



COMMUNITY FOUNDATION  
OF COLLIER COUNTY  
*FOR GOOD. FOREVER.*

# Donor & Corporate Advised Funds Handbook



## For Fundholders

Your User ID is your email address on file with the Community Foundation and please make note of your Password for the Fund Advisor Portal, the online source for all information about your fund. When you log on to the Fund Advisor Portal, you can view your fund balance, gifts to your fund, grants made and pending, and recommend a grant.

You can access this data from anywhere there is Internet access.

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User ID/Email Address

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Password

If you have questions about the benefits of starting a fund, or accessing your fund on the Fund Advisor Portal, please contact the Community Foundation of Collier County at 239.649.5000.

## DONOR ADVISED FUNDS

Donor advised funds (DAFs) are a simple, powerful, and personal approach to giving. Our most popular and flexible type of fund, DAFs allow for anonymity and are a great alternative to a private foundation. Donors receive an immediate tax deduction by contributing to a donor-advised fund, and distribute the money, which grows tax-free, to their chosen charity or charities over time. Donors may give grants locally, nationally or internationally to any nonprofit that is a qualified 501(c)(3) organization.

Donor Advised Funds are also a great way to create a legacy of family philanthropy by involving future generations in charitable grantmaking from the fund.

Fundholders can make grants to any qualified 501(c)(3) nonprofit organization, including houses of worship, schools and universities. The Community Foundation staff conduct due diligence to determine that the recommended grantee is tax-exempt, and all grant recommendations require approval by the Community Foundation's Board of Trustees in accordance with industry regulations.

When opening a donor advised fund, you are making a tax deductible gift to the Community Foundation, which becomes part of the assets of the Foundation. However, you retain all of the privileges of being an advisor to the fund. Additionally, donors can be assured their advice is taken seriously. Investments, paperwork and grant monitoring are handled by the Community Foundation along with donor recognition.

Donor advised funds are often an attractive alternative to a private foundation because they allow for greater tax benefits, eliminating the burden of filing tax forms, have lower fees, offer the option of remaining anonymous, do not include excise tax, and do not mandate payout.

## CORPORATE ADVISED FUNDS

Creating a corporate advised fund with the Community Foundation is an easy and efficient way for your company to give back. Your corporate committee makes recommendations on all grants to charities. We manage the fund administration, investments and vetting of the nonprofit organizations for you. Our staff may also partner with you to design a program that is uniquely tailored to your objectives and culture.

### **Advantages of a corporate advised fund include:**

- Ability to outsource all or part of your corporate philanthropy program
- No legal liability, Community Foundation of Collier County remains in full compliance with state and federal regulations related to grants and contributions
- Name your corporate advised fund and issue grants in the company's name or anonymously
- Maximum allowable tax advantages for donations
- Ability to accept a wide range of charitable donations
- No separate tax return
- Ability to create a corporate committee with access to Community Foundation staff

## BENEFITS OF DONOR AND CORPORATE ADVISED FUNDS

### **Simplicity**

You establish the fund by signing a simple document and making a gift of cash, securities or other assets. You choose the fund name and designate advisors.

### **Tax-Deductible Gift**

Your initial gift to create the fund (and additional gifts) receives the maximum charitable tax deduction allowed by law. You may be eligible to receive a tax deduction on your contribution up to 60% of your adjusted gross income for cash contributions and up to 30% of your income if you contribute securities, therefore avoiding capital gains taxes on appreciated assets.

### **Make a Difference**

By establishing a donor or corporate advised fund at the Community Foundation, you are making a positive impact on the community and are creating a legacy.

### **Streamlined Paperwork**

The Community Foundation takes on the paperwork responsibility associated with the fund's activity. This is particularly beneficial if you recommend that the assets in your donor advised

fund be distributed to multiple charities, rather than just one. We will serve to reduce your record-keeping obligations, especially if you're contributing appreciated securities.

