



community foundation
Holland/Zeeland Area

Donor Advised
Handbook

Welcome!

Thank you for considering an **Endowed Donor Advised Fund** with the Community Foundation of the Holland/Zeeland Area (CFHZ)!

The purpose of the Community Foundation of the Holland/Zeeland Area's Donor Advised Fund program is to create an opportunity for people like you to connect and give back to their communities in an informed and active way. This handbook is designed to explain the Foundation's procedures and overall objectives, and to answer the questions you may have about an Advised Fund. It is our goal to make your participation in the work of the Foundation as rewarding as possible.

How do I suggest a grant from the Fund?

The easiest way is to fill out the attached Grant Suggestion Form provided by our office. On this form you tell us the name and address of the organization, the purpose of the grant and then sign it.

When we receive your Grant Suggestion Form, we verify that the recommended grantee or project meets Internal Revenue Service charitable criteria. The Board of Trustees, in the exercise of its discretion, will then approve or deny the recommended grant, in whole or in part.

Individual grant recommendations of \$100 or more are strongly preferred.

What kind of organizations may I recommend for grants?

You may recommend grants to non-profit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code (most well known non-profit organizations have this status), schools, municipalities and other tax exempt organizations that serve a charitable purpose. If you are not sure of the status of an organization, first give us a call. If they are a local agency we can most likely give you a very quick answer.

May I recommend a grant to an individual?

No. The Community Foundation of the Holland/Zeeland Area (CFHZ) makes distributions only to qualifying public charities and community projects. CFHZ staff checks all organizations for documentation of eligible status.

May I recommend grants to organizations outside of the Holland/Zeeland area?

Yes, if the organization's mission falls within the guiding principles of the Foundation. Before making the grant, we will need a copy of the organization's IRS 501(c)(3) letter, indicating official federal recognition of their charitable status. The Foundation can make limited international grants if the nonprofit organization operates under the umbrella of a recognized U.S. charitable organization. On the whole, we request that at least 70% of your recommended grants go to local nonprofits and projects.

May I recommend a multi-year grant from my Endowed Donor Advised Fund?

Yes, at the time of your recommendation please indicate that the distribution is to be made in increments. We will administer the distribution and payment schedule.

Are there any restrictions?

Restrictions on the nature of grant advice are few. However, one of the most important is that, because a grant from any fund is received by the grantee as a gift from the Community Foundation, not from you personally, it cannot be used to satisfy a personal commitment.

1. According to the IRS grants from Donor Advised Funds may not be used to satisfy an irrevocable personal or corporate pledge or obligation for the donor, the advisors, or any related parties of an advised fund. You may suggest grants to specific organizations may be made on an annual basis or recommended for payment over a multiple year period. Nonetheless, it is important that you **do not sign a pledge card.**
2. Grants from Donor Advised Funds may not be used to pay memberships or dues; nor can they be used for grants, loans, compensation or similar payments (including expense reimbursement) to donors, advisors, or donor related parties of an advised fund.

A second important restriction is that grants may only be made in a circumstance where the gift is 100% charitable. That is, no personal benefit may be derived from the gift for the donor, advisors or any related parties. For example, grants cannot be used to purchase tickets for, or sponsor, an event where the value of a meal, entertainment or a premium is included in the cost of the ticket or sponsorship.

Please call us first if you have any questions.

May I serve on the board of an organization and recommend a grant to it from the Donor Advised Fund?

Yes, as long as you receive no personal benefit from the grant.

How is the grantee notified?

When the Foundation makes a grant from a Donor Advised Fund, the charitable organization receiving the grant is informed by letter indicating which Fund made the grant so that they may send you a note of thanks.

May the Fund make an anonymous contribution to a grant organization?

Absolutely. Just let us know that you desire anonymity and we will ensure that your wishes are followed.

How is my Fund invested?

The Board of Trustees has the ultimate responsibility for the Foundation's investment portfolio. The Board delegates responsibility to the Investment Committee for implementing and ongoing monitoring of the Foundation's investment policy. The Investment Committee meets quarterly and is comprised of local business and financial leaders in our community. The Community Foundation of the Holland/Zeeland Area is audited annually and its report as well as the Form 990 or 990-T is available upon request.

What fees are charged to my Fund?

