PARKING LOT

PARKING LOT QUESTIONS

Add new questions here at the top!

- **Not sure I understand employer related scholarships regarding the % test. Can you provide example please?**

The whole reason for this test and doing it this way is so that employer related scholarships would be not taxable income

Employees children is a slightly easier test bc there is a backup 25% - making math simple

-You need to have 4 people apply to one award granted

-If you don't have 4 students apply – BUT you can show that 10 people were eligible to apply and didn't - then that is sufficient to meet the percentage test = 10% regardless if they applied or not

-

-For employees it's a little stricter because there is no backup test

You need 100 employees - I need to 10 people to ACTUALLY apply in order to give 1 award

-For employees – is 10% who actually apply meaning - you have to have 10 employees actually apply in order to make 1 award

-You have to have the right amount apply to make the award

> **-This is a private foundation rule – if you are a community foundation you have a little more flexibility here**

ANSWERED QUESTIONS

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ANSWERED QUESTIONS

- **Will you be circulating the slides from the presentations Tuesday and today?**
  - **Yes. Jill will send them.**
  - **This is Jill, I did send the Day One slides in the follow-up email sent on Wednesday. If you did not receive them, please email me at jill.gordon@cof.org. I will send a Day Two wrap-up email with the Day Two slides.**
- **Can a FOI fund make a scholarship, or would they need to set up a separate scholarship fund?**
  - **A FOI is created to support a broad charitable area (e.g. education, the arts, health, youth, environment), so if the donor gives the foundation discretion to choose specific recipients or programs within that area, that would be acceptable. However, if the donor just wants the fund to give scholarships, it would be better to just set up a scholarship fund.**
- **What's the most appropriate type of fund to establish for a memorial fund? Would it be a DAF so that the family could be an advisor on the fund if others are making donations into the fund? Or should it be a FOI with family as advisory committee?**
  - **Either could be appropriate. But if the family wanted to be more involved, a DAF would be more suitable. A DAF may accept funds from other donors beyond the family.**
- **We have been approached by our local Chamber of Commerce who is interested in starting a charitable fund by soliciting businesses and having our CF host so that we can accept donations and provide the tax receipting. They also want to be able to take 4% back to the Chamber to support their charitable activities. It sounds like this would not be an agency fund. Would this be permissible and, if so, how might we structure this? Would it be a corporate donor-advised fund with multiple fund advisors so that they could make their decisions and accept contributions from third parties? Could they grant back to themselves for charitable purposes?**
  - **This is interesting. It wouldn't be an agency fund if they had other donors. It could be a DAF but the 4% back is the wrinkle here. I dont**

believe the Chamber could take 4% of someone else's donation. But let me look it up.

- **Can a donor take a tax deduction for creating a scholarship that will go to a student without a proven "financial need"**
  - **A donor gets a tax deduction for their donation to your community foundation and for setting up a scholarship, but there is no extra deduction or special treatment for a scholarship to someone with "financial need." Please see, [FAQ: Scholarships | Council on Foundations]**
- **The majority of our funds are invested with the Foundation's investment advisor, whom we meet with quarterly along with our Investment Committee. A small number of funds are invested with other investment advisors because, when establishing the funds, the donor requested a specific company and/or individual rather than opting to invest in the Foundation's permanent portfolio. We would prefer to have these funds invested in our permanent portfolio for several reasons. Are we required to keep these funds with the investment advisors selected by the donor? Would your answer change if this instruction were stated in a will or trust, rather than a fund agreement?**
  - **If the assets are component funds, you are not required to keep them with the donor-selected investment advisor, even if that instruction came from a will or trust. But please review your gift acceptance and investment policies, many foundations have language stating they reserve the right to commingle assets and to select or change investment advisors, that would be the key here. However, if there is wording in the will that specifically ties the funds to a specific advisor, the rules may change, if the funds are held at a specific advisor not your CF then the will trumps.**
  - **Can you expand on the last sentence? Specifically, what do you mean by "ties the funds to a specific advisor"? Those accounts are in the Foundation's name, it is not like the advisor is a trustee or anything. Every will is different, so when you asked about will/trust, if for whatever reason the will/trust stated, X fund needs to be held with X advisor, well then you have to follow what it states.**
- **Affiliate/ Geographic component fund setup- how can we ensure separate organizations do not establish entities using the same name as an affiliate or geographic component fund? Should affiliate funds be registered as**

separate nonprofit entities with the Secretary of State (or other state appropriate governing body)? Should we be trademarking logos or other materials? (a new entity has been established at the state level using the same name as one of our geographic affiliates and we are trying to prevent this from happening to our other affiliates).