### **Experienced, Effective Philanthropic Partners**

By acting in partnership with the Community Foundation, you are able to centralize and streamline your philanthropy by recommending grants to benefit the nonprofit organization(s) of your choice. Our comprehensive Nonprofit Directory is a wonderful way to access detailed information about local nonprofit organizations. The Nonprofit Directory can be found online at [cfcollier.org](http://cfcollier.org). For those fund advisors who are interested, they can work with the Community Foundation staff to partner on grantmaking opportunities within their philanthropic interest areas, schedule site visits, and ensure proper evaluation and grant reporting.

### **Learning Experience**

You experience the unique opportunity to learn about philanthropy from a knowledgeable team. The Community Foundation's staff is available to research charities, review requests and make recommendations for specific areas of your interests.



## Non-Endowed vs. Endowed Funds

Funds can be endowed (only the earnings — not the principal — are used to make grants) or non-endowed (distributions can be made from both income and principal).

Endowments are permanent funds established to perpetually carry out the donor's philanthropic intentions. In essence, endowments are gifts that keep growing and giving. Assets are invested for growth, and the amount available for grants each year is based on a "spending policy" that may be changed by the Foundation's Board. Contact our Donor Services staff for more information about the current spending policy.

Non-endowed funds allow grant distributions — from the fund's total balance — excluding the \$10,000 minimum balance.

A non-endowed fund may be converted to an endowment — usually upon the passing of the original donor(s) — but an endowed fund may not become non-endowed.

## Succession

Holders of donor advised funds may select succeeding individuals or successors to exercise the privileges and fulfill the duties associated with that fund upon their death or when the fund advisor is no longer able or available to exercise their advisory privileges. Other options for succession plans include the designation of specific charities as beneficiaries, a field of interest or unrestricted needs for Collier County. If you want to discuss your succession plans in more detail, please contact us at 239-649-5000.



## ADDING TO A FUND



Your gifts receive the most favorable tax treatment under the Internal Revenue Code, because your donor advised fund is part of a public charity, and all gifts to your fund are irrevocable. Fundholders can receive immediate tax benefits for the current market value of the gifts up to 60% of your adjusted gross income, or 30% for gifts of long-term appreciated property.

Other individuals may also contribute to the fund (unless requested otherwise) for purposes consistent with the original fund agreement.

### Assets That Can Be Donated to Your Fund

- Cash and marketable securities
- Closely-held and restricted stock
- Tangible personal property (i.e. rare books, furniture and artwork)
- Real estate
- Life insurance
- IRAs' annual disbursements may not be donated to a Donor Advised Fund.

Checks shall be made payable to the Community Foundation of Collier County, with the fund name in the memo line. Procedures for gifts of publicly traded securities may be obtained by contacting the Community Foundation staff. In the case of gifts of restricted or closely-held stock, real estate, art, or other unusual assets, the proposed gift is considered on a case-by-case basis and acceptance will require additional approval by the Foundation's Board of Trustees. Assets which cannot be readily converted to a charity's financial benefit or which carry unusual potential liability may not be accepted.

### Minimum Requirements

If your fund drops below the minimum level of \$10,000, you will be unable to distribute grants. The Community Foundation will send you a notification letter if this occurs. Once your fund reaches the minimum level, you can continue to support your charitable interests.

### Year-End Giving and Granting

Donors planning to make a year-end stock gift into their funds are asked to advise the Community Foundation as soon as possible so that gifts can be handled in a timely manner.

The Community Foundation welcomes the opportunity to assist fund advisors with making year-end grants to nonprofit organizations. Both for the benefit of the grantee and to ensure that grants are made and received in advance of the end of year, fund advisors will be given deadlines for year-end giving and grantmaking annually every fall. Please reach out to Community Foundation staff for the most up-to-date deadlines.

## Investment Consultants and Managers

The assets of your fund are co-mingled with those of the Community Foundation and are professionally managed by our investment manager. Consultants and managers are under the supervision of the Community Foundation's Investment Committee. The Investment Committee is comprised of highly reputable business and financial leaders in our community.

The majority of the Community Foundation's assets are pooled and invested using a strategy developed by the Investment Committee. However, if the fund is over \$1 million, you may request to use a specific investment firm as long as the investment firm uses the Community Foundation's Investment Policy, meets our criteria for Financial Partners and is approved by the Board of Trustees.

