Quaker institutions and non-Quaker 501c3 organizations, that are in harmony with the values of Friends
- To increase FFC's assets under management

Minimum: \$25,000 before grants may be made, however, a donor can start up a fund with a minimum beginning contribution of \$5,000 with up to three years to reach the minimum of \$25,000, at which time grant-making can begin. If the donor should die before completing a three-year fund build up, the fund will be closed by FFC, unless there is a named successor advisor and funding is completed either by the donor's estate or by the successor advisor.

Types of Assets: FFC will accept cash and securities to fund a donor advised fund.

Investment: Donor advised funds will be invested in the Quaker Growth & Income Fund. This serves the dual purpose of reducing the administrative cost of the donor advised funds, leaving more for distribution, and spreading the cost of operating the Quaker Growth & Income Fund across more constituents. Donor advised funds will receive the same semi-annual payout as other Quaker Growth & Income Fund constituents.

Fee Structure: Donor Advised Funds will share in the operating cost of the Quaker Growth & Income Fund, as do all constituents. In addition, there will be an annual *service* charge of \$250 or 1.00% (100 basis points), whichever is higher. This fee will be prorated and charged semi-annually (June 20 and December 20). FFC reserves the right to modify the fee structure from time to time.

Donor Advised Fund Setup: All donors will complete a Donor Advised Fund Setup Form and Agreement. Upon receipt of the signed Agreement, FFC will review the gift. Once approved by FFC, assets will be accepted. When the assets received have reached \$25,000 minimum, recommendations can be made for grant distributions. The donor would determine at the time of the gift whether just income or income and principal can be used in grant distributions.

Grants may be made from both Income and Principal; however, principal value (cash & Quaker Growth & Income Fund unit value at Market) must be maintained at a minimum value of \$25,000 for the first two years after the fund is established. This rule will not apply if the drop in value is due to market depreciation rather than grants from principal. After two years, the principal value must be maintained at \$20,000. The minimum balance noted above does not apply if a fund is being closed.

Advisors: Donors may choose from several options but this determination must be made when the fund is established.

- A donor can serve as the fund's advisor and designate a successor advisor. That successor may name one additional successor advisor. Upon the death of the last advisor the fund will be closed.
- A donor can set up a self-perpetuating advisory committee for making grant recommendations. The advisory committee and the fund, however, will terminate 50 years after the establishment of the fund. One person and an alternate should be designated as FFC's contact with the advisory committee.
- A donor can set up a successor advisory committee to succeed him/her. This committee and the fund would terminate 50 years after the establishment of the fund. Again, one person and an alternate would be designated as FFC's contact with the advisory committee.

A Successor Advisor may be changed by the current advisor.

Timing of Grant Distributions: Written and signed grant recommendations can be made at anytime; however, grant distributions will be made on a semi-annual basis (June 20 and December 20), following approval by the FFC Charitable Services Committee. The donor-advisor can recommend different grantees at every distribution. Deadlines for grant recommendations will be May 15 and November 15.

Minimum Grant Distribution: The minimum grant amount is \$500.00.

Eligible Grant Recipients: All grant recipients must be 501c(3) organizations and classified as public charities or tax exempt religious organizations. Grantees must be organizations whose mission and services are in harmony with Friends Testimonies and Concerns.

Grant Recommendation Review: FFC must review all grant recommendations in order to comply with IRS rules concerning Donor Advised Funds. The donor is allowed to make recommendations. In order to be a charitable gift, however, a donor advised fund must be an irrevocable gift and the recommendations from the donor cannot be binding. Therefore, all decisions concerning grant recommendations or other aspects of this policy by FFC and its Committees will be final.

Oversight Committee: A sub-committee of FFC's Charitable Services Committee (2-3 people) will serve as the Oversight Committee. This Committee will provide oversight and approval for all donor-advised fund grant recommendations. The sub-committee may consult with the full Charitable Services Committee from time to time as needs arise.

Fund Close-out:

- If the donor should die before completing a three-year fund build up, the fund would go into termination, unless there is a named successor advisor and funding is completed either through the donor's estate or by the successor advisor.
- If the donor has named a successor advisor, that successor advisor can name one additional successor advisor; the fund will be closed upon the death of the final advisor.
- If an Advisory Committee has been selected upon set up for making grant distributions, the funds will terminate 50 years after the establishment of the fund.
- If a Successor Advisory Committee has been selected to succeed the donor, the fund will terminate 50 years after the establishment of the fund.
- FFC will close the fund if the advisor should die without naming a successor.

- If none of the designated Successor Advisors are willing to act in this capacity, the fund will be closed.
- FFC will close a fund if there has been no written communication from the donor/advisor for a three year period.
- FFC will close the fund if there has been no written grant recommendations received from the current advisor for a five year period. The advisor can communicate their desire to make no grants for up to five years in order to build the fund for a larger grant to a specified cause.
- Before closing the fund pursuant to either of the preceding two paragraphs, FFC will endeavor to notify the current advisor of the pending close-out of the fund by mailing written notice thereof to his or her last known address at least thirty (30) days prior to such close-out.

Final Recommendation of Charitable Beneficiary: This determination must be made when the fund is first set-up.

- Every donor-advised fund will execute a final charitable gift recommendation in which the final charitable beneficiary or beneficiaries will be recommended by the donor and must be 501(c)(3) organizations.
- Upon close-out of the fund, 50% or more of the recommended final charitable beneficiary distribution(s) must be to Quaker charitable beneficiaries.
- The donor may recommend making a final distribution of the total value of the fund to these beneficiaries or may recommend naming them as permanent ongoing income beneficiaries of the fund.
- The final charitable gift recommendation can be changed by the donor at any time up until his/her death. The donor's Final Charitable Gift Recommendation Form, signed and dated by the donor, will be kept by FFC and will be in effect from the date received by FFC. This form will remain in effect, unless the donor executes and delivers a new form to FFC.
- FFC will, in all cases, consider the final charitable beneficiary recommendations specified by the donor on file in the office. In the event of the death of the advisor, FFC will have the authority to elect the final beneficiaries, if the original charitable beneficiaries should cease to exist or have changed their purpose.
- A donor may also recommend to FFC that the fund assets be used as a permanent endowment, either unrestricted or for some general purpose (e.g. education, elder care, etc). The income from such an endowment would be distributed at the sole discretion of FFC. The minimum fund size that FFC will accept as an endowed fund, upon the death of the final advisor or at the end of the term of years, is \$500,000.
- A donor may recommend that the fund assets remainder added to one of FFC's existing trust funds, one whose purpose the donor wishes to further.