



# Cumberland Community Foundation, Inc.

308 Green Street • P.O. Box 2345 • Fayetteville, NC 28302  
www.cumberlandcf.org

## Donor Advised Annual Giving Fund

Date: \_\_\_\_\_

### Ladies and Gentlemen:

With this letter, I/we, \_\_\_\_\_ (the "Donor") deliver to you the property described as \_\_\_\_\_ (*minimum initial gift \$5,000*). This property constitutes an irrevocable gift to Cumberland Community Foundation, Inc. (the "Foundation") upon your acceptance of the gift and the following terms and conditions:

1. A fund shall be established on the books of the Foundation and be known as the \_\_\_\_\_ **Advised Fund** (the "Fund"). *Advisor name(s)*
2. The Fund shall include the property delivered with this letter, any other property which later may be transferred to the Foundation by the Donor(s), Advisor(s) or any other source for inclusion in the Fund and accepted by the Foundation for inclusion in the Fund, and all undistributed income from all such property. The Foundation shall invest the Fund appropriately, maintaining liquidity, considering that the principal may be distributed at any time.
3. Any individual, corporation, or other entity may add gifts directly to the Fund. However, **no special events** may be conducted in the name of the Fund or in the name of Cumberland Community Foundation, Inc.
4. The Fund shall be the property of the Foundation and shall not be deemed a separate trust fund held by it in a trustee capacity. The Foundation shall have the ultimate authority and control over all property in the Fund, and the income derived therefrom, for the charitable purposes of the Foundation.
5. The Fund shall be used only for the charitable purposes of the Foundation as set forth in its organizational and governing documents.
6. Advisory role: The Fund Advisor(s) here named— \_\_\_\_\_ (Primary Contact) **OR** \_\_\_\_\_ – may, as often as monthly, submit to the Foundation recommendations with respect to distributions, which recommendations shall be solely advisory, and the Foundation shall not be bound by such recommendations. No distributions shall be made from the Fund for a one-month period after inception. Upon the death of the last Advisor, any remaining principal balance of the Fund shall be granted to \_\_\_\_\_ (a qualified charitable organization) or added to the \_\_\_\_\_ Fund of Cumberland Community Foundation, Inc.
7. Administrative Fee: The Foundation shall waive any Administrative Fee for the standard services. Any interest earned on the account shall accrue to the Foundation. Processing gifts of illiquid assets, such as real estate or closely held stock, may result in a processing fee to offset Foundation costs.
8. It is understood and agreed that the Fund therein shall be administered by the Foundation, subject to its Articles of Incorporation, Schedule of Fees, Administrative Policies, and By-Laws, as amended from time to time, including the **variance power** contained therein for the Board of Directors of the Foundation to modify

any restrictions or conditions if in their sole judgment such restriction becomes, in effect, unnecessary or inconsistent with the charitable needs of the area served by the Foundation.

9. Neither the Donor(s), nor the Advisor(s), nor any other related person may receive any tangible benefit or privilege in return for a distribution from the Fund. **Under no circumstances may a distribution from this Fund be used to reimburse or support a Donor or Advisor to the fund.** No grants may be paid to individuals.
10. It is understood that no distributions shall be used to discharge or satisfy a legally enforceable obligation of any person, including the Donor(s) or Advisor(s).
11. It is intended that the Fund shall be a component part of the Foundation and not a separate trust, and that nothing in this Agreement shall affect the status of the Foundation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and as an organization which is not a private foundation within the meaning of Section 509(a) of the Code. This Agreement shall be interpreted to conform to the requirements of the foregoing provisions of the federal tax laws and any regulations issued pursuant thereto.
12. The Foundation is authorized to amend this Agreement to conform to the provisions of any applicable law or government regulation in order to carry out the purposes of this Fund. References herein to provisions of the Internal Revenue Code of 1986, as amended, shall be deemed references to the corresponding provisions of any future Internal Revenue Code. The Foundation's tax identification number is 58-1406831.

By signature below, I/we indicate my/our acceptance of this gift and of the terms and conditions noted above.

Very truly yours,

**Donor/ Primary Contact**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Advisors:**

*Contact Information for All Advisors: (Mailing Address/ Telephone #s/ Email Address)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FOUNDATION:**

**Cumberland Community Foundation, Inc.  
PO Box 2345  
Fayetteville, NC 28302**

**For the Board:**

\_\_\_\_\_  
**Mary M. Holmes, Executive Director**

## ***Administration of Donor Advised Annual Giving Funds***

*Cumberland Community Foundation appreciates the opportunity to assist you with your support of the charitable needs of our community through your Donor Advised Annual Giving Fund. Our policies are designed to remain in compliance with IRS regulations and protect the tax deductibility of your gifts.*

**Legal and Tax Advice** – Cumberland Community Foundation, Inc. “CCF” does not provide tax or legal advice. Please consult with your own advisor for any questions about tax deductions or accounting and legal matters. Thank you!