The Community Foundation is audited annually. Additionally, 990s and audits are available upon request and can be viewed online at [cfcollier.org](http://cfcollier.org).

## Fees

There are two fee assessments on funds at the Community Foundation:

- The first fee is an investment fee charged by the Investment Managers. This fee covers costs incurred to manage and invest each fund. All returns are net of fees.
- The second fee is an administrative fee charged by the Community Foundation to help cover operational costs for each fund and varies depending on the size of the fund. You will see this charge on your fund statement.

Administrative fees are assessed quarterly, and based on the fund's market value in the previous quarter. Investment fees are passed along to the fund as the Community Foundation receives them. All fees are charged directly to the fund and do not require additional payment by you. The Community Foundation does not charge a transaction fee for new contributions, for distributions to charities or for regular administrative support by our staff.

## Dormant Funds

If a fund advisor does not make any grant distributions for a period of five (5) years or does not contact the Community Foundation during this time, the fund will automatically convert to an unrestricted named fund for Collier County. The Community Foundation's Board of Trustees will make grant decisions through the unrestricted fund that will most benefit our community at the time of distribution through Community Impact Grants.

*For additional information on these rules, see IRS Publication 526 at [www.irs.gov/pub/irs-pdf/p526.pdf](http://www.irs.gov/pub/irs-pdf/p526.pdf)*





## RECOMMENDING A GRANT

### Submitting a Request

Fund advisors may suggest a grant for general support or for a specific program or activity.

Information needed for a request:

- The name and address of the organization.
- The amount of the proposed grant and the purpose of the grant.
- Any special instructions.
- If the grant is to be anonymous.

Donor suggestion forms can be found online at [cfcollier.org](http://cfcollier.org) for those who prefer to complete them and fax or mail to the Community Foundation.

Grants must be for charitable purposes. The minimum grant amount is \$100.00. Fundholders may make recommendations at any time and as often as you wish. Requests may be initiated via the Fund Advisor Portal.

We use the term “recommended” purposefully. In order to gain the maximum tax advantage when you make a contribution to establish or

augment your fund, the IRS insists that final determination of how the funds are used rests with the Foundation’s Board of Trustees.

For more information, please contact us at 239.649.5000.

### Grants

Fundholders can support a wide-range of areas and organizations through the Community Foundation. You may recommend that grants be made to a qualified IRS tax-exempt public charity with 501(c)(3) IRS classifications. Grants to religious organizations, educational institutions, and libraries or government programs are also allowed. The IRS is specific about some limitations on the types of grants that can be made from a donor advised fund.

Donor and Corporate Advised Funds **CANNOT** fund the following:

- Gifts that include personal benefit or services rendered to the donor, donor advisor(s) and/or related parties.

- Memberships in a nonprofit organization (i.e. museums, guilds, etc.).
- Tickets or sponsorships to fund-raising events (i.e. awards luncheons, golf tournaments, etc.).
- Goods purchased at charitable auctions and other fundraising events.
- Gifts to private foundations (because they receive different tax treatments).
- Gifts to individuals.
- Gifts for lobbying purposes or to support political campaigns.

### Geographic Area

Grants from advised funds may be made to charitable organizations in Collier County and throughout the world. For donors and fund advisors who have multiple residences, this provides a simplified and convenient way to make charitable gifts to organizations in several communities. While International grants are permitted, they require additional due diligence, documentation and approval.

## FUND ADVISOR PORTAL

The Community Foundation updates fund statements monthly on our Fund Advisor Portal, located at [cfcollier.org](http://cfcollier.org). Donors and fund advisors can access fund statements on the portal 24-hours a day. Fund statements can also be mailed by request.

### Fund Advisor Portal

The Fund Advisor Portal is an online service for fundholders of the Community Foundation.

### With the Fund Advisor Portal you can:

- Check your fund balance.
- View and print your fund statements (updated monthly and quarterly).
- View grants made from your fund.
- Research new grant opportunities.
- Recommend grant payments.

