

Guidelines and Procedures for Donor Advised Funds

Advised funds offer you an opportunity to support and participate in the Foundation's many charitable activities. You may also include your children as fund advisors. Unlike a gift to a private foundation, a donor advised fund held at the Community West Foundation provides you with all the tax advantages of a gift made to a public charity, without the regulatory and tax responsibilities.

Internal Revenue Service Regulations. All foundations must follow IRS regulations regarding the management of donor advised funds. These regulations stipulate that a donor may not retain control over his or her donation. To satisfy these requirements, the Foundation will exercise asset management of the fund. Donors advise the Foundation on grant recommendations during their lifetimes. In compliance with IRS regulations, the Foundation's Board of Trustees retains the right to make final determination with respect to distributions from the fund.

Grants can be made from advised funds to organizations recognized by the IRS as tax-exempt organizations under Section 501 (C)(3) of the Internal Revenue Code. IRS regulations prohibit grants from any Foundation funds to be used to pay dues for an individual's membership in an organization, to discharge or satisfy legally enforceable obligations or personal pledges which have been made by the donor or family member, or for any other purpose from which the individual will receive personal benefit. Examples include ticket or table purchases to a fund raising dinner, green fees for a charity golf tournament, or pledges made by the donor for contributions to a charitable organization.

Grant Recommendations. Donor recommendations for grants are made in writing at any time to the Foundation President and are made for general support of the recipient organization or for a particular program or activity. Examples include laboratory equipment, technology upgrades, continuing education and training. We request minimum grant recommendations of \$250; grants may be made as often as you wish.

When we receive recommendations from advised fund donors, our staff carefully considers the donor's request and determines if the organization is a bona fide charitable organization recognized by the IRS. For those organizations with which we are unfamiliar, staff will gather information on their purpose, governance, exempt organization and financial status. If a recommended organization fails to provide this information or meet IRS requirements, IRS rules prohibit the Board of Trustees from awarding the grant.

The Foundation handles the grant recommendation process and issues checks in the name of the donor advised fund to charitable organizations (or for a particular program or department within the organization). A letter specifically stating the name of the fund from which the grant is made in addition to the purpose of the grant accompanies all grant checks. Grants can also be made anonymously, if the donor desires. A copy of each grant letter is sent to the donor.

If you establish a donor advised fund, you are welcome to consult with our staff about distributions from the fund. We anticipate that you will develop a working relationship with members of our staff. From time to time, we will consult with you about specific proposals we receive that we consider deserving of support. These proposals will be in the area of interest you have identified, where we expect that some of these proposals will be funded through advised funds. We will keep you and your advisors informed about fund activities through briefings, ongoing informal communications and annual activity statements.

Advisory Rights. Only you, your spouse and other advisors designated at fund inception may advise on distributions from the fund. The advisory relationship terminates with your death or that of the appointed advisors. The fund then becomes a permanent fund of the Foundation, and will meet your charitable interests in perpetuity, as you stipulated when the fund was established.