- Re: outside investment managers- If we allow a donor to choose an outside investment manager to manage the investment of their DAF assets, and they are also their personal wealth advisor, that advisor MAY NOT charge any fees to that donor for the management of the DAF assets? Or they just can't do that through the DAF funds, but they CAN charge them separately through their overall charges for the donors for their whole portfolio management (likely to take those funds out of returns on their personal investment account(s)?
    - Under 4958, the answer is no. The investment advisor could not receive compensation for managing the funds.

      Follow up question: What makes this different from separately managed funds where investment advisors charge investment fees?

- Can community foundations have non-component funds in situations where they are simply acting as the book keeper for that other organization? In that situation, the funds would not be included in the community foundation's financial statements or 990.
    - If you wanted to do that, it would be better to set up a fiscal sponsorship or supporting organization. I would not recommend holding funds for organizations because those funds become the CF's.
- We have previously received real estate through a trust or estate where the executor sells the property and gives us the proceeds. We recently had a donor who wants to leave us his house with a transfer on death. We have identified some concerns both about the manner of the gift from a perspective of risk to the foundation (taxes, insurance, repairs, etc.) and also he wants us to give outright part of the proceeds of the house to another nonprofit organization. We have strongly suggested that he find

someone willing to be his executor and to set up a will. Any recommendations for gift acceptance policy addressing this type of gift.

- **First, a little framework to understand your role as beneficiary. Remember you do *not* control the estate, the executor (attorney) makes all decisions, subject to the will and applicable law. You *do* have rights to receive an accurate and timely accounting of the estate, be informed about material steps, asset sales, and valuations, and object to transactions you believe are improper (in probate court, if necessary). And you can ask questions and request documentation, a good executor will share willingly. Second, in regard to the home sale. We are not real estate attorneys, and a lot of this should be discussed with a local attorney but its worth discussing how they are planning on listing the house? What are pros/cons for this property type and location? What's the reserve price? Who pays commission? How will the sale be marketed? Will one be done before sale so we can evaluate offers? It also really matters what your gift acceptance policy is, will you accept the gift before the sale? Typically, CF only accepts the gift after all of this work has been done because most CF do not have the capacity to organize these kinds of gifts. Further, how will executor/attorney fees be calculated? (Flat fee, hourly, statutory percentage?) What's the estimated total? Who is responsible for that? Have the funds been set aside or they will come out of the estate first? Lastly, how and how often will you keep beneficiaries updated on progress and finances? Who else is involved?**
- **Please see, Sample Gift Acceptance Policy | Council on Foundations (cof.org) page 15 for property donation checklist and Publication 561 (12/2024), Determining the Value of Donated Property | Internal Revenue Service**
- **They are not asking us to be the executor, they are asking us to received the house TOD because they do not want to have an executor. They want the house to go to establish a fund that would be partially distributed to a local library and part remain as an unrestricted fund of the foundation.**
    - **I see, what does TOD stand for? Transfer on death.   And the question is do you have the capacity to take this on? Would you be responsible for selling the house, the taxes, etc. I**

would advise against this unless it would really be financially worth it. The executor does many things, taxes, bank accounts, I would suggest encouraging an executor, or in the alternative, everything needs to be very carefully planned before the donor passes. That was our take on this! Thanks for confirming our concerns. :) [Gifts of Property: What to Know Before You Say Yes | Council on Foundations]

- Is it allowable for a nonprofit agency to move a portion of the money in their Agency Fund to a Designated Fund (their agency is the designee) which can also receive contributions from other donors?
  - Yes it is generally allowable, but you should first check what the agreement states. Second, know that if the agency moves the funds they are no longer considered the agency's own assets for accounting purposes.
- Can there be a work requirement associated with a scholarship? For example, requiring a nursing student to be employed as a nurse with the local housing authority while also being in school?
  - Yes, you could make a work requirement as part of the eligibility criteria.

