



Guidelines for Donor Advised Funds

The Dallas Foundation is very flexible in working with donor advisors about grants from the funds they establish. The policies that we have established to manage and direct donor advised funds reflect our responsibility to the community and the trust that generations of philanthropists have placed in us.

Our policies and practices are also driven by our understanding of IRS rules and requirements. The following guidelines are provided to help answer some important questions about how a donor advised fund works.

How Do I Recommend Distributions from My Fund?

Recommendations of grants from donor advisors must be in writing, signed by the donor advisor or his or her designated representative by letter, fax or email. Donors may also recommend a grant electronically through our online donor portal. If the donor advisor does not specify the purpose of the grant, we will tell the charity the grant is for general operating support.

Is There a Minimum Grant Amount?

No. You may recommend grants of any size. However, we request that the minimum size of grant recommendations be \$250.

What Kind of Organizations May I Recommend for Grants?

You may recommend nonprofit 501(C)(3) public charities and religious institutions. Provisions of the Pension Protection Act of 2006 prohibit Donor Advised Funds from making any grants to individuals such as scholarships, emergency hardship grants or disaster relief grants. This includes checks written directly to an individual or checks written to an entity for the benefit of a specified individual. For example a grant to a university for the benefit of a designated student is prohibited. Donors are free to submit grant recommendations for public charities anywhere in the United States.

What about International Charities?

We prefer to find a qualified U.S.-based charity that can receive and forward the contribution. We do have the ability, however, to work with a consultant who specializes in international due diligence of foreign charities. There is a small fee that would be incurred by your fund for this service.

May I Pay Pledges from My Fund?

Your donor advised fund is able to support your philanthropic intentions through pledges made by The Dallas Foundation. However, the IRS makes a distinction between a legally binding PERSONAL pledge and a pledge (multi-year grant) coming from the fund. A personal pledge is legally binding when a person or persons commits their own name(s) to a pledge and the organization books it under their name(s). The advisor is thus legally responsible for fulfilling the financial obligation. Donor Advised Fund grants cannot be used to satisfy all or a portion of a pre-existing personal pledge or other financial obligation of the donor, advisors or any related parties. The IRS states that using the fund to satisfy a legally binding personal pledge results in an impermissible benefit to the individual.

A pledge coming from the fund can be handled very easily. You may let the organization know of your intention to recommend a grant from the fund you advise, but please do not sign a letter or pledge form. This way, the

organization can be aware of the potential grant, but it does not book the pledge. When you submit your grant recommendation to The Dallas Foundation, you would describe the grant purpose, the total amount and any payment plan (i.e. you recommend a \$20,000 grant for an organization's capital campaign to be paid in \$5,000 increments over 4 years). The Dallas Foundation will make the grant to the organization and the organization books the pledge and attributes the financial obligation to the advised fund. The Dallas Foundation is liable for any outstanding payments.

Please note that your fund must have sufficient funds to cover the entire amount of the pledge before it is made and that all pledges from the fund are subject to review and approval by the Governors of The Dallas Foundation.

May I Recommend Grants from My Fund to Pay Membership Dues or Attend a Fundraising Event?

Neither the donor, advisors, The Dallas Foundation, nor any related parties may receive any significant benefits in exchange for a grant. We ask that our donor advisors decline all significant benefits or any personal or material benefit to the donor, advisors, or any related parties that is not provided to the general public. Prohibited benefits include tickets, memberships, meals, preferred parking, preferred seating, discounted merchandise or other preferential treatment from a donee organization. (Significant benefits do not include things like being listed in a program, or receiving a coffee mug or a newsletter subscription.)

Does The Dallas Foundation Provide Review of My Recommended Fund Distributions?

Our staff reviews grant recommendations from donor advised funds weekly. We ensure that the grant is to a qualified charitable organization, and that the grant complies with IRS regulations. We will award and pay the grant within approximately a week after a favorable review. Later the full Board will ratify the grant.

Are there any other Grant Restrictions or Prohibitions (IRS regulations)?

Donors, advisors or any related parties may not receive grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.

How Does the Grant Process Work?

When a grant is approved, we will send the agency a grant check drawn on The Dallas Foundation with a transmittal letter on our letterhead. The check itself and the letter indicate which donor advised fund the grant came from (unless anonymous). The letter also says that neither the donor advisor nor the Foundation is receiving any benefits for the gift.

We will work with donors on any special language they would like in transmittal letters for grants from the advised funds they established. Some donors, for example, like to remain anonymous, or request that the gift be made in honor or in memory of someone. Please let us know if you have any special requirements.

How Do I Know My Recommendation Was Processed and Received?

We provide copies of grant letters and checks to donor advisors immediately after we send them. We also forward copies of any thank-you letters to donor advisors monthly.

We provide quarterly written reports to all donors concerning investment and grant activity in the funds they established. These reports are available approximately a month after the end of the calendar quarter. Donors can also check fund balances electronically through the donor portal. We can provide a summary of grant activity or answer questions about fund balances anytime during the year.

Is My Gift Irrevocable?

Gifts to a Donor Advised Fund are irrevocable. The assets of donor advised funds are owned and controlled by The Dallas Foundation. Pursuant to IRS regulations, The Dallas Foundation has variance power "to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified

organization if in the sole judgment of the governing body such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.”

Can I name Additional or Successor Advisors?

The advisor or advisors (also called the authorized representatives) to a Donor Advised Fund are named by the donor at the time the Fund is established. All requests to change or appoint additional advisors and successor advisors must be communicated in writing to The Dallas Foundation by the current authorized representative.

Each succeeding advisor may also identify in writing a subsequent successor in the same manner. In the absence of any such instructions any remaining balance shall be transferred to The Dallas Foundation’s Community Impact Fund for the benefit of Dallas, County.

Where is The Dallas Foundation Located?

The Foundation is located in the historic Old Parkland Campus at the corner of Maple Avenue and Oak Lawn Avenue in Dallas.

For more information, contact:

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