



Donor-Advised Fund Guidelines

What is a Donor-Advised Fund?

A Donor-Advised Fund (the “Fund”), as defined by federal legislation, possesses three characteristics:

1. The Fund is owned and controlled by a sponsoring organization, in this case YouthBridge Community Foundation (“YouthBridge”).
2. The Fund is separately identified with reference to the contributions of a donor or donors, for example the Smith Family Fund (established by the Smith family).
3. The donor or persons appointed by the donor expect to have the privilege of providing advice with respect to the Fund’s distributions (the “Advisors”).

Getting Started

A Donor-Advised Fund is created with a gift agreement between a donor and YouthBridge. Donors may be individuals, families, foundations or businesses. A Donor-Advised Fund is activated once YouthBridge receives the Fund Agreement and an initial gift of any size. Donor-Advised Funds may or may not be permanently endowed. The Advisor(s) named in the agreement may recommend grants from the Fund to qualified charitable organizations. Once all Advisors, or successor Advisors (if any), are deceased or incapacitated, disposition of the Fund depends on the donor’s written instructions at the time the Fund is established. At the time of account set up, the donor may choose the level of anonymity desired.

Contributing to a Fund

Gifts to a Fund are irrevocable. Contributions to a Fund may be made in any amount and may be made using cash, publicly traded securities or other property, including closely held stock, partnership interests, real estate, personal property, trusts and life insurance. Contributions may be added at any time and in any amount, subject to the Gift Acceptance Policy of YouthBridge. Contributions should be clearly designated by Fund name: “The XYZ Fund of YouthBridge Community Foundation.” Contributions of property that may not have immediate liquidity are accepted at the discretion of YouthBridge and subject to completion of our due diligence procedures. Donors considering a gift in any form other than cash should contact YouthBridge to discuss its appropriateness and to obtain delivery instructions.

Eligible Grantees

With your donor-advised fund, you can enjoy supporting any 501(c)(3) public charity in the United States, including governmental, educational and religious institutions. YouthBridge will exercise due diligence to make sure grants from your fund are given to organizations that have met 501(c)(3) IRS requirements.

In some cases, YouthBridge may need to contact you and/or the suggested grant recipient for additional information before approving the grant. Following these guidelines will help expedite the approval process.

Grant Suggestions, Recommendations and Requests

Grants from your donor-advised fund must be made to charitable organizations. When making your grants, you may see the terms grant suggestion, grant recommendation and grant request. This is because YouthBridge technically owns the assets in your fund, and any grant suggestions are subject to review and approval by YouthBridge. However, YouthBridge makes every effort to approve all grant suggestions that are made in accordance with IRS regulations.

Grant Suggestion Form

The YouthBridge grant suggestion form will ask you to agree to the following terms: *To keep the IRS happy, in relation to this grant, I agree that every penny of this grant will be used for a charitable purpose, and neither I nor anyone I know will receive anything more than a coffee mug or any other incidental benefit in return.*

Recommendations for grant distributions should be submitted online by accessing your account at www.YouthBridge.org. Although we prefer online grant requests, YouthBridge will accept written grant recommendations. You are encouraged to distribute at least 5% of the Fund balance annually.

Memberships

You may use your fund to cover the cost of a membership if the charity confirms that the full cost is 100 percent tax deductible. You may also use your fund to cover the cost of a membership if your grant suggestion states that you waive the more than incidental benefits related to the membership.

Here are examples of incidental membership benefits that you can receive in exchange for your grant from your donor-advised fund:

- Free admission to all exhibits
- Discounted or free parking
- Discounts at the gift shop
- Preferred access to special ticketed events where you pay for tickets separately
- Invitations to members-only exhibits
- Low-cost items, such as a newsletter, calendar, key chain or coffee mug

Events

You may use your fund to make grants to charities in support of their events, but here are a few things to keep in mind:

Tickets, Tables and Sponsorships

The full cost to attend events (both the tax-deductible and non-tax-deductible portions) must be paid from your personal bank account. You may pay any remaining sponsorship costs from your fund, as long as you do not receive more than an incidental benefit in return. Logo or name recognition in event materials is not considered more than an incidental benefit. When submitting a grant request for a sponsorship, please note in your grant suggestion that you will cover the full cost of the tickets or table separately.

Here is an example of what you can pay from your donor-advised fund for an event:

A \$5,000 event sponsorship includes a table for 10 and your name or logo in event materials.

If the lowest ticket price to attend the event is \$100, you will pay \$1,000 for the table personally from your bank account (\$100 × 10 seats at the table) and you can use your donor-advised fund to cover the remaining \$4,000.