- I'd love some guidance around making donations to 501c4 organizations. Can it be done through a DAF? Through a FOI? Des Fund? What about fiscal sponsorships or supporting orgs?
  - You may make grants to 501c4 organizations from any kind of fund but you must exercise expenditure responsibility.

- Can you provide some guidance around "Field of Interest" funds. Specifically, can there be an advisory committee that accepts grant requests for the fund and makes recommendations for grants?
  - Field of Interest Funds are used for particular issues, such as the environment or health care, or something as specific as veterinary services. They benefit organizations that fall within a specific charitable field or category rather than a particular charitable organization. A distinguishing feature of Field of Interest Funds is that the advisory privileges are typically given to the sponsoring

organization when the fund is created. Second, it's important to realize the IRS does not define the field of interest funds. These terms are industry standards not IRS mandated. But yes, there can be an advisory committee that accepts the grant requests and makes the recommendations.

- **Can DAFs make contributions to support a salary or position?**
  - Technically yes, but you would need to ensure that there is no connection between the DAF and the person who will get the position. You would not want there to be any issues with self-dealing or indirect benefits. Better to give the funds for general operating costs and then have the organization earmark the funds for salary.

- **I don't understand the second and third points on the slide about what a DAF can't do- if you can't give to an individual, what is the purpose of those 2 since it looks like they're both saying you can't distribute to individuals (any other person)?**
  - The slide basically says, a DAF CAN grant to an organization but if the organization is not a public charity, then the DAF sponsor must exercise ER to ensure the funds are being used for a charitable purpose.
  - This slide was focused on what a DAF can't do, and there were 3 bullets about individuals that seemed redundant? I know, but that is how the IRS wrote it.
    - The slide clarifying what DAF's can't do specified that a DAF cannot give to an individual (i.e., a natural person) and then says that it may not give to any other "person" unless it is for a charitable purpose with expenditure responsibility. This wording may cause a bit of confusion, because the statute uses the word "person" to describe any entity, while it uses "individual" to describe natural persons. So, although it may look like the slide which says "A DAF can't make grants to individuals" then "a DAF can make grants to persons if it's for a charitable purpose" is contradicting itself— "individual" and "person" mean two different, distinct things

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- **Is there a generally accepted definition of what constitutes operating expenditures - can those include programming (making the argument that programs are part of the operations) or is it simply administrative in nature?**
  - **On the 990, operating/admin expenses are generally separated from program expenses, so I wouldn't typically expect to see program expenses grouped in with operating costs.**

- **Circling back to this one: If the Board designates a fund as an endowed fund and then solicits and receives donations for a specific purpose to that fund, does that mean that the fund is now with donor-restrictions because the donors gave for that specific purpose?**
  - **Yes, but keep in mind there are different kinds of endowed funds. A true endowment is one established or created by the donor. A board-restricted endowment (or "quasi-endowment") is created when the Board takes unrestricted funds and imposes a spending restriction.**
    - ***Once the Board has imposed the spending restriction and asked donors to contribute, is the Board then obligated to abide by that spending restriction for the quasi-endowment, either in whole or in part?***
    - ***Yes, because you have to respect the donor's wishes and the donor expects those funds to be used with that purpose.***

- **We ask grant applicants in online grant applications as well as in grant agreements to agree to a non-discriminatory practices - is this legal or is there a special way to ask this?**
  - **This is legal as long as they are agreeing to your policies, I don't think you can force them to agree to non-discriminatory practices in other areas, plus those are already illegal.**

- **Can you talk about what should/should not be included in Designated fund agreements receiving QCDs, as well as what level of ongoing donor engagement is acceptable (log-in access, etc)?**
  - **Log in access for what?**
  - **For online access to fund information like through Community Suite, etc - That is too operational, I am not familiar with those programs. :(**

  - **Your gift acceptance policy should recognize QCDs and then what level of engagement is a policy question, not a legal one.**

- **Are there any examples related to reputational risk that could be included in fund agreements? Ex: funding donor or successor advisor becomes embroiled in significant legal matter that could affect Foundation funding grant with that named fund.**
  - **We don't often see this, but a morality clause might work to that effect, similar to what you sometimes see with gifts that come with naming rights. We don't have a template for this but you could investigate what happened with the Sackler family and the lessons the philanthropic took from that whole thing.**