**Initiating Grants** - Grant distributions are initiated with a Grant Recommendation Form signed by the Advisor(s). Mail forms to Cumberland Community Foundation, Attn: Donor Services, PO Box 2345, Fayetteville, NC 28302 or send the form by facsimile to (910) 483-2905. Grant recommendations will be reviewed by the Board of Directors for approval on or near the 1<sup>st</sup> and the 15<sup>th</sup> of each month. More than 700 charitable organizations are pre-approved by the Board to ensure quick processing.

**Keeping the IRS Happy** - The IRS allows charitable deductions for gifts only when there are NO goods or services of value received in exchange for a gift or grant distribution. The IRS does not allow donor advised fund grant disbursements to organizations when tickets or other benefits are provided in return for the gift. Examples include gifts to cultural organizations when you would receive “patron” tickets or gifts to athletic booster organizations where “points” are accrued towards preferred seating or parking for season tickets. Under no circumstances may a distribution from this Fund be used to reimburse or support a Donor or Advisor to the Fund. Grants are made to qualified 501(c)3 public charities only.

**Adding to the Fund** – Donors may donate cash, marketable securities, and other assets to Cumberland Community Foundation, Inc. as additions to a Fund. Please call (910) 483-4449 for assistance with a gift of marketable securities.

**Gifting Stocks** - To ensure prompt trade execution, Donors are requested to notify CCF’s staff prior to initiating a transfer of marketable securities. Brokers should confirm the transfer to CCF immediately to reduce the effect of market volatility on the proceeds of the gift. The net proceeds of the gift are added to the Donor Advised Fund. The deductible gift amount may be higher or lower depending on the average of the high and low the security traded on the date of the gift. Note: CCF does NOT charge a fee to process stock gifts. Any fee shown on your statement reflects the financial advisor/broker’s charge to execute your trade.

**Administrative Fees** – CCF does not charge an administrative fee for the standard Donor Advised Annual Giving Fund service. CCF keeps the interest “float” earned on as the assets pass through the foundation. This partially offsets expenses associated with administering the Fund. In the event of a gift of real estate, closely held stock, or other illiquid assets, CCF will recover the costs of processing the gift from the proceeds of the sale. The Foundation may collect a processing fee to offset the actual costs of processing Honor and Memorial Gifts or other gifts where additional notifications and processing are required.

**Operational Information** – The minimum grant size is \$100.00. This amount will be increased for inflation over the years. If the Fund balance drops below \$100.00 or remains inactive for several years, CCF may elect to close the Fund. No special events or fundraisers may be conducted in the name of the Fund or in the name of Cumberland Community Foundation, Inc. For funds with multiple Advisors, any operational questions will be directed to the Primary Contact.

**Donor Advised Endowment** - There are other types of Donor Advised Funds available for Donors. Donors may wish to establish an invested Donor Advised Fund or a Donor Advised Charitable Endowment in lieu of a private foundation in order to involve multiple generations of family or friends in the joys of grantmaking and philanthropy. Please let us know if that is your plan and we will design a Donor Advised Fund that has similar benefits of a private family foundation without all of the legal and reporting requirements. Donors often structure this fund type to receive gifts of retirement assets for grantmaking by the next generation.

**Reporting and Record Keeping** – Donors receive a written gift acknowledgment promptly after every gift. In February, Donors receive an Annual Giving Summary Report, a summary of their gifts / additions to their Fund for the calendar year. Grant checks are accompanied by a letter to the charitable recipient and include a description of the Donor’s designations for the grant, as well as the name of the Fund and the Donor’s name and address, unless the grant is anonymous. When the grants and grant letters are mailed to the charitable recipients, CCF also notifies the Donors by letter providing the list of grants that were distributed and the remaining balance in the Fund. CCF maintains a permanent record of all additions and distributions in perpetuity, allowing the Donor a historical perspective on grantmaking and giving.

**Why Does the Foundation Do This for Free** – Facilitating philanthropy is a very important part of our mission. It is much easier for the small nonprofit organizations to process a grant check from your Fund than a stock gift. Also, CCF views this service as a way to earn your trust now, in the event that you decide in the future to create endowments to support your favorite causes forever. Finally, we do it because we are a community foundation. ***This is an important part of what community foundations do.***

*Cumberland Community Foundation, Inc. is a 501(c)3 charitable organization and not a private foundation, thus providing maximum tax benefits to the donor. Our tax identification number is 58-1406831. For more information, please call Mary Holmes (910)483-4449.*