Each Fund held by the Foundation is charged an administrative fee to help cover the operational costs of the Foundation. The administrative fee for a Donor Advised Fund that is endowed is 1% annually. Administrative fees are assessed quarterly, based on the market value of the fund.

Will I receive an accounting of my Fund's activities?

Yes, you will receive an annual Fund Statement each February. An accompanying letter will let you know the amount available for spending based on the foundation's spending policy and the earnings for the previous period. Remember that unless you initially chose to set aside some portion of your gift as 'non-endowed', the Fund will typically not have accrued enough income to grant out for at least the first year or two.

How do I add to my Fund?

Creating a Fund with the Community Foundation of the Holland/Zeeland Area allows you to sustain a permanent legacy of philanthropy in the Holland/Zeeland area and you may make a tax-deductible contribution to your Fund at any time.

Cash gifts made to your endowed Donor Advised Fund may qualify for both a charitable deduction on your federal tax return and also a tax credit from the State of Michigan.

In many cases, significant tax benefits can be realized through gifts of appreciated stock or real estate. We encourage you to discuss any gift you may be considering with our staff and your financial advisor.

If you plan to make a stock gift, please let us know. The Foundation has accounts with many brokers, and most likely has an account with your broker. If timing is of concern to you, be sure to:

1. Ask us for the CFHZ account number at your brokerage firm;
2. Include our account number in your letter to your broker requesting that they transfer the stock;
3. Send us a copy of your letter or notify us by telephone or E-mail.

By creating a Fund with us during your lifetime, you have already made it possible to leave a permanent legacy in your name. Many families suggest their Fund in the Foundation as an appropriate memorial upon the death of a family member.

Upon the death of the last surviving advisor, the Fund will continue as a permanent Named Fund or Field of Interest Fund meeting the needs of the greater Holland/Zeeland area for generations to come. This choice is made at the time you establish your Fund.

Once your Fund has been established, it is also simple to add to it by bequest. Simply name your Fund as one of the beneficiaries of your will or trust. Or you may create a new Fund(s) bearing your family name or in honor of a relative or friend to serve as a memorial to them. Grants will be made in the name of these Fund(s) in perpetuity.

Thank you for giving the Community Foundation of the Holland/Zeeland Area the opportunity to assist you with your charitable giving. If you have questions about your Community Foundation of the Holland/Zeeland Area Donor Advised Fund or you have ideas on how we may serve you better, please call or write.

For Further Assistance

We hope this handbook serves as a helpful guide to your Donor Advised Fund with the Community Foundation of the Holland/Zeeland Area. Please contact us for any other information we can provide. We can be reached by phone at 616-396-6590 or by Fax at 616-396-3573.

Janet DeYoung, Executive Director
janet@cfhz.org

Diana Mavis, Finance Director
diana@cfhz.org

Tim DuMez, Donor Services Director
tim@cfhz.org

Elizabeth Kidd, Program Director
elizabeth@cfhz.org



Donor Advised Fund Suggestion Form

Date: _____

I (we) suggest distribution from the _____
 Fund to the following organization(s) in the amount(s) listed below.

Organization <small>(Please include address and phone number if you choose 501(c)(3) organizations not listed on Grant Request Summary)</small>	Special Instructions <small>(Please indicate if there is a specific project or program, or if you wish to remain anonymous)</small>	Amount <small>(Subject to final spending policy approval)</small>

I acknowledge that the above suggestion(s) does (do) not represent the payment of any pledge or other financial obligation, nor do I, or my appointees, or any related parties expect any personal benefit from this charitable distribution.

 (Signature) (Printed Name)

 (Signature) (Printed Name)

 (Address) (Zip Code) (Phone Number)

The Board of Trustees has final authority over all distributions. Should the Board have any questions about your suggestion(s), a member of our staff will contact you.

Please return this form to the Community Foundation of the Holland/Zeeland Area and keep a copy for your files. A notification letter will be sent to the recipient(s) following our approval of your request and a check will be mailed upon the organization's completion of any condition(s) for receiving grants.



community foundation
Holland/Zeeland Area

70 West 8th Street, Suite 100
Holland, MI 49423
ph: 616.396.6590 • fax: 616.396.3573
email: info@cfhz.org • web: www.cfhz.org