- **What can you share about best practices around making exceptions to an endowed fund spending policy? Who should have authority, and do you have recommendations about the process? For reserve or other purpose restricted funds not adhering to the spending policy but with another restriction, do you have suggestions around best practices for making determinations regarding release of funds? Specifically thinking of agency funds with these two questions.**
  - **The Board should have authority to make exceptions or changes to the spending policy of an endowment. In order to make an exception, the request should be submitted formally, analyzed, voted on, and then recorded in the board's meeting minutes.**
  - **As for releasing funds, I would suggest limiting it to extraordinary circumstances, i.e. natural disasters, agency Publicrisis, or a once in a lifetime opportunity. I'd also consider having a policy with a cap (e.g., no more than X% of corpus or X times annual spending). Also, try to stay as consistent as possible across funds and highlight this one time release does not change the spending policy.**

- **Is it true that when establishing a new designated fund, the establisher is allowed to name the contingent beneficiary or succession plan for the fund at establishment, so a designated fund could close and the balance be transferred to another designated fund, regardless of either fund's purpose, as long as it's named at establishment?**

    - **A donor could name a beneficiary organization during that person's lifetime and then a secondary beneficiary upon their death. It just needs to be stated up front in the fund agreement, rather than something they decide to do after the fact. If it's all laid out in the fund agreement with no ability for the donor to change the beneficiaries, that wouldn't be considered ongoing donor control.**

- **Is there any change, or do you anticipate any change, in the ability of philanthropy to make scholarships restricted to underserved populations as related to gender identity, race, ethnicity, national origin? (ex. Scholarships for women, scholarships for Hispanic students, scholarships for immigrants and refugees).**
    - **We anticipate additional private litigation as well as potential increased scrutiny by the federal government and some states, but it is impossible to predict how courts will rule in those cases. We've seen the playbook for challenging grants under Section 1981 and have a general understanding of how to mitigate risk by avoiding language that creates a contractual relationship between the parties. Please see, [FAQ: AAER v. Fearless Fund Settlement | Council on Foundations]**

      However, litigants are moving into more novel strategies that have yet to be addressed by the courts. Because we know that there is a legitimate risk of litigation and/or government investigation, grantmakers should continually reevaluate their risk exposure and tolerance for risk. For some organizations, the mere prospect of being sued or investigated is more than they are willing to take on, while others may be more comfortable with the idea of defending their activities if they were to be challenged.

- **For a Supporting Org (509a3 Type 1), can you list all of the basic requirements for an org of this type? Currently, it has 3 supported orgs (city, school district, citizens, per the IRS determination letter). Context, some members of city supported org believe they have a "right" to the foundation's money for projects they deem worthy.**
    - **[Supporting Organizations | Council on Foundations]**

- **Have there been any changes to what IRA QCDs can be used for?**
  - **In 2023, the IRS updated its rules in regards to QCDs, please see [Qualified charitable distributions allow eligible IRA owners up to $100,000 in tax-free gifts to charity | Internal Revenue Service]**
  - **The limit for 2025 QCDs has been increased to $108,000 per individual, indexed for inflation, and they added a split-interest entity option, meaning a one-time QCD of up to $53,000 can be made to certain split-interest charitable vehicles like charitable remainder trusts or annuities.**

- **What is best practice for older outdated fund agreements (signing a new agreement, addendum to the agreement, board action?)**
  - **For minor changes or updates an addendum is sufficient to modify the original terms without rewriting the entire contract. However, if the agreement is significant or involves a substantial change, board approval is advisable as it will formally recognize the change and make it legally binding.**

- **If the founding donor of a DAF passes away, can the estate's representative request to be added as a successor fund advisor if that person/estate representative was not named in the original agreement? No. Can the estate's representative force the Foundation to add them? No.**
  - **Successors should be named at the time the fund is created.**
  - **Legally, the money in the DAF already belongs to your CF, so the estate representative has no power over the funds and thus cannot force your Foundation to do anything. If there is no succession plan, the DAF becomes an "orphaned" DAF essentially, the remaining money becomes an unrestricted asset of the CF to use for charitable purposes as it sees fit.**

- **Are agency funds considered donor-restricted funds for accounting purposes? Or are they designated funds with an unrestricted purpose (provided that the agency hasn't placed specific restrictions on the distributions), or something else entirely?**
  - **Agency funds should be considered "with donor restrictions" even if the nonprofit that establishes the fund doesn't specify any**

restrictions on its own use of the distributions it receives from the fund, because from the perspective of the CF the fund is restricted to making distributions to support that particular nonprofit. In other words, there's a restriction on the fund's beneficiary.