To access the Fund Advisor Portal, visit [cfcollier.org](http://cfcollier.org) and click on the Fund Advisor Portal link. To log on, please enter the user ID, which is also your email address on file with the Community Foundation and password, which you created.

Training classes are frequently held at the Community Foundation for new fundholders, and for individuals who would like to learn more about the Fund Advisor Portal. Contact us at 239.649.5000 if you need help accessing the Fund Advisor Portal.





## ISSUING GRANT CHECKS

### Due Diligence

When we receive your grant recommendations, we carefully verify that the recommended grantee is certified by the Internal Revenue Service as a qualified 501(c)(3) charitable organization or as a qualified charitable organization for International grants.

The Board of Trustees has approved guidelines that are accommodating to you and the public charities you support. The Board recognizes its need to support organizations that donors care about, while balancing the need to act using good judgment.

In rare instances, the Board may decline a donor advised fund recommendation. A decline could occur during the due diligence process we perform on organizations, or if it is not an IRS-qualified public charity grant or a substantive issue was raised. We would, of course, discuss the issue with you and help you redirect the gift.

### 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 \$10,000. If this policy ever conflicts with federal law or state law (including UPMIFA), the relevant law controls.

A fund is considered active when there is regular communication between a donor (or named successors) and the Community Foundation of Collier County 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 and refrains from recommending grants for a given initial period while the fund advisor consults with the Community Foundation and/or does his or her own research to determine what types of grants will best meet community needs and his or her philanthropic goals.
- **Long-term Giving Plan.** Donor advisor deliberately reduces the frequency or size of grant recommendations from fund, 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 with a financial partner refrains from recommending grants for a given period because the fund is invested in an 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 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.
- **Seedling 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 above the \$10,000 fund minimum or an agreed upon fund balance.
- **Specific Exception 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 granting the remaining balance of the fund to qualified 501(c)(3) charitable organizations.
  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.

## COMMUNITY CONNECTOR

### Site Visits

If you wish and the circumstances are appropriate, the Community Foundation can arrange site visits to the nonprofit organizations of your choice so you can learn more about grant opportunities and see firsthand the impact of your philanthropy.

### Nonprofit Directory

Our Nonprofit Directory is a free resource that helps you direct your charitable giving by providing comprehensive, frequently-updated and easily-searchable information about hundreds of nonprofit organizations serving **Collier County**. It's a wonderful way to learn more about our nonprofit community.

Visit [www.cfcollier.org](http://www.cfcollier.org) to begin your search.





## FAMILY PHILANTHROPY

Many people enjoy introducing their children and grandchildren to an ongoing tradition of philanthropy. Approaching philanthropy as a family can be a way to deepen the bonds between loved ones while simultaneously impacting the causes that matter to you.

Giving back together provides many benefits, including:

- Passing on philanthropic values and the spirit of giving to the next generation.
- Encouraging the next generation to give their time, talent and treasure.
- Establishing or continuing a family philanthropic legacy.
- Exposing family members to the needs of the community.
- Bringing the family closer while learning more about each other's interests.
- Teaching family members how to give effectively.

- Finding a common-ground for working together.
- Recognizing and celebrating the family's history and values.
- Fostering a mindset of abundance while having fun together.

If you would like to achieve these goals, we suggest that you start a donor advised fund naming your children and/or grandchildren as advisors or successor advisors. By combining resources with additional family members you can increase your impact and work toward a common goal — perhaps memorializing a loved one or supporting a shared passion.

Some families choose to contribute to the charitable fund rather than purchasing gifts for special occasions because it allows for maintaining and celebrating the true spirit of generosity.

Call our Donor Services Department to develop a family philanthropy plan.



## DONOR BILL OF RIGHTS

Philanthropy is based on a voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

- To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- To have access to the organization's most recent financial statements.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgment and recognition.
- To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- To feel free to ask questions when making a donation and to receive prompt, truthful, and forthright answers.

The Donor Bill of Rights was created by the American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), and the Council for Advancement and Support of Education (CASE). It has been endorsed by numerous organizations including the National Committee on Planned Giving.

