

LICKING COUNTY FOUNDATION

DONOR ADVISED FUND GUIDE

Getting Started

Donor Advised Funds (DAFs) provide a way of helping donors achieve their philanthropic goals without the costs typically associated with setting up and operating a private foundation.

The process is simple. A total contribution of at least \$25,000 is required to establish this type of fund. Donors establishing advised funds may name children or other designees to succeed them as advisors. This successor provision shall extend for one generation only. After the second generation successors are gone, the funds will also revert to the Foundation's Unrestricted Fund. The minimum amount can be reached over a five-year period. If the fund does not achieve the minimum balance in five years, the funds will be moved to the Foundation's Unrestricted Fund which is distributed through grants at the discretion of the Governing Committee.

The cost of investment activities and administering a Donor Advised Fund is paid from the fund's total return. A portion of the fund's market value, defined annually by LCF's Governing Committee, is available for grant distributions. Any earnings in excess of the amount available for grant distributions are added back to the fund's corpus.

In accordance with applicable laws and IRS limitations, contributions to DAFs qualify as charitable gifts and therefore are tax deductible. Donors wishing to contribute assets other than cash are encouraged to contact the Foundation prior to initiating their gift. Donors who do not have an established DAF must contact LCF before initiating a gift that is intended to establish a DAF. DAFs have restrictions on certain types of contributions. Please consult your tax professional before making your gift.

Suggesting Grant Distributions

You may suggest specific grants be made from your DAF. The Foundation uses the word *suggest*, because the ultimate discretion and authority to make distributions from every LCF fund rests with LCF's Governing Committee.

Grants are paid to organizations recognized by the IRS as tax-exempt public charities. While LCF focuses grants primarily within the geographic limits of Licking County, we distribute grants to organizations nationwide. You may suggest a grant to any public charity in the United States. The Foundation cannot award grants to foreign charities. We can, however, award grants to U.S. public charities that fund and support foreign charitable activities.

There are IRS regulations that prohibit LCF from awarding grants that provide any tangible benefits to fund advisors. We are unable to process requests for payment of tickets to fundraisers or other benefit dinners, most sponsorships of activities, or for the purchase of memberships. We

are also not able to make grants to individuals, support political campaigns of any kind, support lobbying efforts, fulfill pledges made by advisors, or for any other purpose from which you will receive any personal benefit.

How We Process Your Grant Distributions

Generally, you may begin suggesting grants from your DAF in the year following the establishment of the fund. You must suggest distributions in writing. A sample suggestion form is included with this packet—and are also available upon request or on our website (www.thelcfoundation.org). Simply mail, email or fax your grant suggestions to our staff.

We need to know the name and address of each organization, the amount of the suggested grant, and any specific purpose of the grant. We will also need the name of a contact person at the organization and their phone number. Proposed grants cannot exceed the amount available for distribution from your DAF. There is no minimum grant size, however, the Foundation requests that you consider making grants of less than \$250 from your personal giving rather than through the Foundation. This helps us control the administrative fees we charge all funds.

The Foundation will send approved grant payments with required grant recipient certification information to the organization. We also send a letter to you informing you that the grant was made. As always, should you wish to be anonymous in awarding a grant, our staff will protect your anonymity.

Due Diligence

After the Foundation receives your written grant suggestion, we check each proposed grant recipient to be sure that they are recognized by the IRS as a qualified recipient organization. The specific requirement is that all recipients be public charities as defined by the IRS Code in Sections 501(c)(3) and 509(a).

In some cases, the Foundation must delay a proposed grant until the proposed recipient provides documentation. Organizations that have not received LCF grants before and organizations proposed to receive a large grant may undergo a more thorough review. If an organization you suggest fails to meet IRS requirements, IRS rules prohibit the Foundation from awarding your proposed grant. If there are eligibility issues, the Foundation will contact you.

Adding to Your DAF

You may add to your fund at any time and in any amount. Other persons, usually family members or close friends, may also make additions to your fund unless you instruct us otherwise.

Assets such as cash, publicly traded securities, and mutual fund shares are regularly accepted. Other types of assets such as real estate and closely held stock require prior approval of LCF's Governing Committee before they can be accepted.

The Foundation prefers to receive securities by wire transfer. We will work with you and your broker or financial advisor to complete a transfer in the most advantageous method for you. We have relationships with several institutions to facilitate this process. In order to provide you with the most efficient and cost-effective service, please ask your broker to fax (740-322-6260) or

email (grants@thelcfoundation.org) us a copy of your written instructions as they initiate an electronic transfer of assets. This will help us serve your interests in a timely manner.

Complex gifts such as real estate, shares in a closely held business, tangible personal property such as art, coins or jewelry require additional review by LCF's Governing Committee. This may add several weeks to the process. While our intent is to be responsive, the Governing Committee has final authority to accept or decline any proposed gift.

What to Expect from LCF Staff

We are here to help you meet your philanthropic goals. There is never a charge for involving LCF staff in your charitable activities. We will be happy to meet with you, your family, or your legal or financial advisors in helping you plan your individual or family philanthropy.

The Foundation will issue two notification letters when a grant is awarded from a Donor Advised Fund. One will inform you that your suggested grant was approved and paid. The second will be sent to the recipient organization along with the grant check. This letter will inform them that the grant they have received was made at your suggestion (unless you have requested anonymity).

The entire process, from receipt of your suggestion to mailing the approved grant will typically take about two weeks. The Foundation receives many suggestions for year end grants. We respectfully ask that if you would like a grant awarded before December 31, please submit your suggestions to us by November 30.

We can answer questions about whether a specific organization has already been through LCF's due diligence process; however, we cannot commit or promise that any specific grant suggestion you make will be awarded. That authority rests with LCF's Governing Committee alone.