- **Please see, [Accounting for Agency Endowment Funds Held at Community Foundations | Council on Foundations]**

- **Are operating endowments generally considered unrestricted for use of the organization or are they considered restricted specifically for the organization's operations?**
  - **Operating endowments are generally considered restricted for the organization's operations. The earnings from these funds may be used for general operating activities, but the funds themselves are restricted to be used for the donor's intended purposes.**
  - **Please see, [Reporting and Classification of Assets Under UPMIFA | Council on Foundations]**

- **If the Board designates a fund as an endowed fund and then solicits and receives donations for a specific purpose to that fund, does that mean that the fund is now with donor-restrictions because the donors gave for that specific purpose?**
  - **Yes, but keep in mind there are different kinds of endowed funds. A true endowment is one established or created by the donor. A board-restricted endowment (or "quasi-endowment") is created when the Board takes unrestricted funds and imposes a spending restriction.**

- **In conducting a review of all of our fund agreements, our older agreements are sometimes not specifically clear on the endowment status. For example, some make mention of endowment in the fund name and then refer to the spending policy - should this be treated as an endowment? If the fund makes mention of endowment in the fund name and then says that it can adhere to additional distributions beyond the spending policy - should this be treated as a quasi-endowment?**
  - **If the word endowment appears in the fund name, that's an initial indicator that the donor intended it to be a permanent or long-term fund. But the name alone is not determinative, legally, what matters**

was the donor intent (if it's donor-restricted) or board designation (if it's internal).

- **If the agreement mentions endowment and ties distributions to the spending policy (e.g., "subject to the Foundation's endowment spending policy"), this generally signals a true endowment. Which means the donor intended the principal to be preserved, and only prudent spending (per policy) to be made. Under UPMIFA, you can still spend from the fund as long as it's prudent, but the donor's intent is the driver.**
- **If the fund mentions endowment but then explicitly permits distributions beyond the normal spending policy (e.g., "additional distributions may be made upon approval" or "principal may be invaded"), this suggests the fund is not a true donor-restricted endowment.**
- **Please see, The Law of Endowments – The Uniform Prudent Management of Institutional Funds Act (UPMIFA) - Adler & Colvin**

- **We have a donor that is interested in making a donation of intellectual property, specifically a trademark, where would we start with something like this and what types of questions should we be asking?**
  - **First, check your own gift acceptance policy. If it is similar to the National Standards/Council sample policy, gifts of IP are likely included under the types of gifts that will require additional due diligence and approval by the board or a committee of the board, so you should be sure to follow the steps outlined by your policy. It would be wise to speak with an IP lawyer but first consider would you own the IP in perpetuity or be allowed to sell it later on to generate funds? Is the IP marketable? Does the income generated by the IP appear to be sufficient to fund grantmaking or other charitable activity?**
  - **Please see, Sample Gift Acceptance Policy | Council on Foundations**

- **For a community foundation, please clarify the rules around who owns the money in an agency fund and what that means. If the agency wants their money back, are they allowed to have it or do they have a legal responsibility for it to remain as an endowment?**

- **The community foundation owns the money in an agency fund. The agency has a beneficial interest in the funds allowing them to record the funds as an asset on their books. However, should the agency wish to retrieve their funds, the agency itself must follow the CF policies and procedures and may not demand a return of the funds. Just like a DAF, the funds are owned by the CF and not the agency. If the fund agreement includes a provision for the return of the fund's assets, it is permissible but will be subject to the CF board's approval.**

- **Can we give a grant to an organization that is giving money to individuals? Specifically, could a program participant be given tools? What is the difference between giving food or giving tools?**
  - **Yes, but it depends on the context. Tools or food may qualify as charitable depending on the context. i.e., food to a needy person is charitable, but so might be tools provided to a low-income student enrolled in a vocational training program that requires them to provide their own tools or similar equipment.**
  - **Please see, [Grants to individuals | Internal Revenue Service]**

- **Do you have any updates on new or anticipated effects on private foundations in the OBBB (One Big Beautiful Bill Act) or other legislation?**
  - **[One, Big, Beautiful Bill Frequently Asked Questions | Council on Foundations]**
  - **[2025 Tax Reform | Council on Foundations]**

- **In terms of a fiscal sponsorship, how can you determine whether or not a project or expenditure is considered charitable? A checklist tool would be awesome for implementing with newer staff who don't yet have the experience to just "know it when they see it".**
  - **The IRS defines the term charitable in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination;**

defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.