Keep in mind that the amount that can be paid from your donor-advised fund is not always the tax-deductible amount published by the charity. YouthBridge staff can help you calculate what portion of the event sponsorship can come from the fund based on the benefits received. If you choose not to accept any benefits associated with a sponsorship, the entire amount may be paid through the fund.

Raffles and Auctions

You may use your fund to support *fund-a-need* calls for donations at charitable events, but you may not use your fund to purchase raffle tickets or auction items.

Scholarships & Tuition

You may use your fund to support a scholarship program administered by a 501(c)(3) public charity or educational institution, but you may not earmark dollars to assist a specific individual.

Mission Trips, Races, and other Donations Honoring Individuals

You may make a contribution to a 501(c)(3) public charity or religious institution in honor of an individual as long as the charity exercises complete discretion and control over the donation.

YouthBridge understands that many donations do not provide a direct benefit to an individual but are in recognition of an individual's fundraising efforts. Therefore, when submitting grants in honor of individuals, please explicitly state that the donations are "in honor of [individual's name]."

"In honor of John Smith's Mission Trip." or "In honor of Jane Smith's 5k Race Team."

Athletics

You may use your fund to support a college or university athletic program if your grant suggestion states that you waive all benefits, including priority seating at athletic events, ticket rights or points.

Pledges

You may use your fund to fulfill commitments to 501(c)(3) public charities. However, Treasury and the IRS prohibit using the term "*pledge*" on grant checks or related correspondence. Instead, please reference "*donation*" or "*gift*" in your grant suggestion.

Grant Acknowledgment

Unless requested otherwise, the grant letter will indicate that the contribution is from "The XYZ Fund".

Additional language in the grant letter confirms that no benefits have been offered or provided to YouthBridge or the Advisor in exchange for the accompanying grant. If the recipient organization publishes a news release or a list of donors, it is asked to indicate the contribution as a grant from "The XYZ Fund of YouthBridge Community Foundation."

Partners in Philanthropy: Voluntary Support for Community Programs

YouthBridge provides community programs that support children, grow philanthropy and help nonprofit organizations become more sustainable. Donors are invited to partner with us and support the work we are doing in the community.

Divorce/Separation of Current Donor Advisors (This policy will generally only affect current Donor Advisors whereby either spouse may request grant distributions from a Fund.)

In the event spouses serve as the only Advisors to a Fund, and a legal action for divorce, separation or annulment is pending between the spouses, YouthBridge may, upon receiving notice of such action:

1. suspend processing any grant distribution recommendation for such Fund(s) unless and until the spouses both agree in writing to approve the grant distribution recommendation, or
2. suspend processing any grant distribution recommendations for such Fund(s) unless and until the spouses have jointly agreed in writing to an alternative procedure, acceptable to YouthBridge, to provide for the future administration of such Fund(s). Subject to the approval of YouthBridge, the spouses may jointly authorize YouthBridge to bifurcate any Fund(s), designating one spouse or other successor Advisor to serve as the Advisor to one of the successor Fund(s) and designating the other spouse or other successor Advisor to serve as the Advisor to the other successor Fund(s) created as a result of bifurcation.

In the event that the spouses cannot jointly agree as provided above and no divorce decree, order of legal separation, order of annulment, property settlement agreement, agreement of the parties or other legal order has been entered or approved which would otherwise resolve the issue to the satisfaction of YouthBridge; YouthBridge may, in its sole discretion, bifurcate any Fund(s) so affected into equal shares and designate one spouse to serve as the Advisor to one of the successor Fund(s) and designate the other spouse to serve as the Advisor to the other successor Fund(s) created as a result of bifurcation. However, YouthBridge shall not take such action until at least six months have transpired since the date upon which the action for divorce, separation or annulment was filed with the court of record.

Successor Gift Advisors and Ultimate Use (applies to individual and family donors)

The original donor—who is often the original Advisor—may name successor gift Advisors at the time the Fund is established. Frequently these are the children or grandchildren of the original Advisor.

Following the death or incapacity of the last Advisor, disposition of the Fund depends on the donor's written instructions at the time the Fund is established. If no instructions were provided, Fund assets will be transferred to the unrestricted endowment of YouthBridge in support of the YouthBridge mission.

Dormant Funds

If a Fund is dormant for three years, YouthBridge will make a good faith effort to contact the Advisor(s) and encourage them to recommend a gift. If, after three attempts, YouthBridge is unable to establish contact with the Advisor(s) or Successor Advisor(s), YouthBridge will use the Fund balance at its own discretion.

Investment

Assets of Donor-Advised Funds are normally commingled with the investment assets of other Funds for investment purposes. YouthBridge offers a variety of pooled investment funds permitting the donor to select one pre-set asset allocation strategy or to create a customized asset allocation strategy. These investment pools are valued monthly, managed by professional money managers and monitored by an investment committee. More detailed information about each investment pool is available as a separate exhibit.

