



# Greater Lynchburg Community Foundation

1100 Commerce Street, Lynchburg, VA 24504 · (434) 845-6500 · Fax (434) 845-6530  
www.lynchburgfoundation.org

## Form Creating a Donor Advised Fund

\_\_\_\_\_ (the “Donor(s)”) hereby transfers as an irrevocable gift to the Greater Lynchburg Community Foundation (the “Foundation”) the sum of \_\_\_\_\_, or the property described in Exhibit A attached hereto and incorporated as part of this document, for the purpose of establishing a donor advised fund. This fund will be subject to the Foundation’s Guidelines for Donor Advised Funds.

Net income alone shall be available for charitable purposes, subject to the schedule of fees adopted by the Foundation for investing and administering the fund. Each year the Foundation will determine the amount allowed for distributions by applying its spending policy for endowed funds to assets in the fund. The Foundation welcomes recommendations from Advisors about distributions from the spendable portion of the Donor Advised Fund. All recommendations are advisory in nature.

The name of this fund shall be \_\_\_\_\_.

The following individuals may serve as Advisors to the Donor Advised Fund. If there are no Advisors identified, the Donor will serve as the Advisor to the DAF.

- i. \_\_\_\_\_
- ii. \_\_\_\_\_
- iii. \_\_\_\_\_

Upon the death, incapacity, or other disqualification of the last of the Advisors named above, the following individual(s) may serve as successor Advisor(s) to the DAF.

- iv. \_\_\_\_\_
- v. \_\_\_\_\_
- vi. \_\_\_\_\_

If at any time there is more than one Advisor to the Donor Advised Fund, the Advisors will appoint a designee and all communications to and from the Foundation will be through the designee. If there is no designee appointed, the designee will be the first Advisor listed above, and, if no Advisor is listed, the First Donor listed will be the designee.

Gifts may be added to the fund at any time by the donor or others. The Board of Directors of the Foundation shall have full authority and discretion as to investment and reinvestment of the assets of the fund.

It is understood and agreed that the fund and all funds therein are administered by the Foundation subject to its "Amended and Restated Resolution and Declaration of Trust" including the power contained therein for the Board of Directors of the Foundation to modify any restrictions or conditions if in their sole judgment such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation.

Thus, the accumulated funds will be available for only 501(c)(3) agencies that are approved by the Foundation. Distributions from donor advised funds may not be used to fulfill a legally binding pledge of the donor; to secure benefits from the distribution recipient for the donors, advisors or related parties; as grants to an individual; or to receive grants, loans, compensation or similar payments for donors, advisors or related parties. If the donor and/or the advisor(s) become unable to make recommendations for their fund for any reason, the fund, as exclusive property of the Foundation, will be utilized in the best judgment of the Greater Lynchburg Community Foundation.

It is my desire that the bank to serve as trustee of this fund shall be determined by the Board of Directors of the Greater Lynchburg Community Foundation.

or

It is my desire that \_\_\_\_\_(Insert the name of one of the trustee Banks, if such designation is desired.) act as trustee for this fund.

\_\_\_\_\_  
(Date)

By \_\_\_\_\_  
(Signature of Donor)



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## Guidelines for Donor Advised Funds

Donor advised funds are created so that the donor can remain involved in the grant making process from the fund. The following guidelines have been established by the Distribution Committee and the Board of Directors of the Greater Lynchburg Community Foundation (“GLCF”) to assist in the administration of these funds.

- 1. Establishment** - If the donor wishes to maintain maximum flexibility in their charitable giving, the donor can elect to establish a donor advised fund. Donor Advised funds are permanent funds meaning that income on the fund may be paid out during the year according to the spending policy adopted by the Distribution Committee and Board of Directors from time to time. Upon completion of a written instrument between the donor and GLCF, a gift of \$10,000.00 or more can be used to establish a fund at the Greater Lynchburg Community Foundation. Smaller gifts to “acorn funds” can be accumulated under the Foundation’s procedures and used to establish a fund after the total aggregate gift attains \$10,000.00.
- 2. Ownership and Control** – Establishment of a donor advised fund represents an irrevocable gift to GLCF. This fund becomes the property of GLCF, over which the Foundation has full authority and control. The fund and its income therein are administered by GLCF subject to its “Amended and Restated Resolution and Declaration of Trust” including the power contained therein for the Board of Directors of the Foundation to modify any restrictions or conditions if in their sole judgment such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation. The Board of Directors of the Foundation shall have full authority and discretion as to investment and reinvestment of the assets of the fund following its normal policies and procedures, including the employment of investment agents and advisors.
- 3. Donor Recommendations** – The donor or their designated advisor(s) may submit recommendations regarding the distribution of income from the donor advised fund. Because the fund is owned and administered by the Foundation, and to protect the charitable deduction for tax purposes, such specification or recommendation constitutes a suggestion only and is not binding upon the Foundation, however, such recommendations are given great consideration and usually carried out.

- a) For individual donors, the ability to make recommendations regarding distributions from the donor advised fund will be limited to the lifetimes of the donor and the donor's spouse. If the donor in the written instrument establishing the fund designates another advisor(s), this privilege is extended for the lifetime of the designee.
  - b) For other non-individual donors, the ability to make recommendations regarding distributions from the donor advised fund will continue as long as the entity is doing business in the Greater Lynchburg area. These non-individual donors may designate in writing an individual who has authority to make recommendations on behalf of the entity.
4. **Granting Procedures** – The donor or the designated advisor(s) may donate available funds during either/or both grant cycles: September 15 and March 15. GLCF will notify all donor advised funds during each cycle which approved agencies have requested funding and how much is available for granting from the fund based on GLCF's approved spending policy. Donors will notify GLCF in writing their wishes as to the distribution of the available amount. A donor may choose any of the agencies OR may ask about another agency of his/her choice and donate to an approved agency that has not submitted a grant request. If this is an agency that has not made a request, GLCF will notify the agency and request the necessary information on the Short Form to be sure that there are no problems in granting the wishes of the donor and in accordance with federal guidelines. The accumulated funds will be available for only 501(c)(3) agencies that are approved by the Foundation.
5. **Limitations** – 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. Expense reimbursements, loans, compensation, and other similar payments are not permitted from a donor advised fund to a donor, fund advisor, or related party. Please contact the Foundation if you have specific questions about whether a grant you are considering recommending will result in a prohibited benefit.

6. **Notification** – Unless otherwise requested by the donor, GLCF will identify the name of the donor advised fund to a grantee that receives a distribution from these funds. At least once a year, or upon request, GLCF will provide an annual statement to the donor or designated advisor(s).

7. **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 two 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.

8. **Termination** – If the donor and/or the advisor(s) become unable to advise their fund for any reason, or if the fund is determined to be inactive, the fund shall become an unrestricted fund unless the donor has specified a charitable purpose or agency at the time the fund was established, in which case it becomes a field-of-interest or designated fund. The fund will continue to carry the name given by the donor.