- Charitable purposes | Internal Revenue Service
- Fiscal Sponsorship | Council on Foundations
- Understanding Fiscal Sponsorship | Council on Foundations
- Not ours, but may be helpful. Project Intake Checklist - Fiscal Sponsorship

- We have 1 affiliate and 3 supporting organizations at our community foundation (I am from The Erie Community Foundation – ECF). ECF and each affiliate/supporting org each has their own unique federal tax-id number. At ECF we have applied for tax exemption in Pennsylvania and have our own PA tax exemption number/certificate. Does each Supporting Org/Affiliate need to apply for their own tax-exempt certificate with Pennsylvania since they each have their own federal tax id # or can they use ECF's tax exempt status since they are affiliated with us?
  - I don't know what PA requires. I can look into it but I am not a PA lawyer, it would be best to speak to local counsel.
-

THINGS WE NEED

THINGS WE NEED

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THINGS TO SHARE

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THINGS TO SHARE

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DAF Scenarios

DAF Scenarios for Discussion

- What are the issues that come up in this scenario?
- What are the potential challenges?
- How did your group decide to proceed?

DAF #1
Alyssa Federico
Anne Garvey
Christopher Campbell
David Riemenschneider
Emily Jordan-Madrigal
Jason Adams
Josh Gordon
Katie Paulson
Marissa Litzenberg
Missy Belles
Nicole Acosta
Steve Gottcent

DAF #2
Amarah Sedreddine
Anoop Kaur
Douglas Page
Fray McCormick
Jay Vidyarthi
Juli Smith
Kelly Thompson
Nancy Dykstra
Nicole David
Sue Hauber
Valerie Orr
Wesley Sharpe

DAF #4
Amy Nahley
Bridget McKay
Cindy Gonzales
Cristy Moody
Elizabeth Brazas
Halee Cunningham
Jill Henden
Kaleigh Trammell
Karen Selim
Lori Alderin
Nancy Parks
Shadya Blanco

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DAF Scenario 1

DAF Scenario #1

A donor creates a Donor-Advised fund with your community foundation. The fund specifies that one of its main purposes is to support post-secondary educational awards to graduating high school seniors. Can a Donor-Advised fund give a scholarship by making a grant to a school and allowing the school to select the recipient?

Notes

- What are the issues that come up in this scenario?
    - School's role in selection
    - IRS Compliance:
    - Size of the pool
- What are the potential challenges?
    - Transparency
    - Maintaining IRS Compliance
    - Public Perception & Ethics

    - Consistency Across Recipients
- How should we proceed?

DAF Scenario 2

DAF Scenario #2

A donor creates a Donor-Advised fund with your community foundation. The donor comes to you and requests a distribution to a country club that is a 501(c)(4) organization to update the golf-course. Access to the golf course requires a paid, country club membership but allows guests if they are accompanied by a member. Can a Donor-Advised fund make grants to this 501(c)(4) organization?