# COMMUNITY FOUNDATIONS VS. PRIVATE FOUNDATIONS

## ESTABLISHING A FUND

### Donor Advised Fund at the Community Foundation of Collier County (CFCC)

A fund can be established quickly and efficiently with a simple document. There is no initial cost to establish the fund. Administrative fees start at 1.1%.

### Private/Family Foundation

Establishing a new foundation requires extensive legal, accounting, and operational expenses on an ongoing basis. Generally, \$5,000-\$10,000 is needed to establish the fund.

## TAX TREATMENT OF CASH GIFTS

Tax deduction of up to 60% of Adjusted Gross Income (AGI).

Tax deduction of up to 30% of Adjusted Gross Income (AGI).

## TAX TREATMENT OF APPRECIATED PUBLICLY TRADED SECURITIES AND CLOSELY HELD STOCK

Tax deduction of 100% of fair market value up to 30% of AGI.

Tax deduction limited to fair market value up to 20% of AGI.

## TAX TREATMENT OF REAL ESTATE GIFTS

Tax deduction of 100% of fair market value up to 30% of AGI.

Tax deduction limited to cost basis up to 20% of AGI.

## TAX EXEMPT STATUS AND REQUIRED PAYOUT.

CFCC is a 501(c)(3) public charity and is fully tax exempt. No payout is required.

Private foundations are subject to excise taxes and annual 5% payout requirements.

## ANNUAL TAX RETURNS

Individual funds are not required to file. CFCC prepares and files all tax reports to the IRS and obtains an annual independent audit.

Must file annual Federal 990-PF and supporting schedules, which indicate staff salaries, investment performance, fees, etc. Trustees must perform, contract, or hire staff for these services.

## INVESTMENTS

A diversified portfolio and economies of scale offer greater cost-efficiencies and minimize risks. CFCC works with professional money managers and our Investment Committee provides experienced oversight and stewardship.

Selection of investment strategies and professional fund advisors can become a very time consuming responsibility for a private foundation's Board of Trustees.

## EXPERTISE

CFCC provides expertise to donors on a wide range of gift management, finance and fund administration issues.

Must hire staff or board members or carry out administrative tasks on their own.

## GRANT ADMINISTRATION

Our professional staff are available to assist donors with grant administration, research and program evaluation to ensure maximum community impact.

Requires extensive time to review proposals, investigate community needs, confirm status of grantees and evaluate previous distributions.

## ACCOUNTABILITY

CFCC obtains an independent audit each year. Publication of an annual report, public disclosure of grants, and thoughtful selection of Board members ensures funds are used in the communities' best interests.

Laws and regulations governing private foundations differ greatly from those of public charities and may require expensive specialized legal and finance expertise.

## FLEXIBILITY

As a public charity, CFCC's organizational structure is purposely designed to allow greater flexibility to respond to and meet emerging needs in the community..

Expensive and lengthy legal proceedings may be required to change the purposes of a private foundation.

## PRIVACY

Individual donors or grants can be kept private. If the donor wishes, the CFCC can serve as a buffer between the donor and grantseekers.

Required to file tax returns on donations, grants, investment fees, staff salaries, etc. These are public records and are compiled into grantseeker directories.

## **Definition 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. Refer to Community Foundation of Collier County's grantmaking policies for local grant making protocol.

*How to check whether an organization can receive deductible charitable contributions. You can ask any organization for a copy of their IRS Letter of Determination or go to [Guidestar.org](http://Guidestar.org) or [IRS.gov](http://IRS.gov). Click on "Tools" and then on "Exempt Organizations Select Check" ([www.irs.gov/Charities-&-Non-Profit-s/Exempt-Organizations-Select-Check](http://www.irs.gov/Charities-&-Non-Profit-s/Exempt-Organizations-Select-Check)). This online tool enables the search for qualified organizations.*

### **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 (DAF)**

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>).



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OF COLLIER COUNTY  
*FOR GOOD. FOREVER.*

Our Mission: Working with donors, we inspire ideas, ignite action, and mobilize resources to address community needs in Collier County. For Good. Forever.

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