For the pooled investment funds, any investment change request received five business days prior to the end of the month will take effect on the first day of the following month. Any investment change request received less than five business days prior to the end of the month will be held and processed in the following month.

A donor may request a segregated account and recommend a financial advisor to work with the YouthBridge Financial Advisor Program. As a participant in the Financial Advisor Program, the selected financial advisor will be responsible for the management of the assets of the Fund, and he/she will do so in accordance with the most current financial policies and standards of YouthBridge. Financial advisors for the Fund may not be the donor(s), Gift Advisor(s), or any related parties.

In accordance with Internal Revenue Code regulations, YouthBridge has the final authority regarding the investment of assets and the selection of financial advisors.

Fees & Expenses

An annual administrative service fee applies to all Funds at YouthBridge. This fee is assessed on the Fund's market value as follows:

- 0.50% on the first \$2 million
- 0.35% on the next \$3 million
- 0.25% on the next \$5 million
- 0.15% on the balance over \$10 million

Administrative fees are pro-rated and charged monthly. The minimum annual administrative fee is contingent upon the level of service selected; Philanthropy Essentials, Philanthropy Plus or Philanthropy Pro. More detail on these services is provided in the Administrative Service section.

When invested in pooled investment funds available through YouthBridge, each Fund bears its proportionate share of any investment related expense charged to the pooled investment fund(s). More detailed information about each investment pool is available as a separate exhibit.

Segregated accounts managed by a designated financial advisor through the Financial Advisor Program incur investment expenses charged by the financial advisor and expenses incurred by the underlying investments held within the account such as mutual funds, ETF's, investment managers etc. It is the responsibility of the designated financial advisor to fully disclose all investment expenses.

Any extraordinary expenses incurred by YouthBridge for performing services beyond our usual and customary services or special processing required by a Fund shall be passed through to the Fund. These include expenses involved in special grant processing, credit card processing, and review and processing of non-standard assets such as closely held stock, partnership interests, real estate, personal property, trusts and life insurance.

Administrative Services

YouthBridge provides a variety of services which can be customized to fit your needs. Clients that are self-directed and seeking limited advice or guidance may be a fit for Philanthropy Essentials. Clients seeking more guidance, consulting or assistance with grant management may be good candidates for Philanthropy Plus or Philanthropy Pro. YouthBridge staff will assist clients in selecting the level of service that best meets their needs.

Philanthropy Essentials – minimum annual fee of \$250

- Dedicated Client Service Representative
- Fund Administration – 24/7 online access & grant submission, monthly valuation, quarterly statements
- Pooled Fund Investment Platform – access to low cost, institutional quality investment solutions
- Financial Advisor Program – work with external investment advisors upon client recommendation
- Grant Processing – verify grantee status as a public charity, issue grant checks
- Standard Gift Processing – cash and publicly traded securities. Additional fees & expenses may apply for complex gift processing.

Philanthropy Plus – minimum annual fee of \$2,500 (quoted individually, Engagement Letter required)

- All services under Philanthropy Essentials and;
- Philanthropy Planning – create mission/vision statement and identify areas of funding priority
- Annual Client Service Review – planning for upcoming year, review of prior year, discuss goals & objectives, establish annual giving budget
- Level I Grant Support – upon request create “short-list” of potential grantees

Philanthropy Pro – minimum annual fee of \$20,000 (quoted individually, Engagement Letter required)

- All services under Philanthropy Plus and;
- Level II Grant Support – proactively provide grant recommendations, conduct and coordinate site visits
- Grant Management – manage a competitive grant process; solicit applications, perform due diligence, prepare grantee summary and submit grantee reports
- Online Presence – create and maintain an online presence as part of the YouthBridge website; Fund description, mission/vision, areas of funding interest and portal to online grant applications
- Holistic Grant Support – coordination and reporting of grants and gifts made from external charitable funds and trusts
- Family Retreat – upon request, attend annual retreat and lead a philanthropy discussion
- Additional Meetings – plan, facilitate and document Board/Gift Advisor meetings

Honoring Donor Intent / Variance Power

All charitable organizations must honor the intention of their donors and this is a cornerstone value at YouthBridge. One of the attractive features of using the services of a community foundation like YouthBridge is a provision in our governing documents and Treasury Regulations called Variance Power.

In rare circumstances, YouthBridge may determine that the donor’s charitable purposes have become unnecessary, obsolete, incapable of fulfillment, impractical or inconsistent with the community’s charitable needs. In that case YouthBridge may exercise Variance Power to change the charitable purpose of the fund. In doing so, YouthBridge will strive to make distributions that are consistent with the donor’s charitable interests.

Policies and fees are subject to change at the discretion of YouthBridge Community Foundation.