Notes

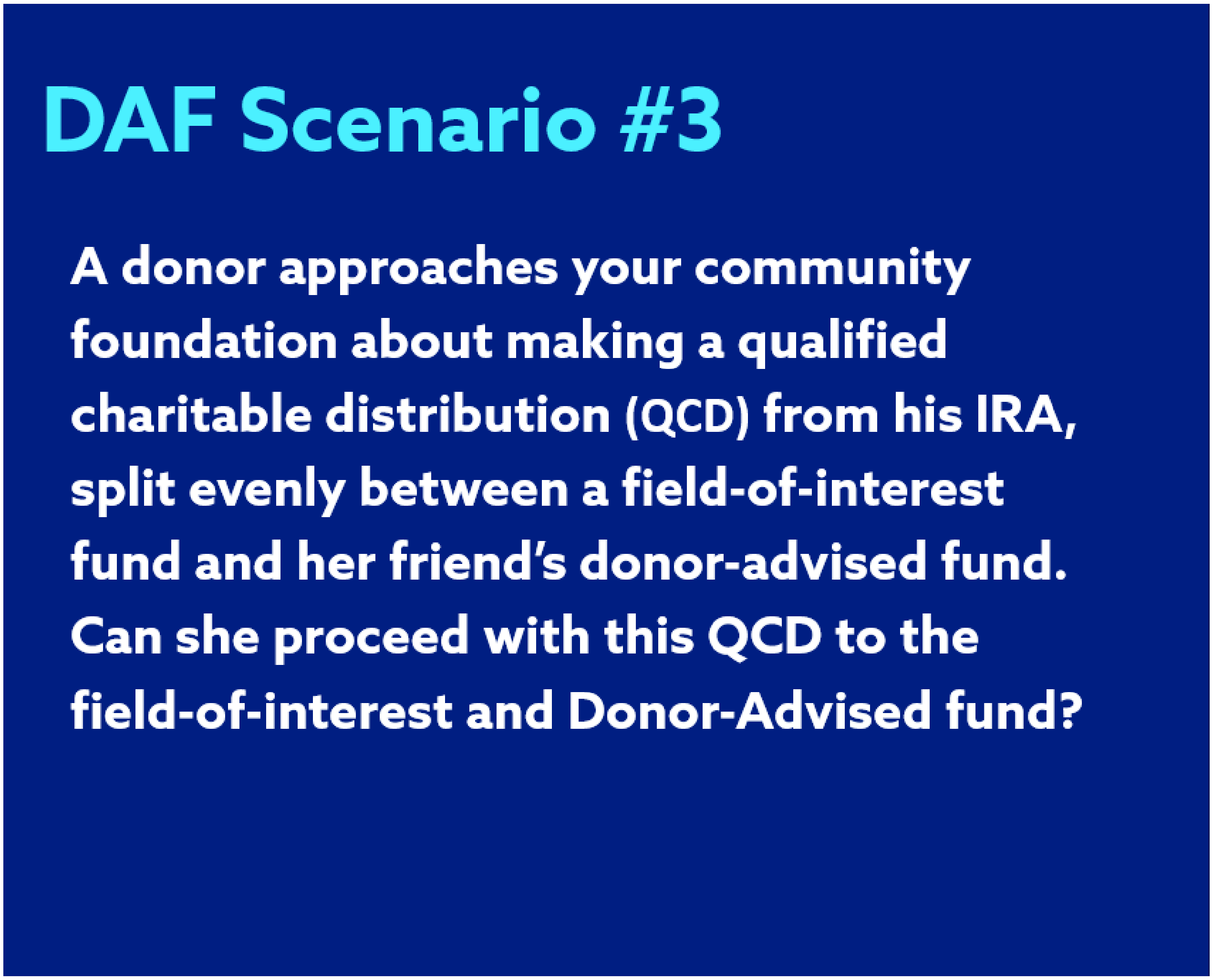
- What are the issues that come up?
    - Is it possible to grant to a 501(c)(4) if we do what is required?
    - What is required for expenditure responsibility?
    - What is needed to document and discover about the benefit they would receive?
    - Does a golf course qualify for a c4 as a “social club”
    - This is a capital improvement project not a charitable project or programming.
    - Would golf lessons for underserved kids at the course qualify?
    - Is there an indirect benefit?
- What are the potential challenges?

- How would this be effectively communicated to the advisor/donor?
  - Is there documentation that points to this being an inappropriate distribution that we could use?
- How did your group decide to proceed?
  - It can grant to a charitable cause at the 501(c)(4) but not for the capital project purpose provided in this scenario.

Remy says NO! This grant purpose is not a charitable distro. Maybe if the golf course was a public course and not a private?

- Charitable purpose and charitable class must be clear if they were recommending a grant for an ostensibly charitable purpose.
- Communicating this to the donor would be the challenge:
  - Refer to their agreement
  - A three part conversation with our donors - federal/IRS rationale, internal policy or risk threshold rationale, prudent/careful approach (SFF) - seems to land easier
  - Suggest alternative use
  - “Keep on the right side of the IRS”
  - “Your best interest”

DAF Scenario 3



Notes

- Cannot make a QCD to a Donor-Advised fund, but could recommend to direct all of the QCD to the FOI fund, or to figure out some specific nonprofits they want to support through a temporary designated fund
- Provide more education to the professional advisor community about this topic
- Advise the donor that they cannot make any portion of their QCD to a DAF

Remy says: DAFs can **NOT** accept gifts/contributions that are a QCD (regardless of who owns the DAF, this gift giver or someone else). Yes, can give a QCD to FOI (*as long as FOI does NOT meet the definition of a DAF).

DAF Scenario 4

DAF Scenario #4

A donor creates a donor-advised fund with your community foundation for one million dollars. After regular requests and distributions for several years, the donor sends a letter to your community foundation which states that your foundation "must" return the remaining $225,000 to the donor immediately. Can a donor-advisor compel a foundation to return all funds to her from her donor-advised fund?

Notes

- Issues:
    - Misunderstanding that the funds do not belong to the donor; they were gifted to the foundation and the foundation holds variance power.
    - Advisor gave up this power in exchange for tax deduction and advisory privileges
    - Donor received tax receipt for full amount
- Potential Challenges:
    - Donor relationship

    -
- How we’d proceed:
    - Open conversation explaining that the funds cannot be returned to the donor; understand the “why” of the request
    - Helps to educate donor that this is IRS issue and not CF “rule”
    - Offer to have them spend down fund or move to another DAF

Remy says: No to the donor’s request b/c the assets at the sponsoring org/CF are the legal property of the CF. The donor does not have legal rights to assets in a DAF or FOI.

DAF Scenario 5

DAF Scenario #5

A donor wants to create a donor-advised fund at your community foundation under the condition that the fund will not be considered a component fund of your community foundation. How should you proceed? Is a donor-advised fund a component fund of a community foundation? Why or why not?

Notes

- **Private foundation may be the way to go**
- **What is their goal?**
- **Include an educated board member engage**
-

Remy says: 99.999999% of funds at a CF are component funds. A component fund is subject to a common governing instrument (bylaws + articles of incorporation) and subject to power of Board (including variance power). Component funds cannot have any material restrictions.

There isn’t a reason a CF should allow a fund to NOT be a component fund, since this fund would not fall under the common governing instrument.

Scholarship Day 2

Breakout Room Discussion

A donor approaches your community foundation about establishing a scholarship fund with eligibility restricted to students of color. Your foundation doesn't currently have any other funds that have racial criteria in place.

Are you able to establish the scholarship according to the donor's wishes?

Are there any other considerations?

8 minutes

Notes

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Disaster Relief Scenarios

Disaster Relief Scenarios for Discussion

- Read the scenario together as a group.
- What are the potential challenges?
- How did your group decide to proceed?

House Fire

Disaster Relief Scenarios

House Fire

A family with several young children experiences a housefire that destroys their home, cars, and all personal belongings. One of the children must be treated at a local hospital for smoke inhalation, but the rest of the family was unharmed.

A resident of your community has approached your community foundation about creating an emergency hardship fund at your foundation to support the family as they re-establish stability after the fire. How should you proceed?

Notes

- **Could this be set up at a bank or go fund me? Not tax deductible but does accomplish the goal. Go Fund Me has pretty high fees.**
- **Can't be set up for just one person at a CF**
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Natural Disaster

Disaster Relief Scenarios

Natural Disaster

A hurricane recently struck the gulf-coast of Florida and caused substantial damage to the community. A community foundation already has an existing disaster relief fund and wants to know whether they may use that fund to grant to small, local businesses that sustained damage. Can they? Why or why not?

Notes

- **Yes, we can grant 38-33**
    - **Aid individuals and businesses**
        - **Towns and businesses received grants to overcome hardships from flooding**
    - **Meet the guidelines in 38-33**

Mass Shooting

Disaster Relief Scenarios

Mass Shooting

A community foundation wants to create a fund to support community members in the event of a mass shooting in their community. Can assistance be provided by the community foundation and treated as charitable without requisite financial need being demonstrated? Why?

[CF of Shelby County - Ohio - Disaster Fund Policy]

Notes

- **Yes - trauma, violent crime qualify for emergency assistance without requirement for financial need**
- **Yes, we granted to individuals without requirement for financial need. MaineCF worked with this fund/consultant to help us administer our Lewiston-Auburn Victims funds (Oct 2023 mass shooting) - https://massviolencesurvivorsfund.org/**
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LET'S GET GROUNDED

Let's get grounded!

- What has resonated with you the most from this course?
- What do you still want to learn?
- What needs do you still have?
