

THE COMMUNITY FOUNDATION  
*of Shelby County*

*Build Today...Dream for Tomorrow*

## Charitable Distribution Account Guidelines

A CDA at the Community Foundation of Shelby County is a short-term donor advised fund that is intended to disburse to qualifying charities the entire amount gifted to the account. These non-endowed funds make budgeting and tracking your charitable giving very easy.

Gifts to a Charitable Distribution Account (a Donor Advised Fund) are irrevocable and, by law, the Fund must be under the authority of the Board of Trustees of the Community Foundation of Shelby County.

### **Establishing a CDA**

Two items are necessary to establish a CDA: a signed fund agreement and a gift. A basic agreement is available from the Community Foundation office which allows you to specify advisors (typically you and your spouse or other family members) and successor advisors who may provide grant recommendations. Gifts may be given in any amount and in the form of cash or publicly traded securities. Checks may be made payable to: **Community Foundation of Shelby County**...add to the memo line "CDA of (your name)." See details for stock gifts in the section below.

### **Adding New Gifts**

You may add to the CDA at any time and in any amount. If you are planning to transfer a gift of public securities to our account, please contact our office with the company name (or stock ticker) and number of stock. We want to correctly credit the sale proceeds to the proper account. Please call us if you need our account and DTC numbers.

### **Making a Grant Recommendation:**

- ◆ Please mail or email the name of the charity, the amount and any special instructions to the Community Foundation office. Grant checks may be mailed to any qualifying local or national public charity's office or returned to you if you would like to personally deliver it.
- ◆ Please let us know if the grant is to go to a specific fund at the charity such as the 'Building Fund' or the 'Annual Giving Campaign.' We can include this information with the grant check.
- ◆ Grant Recommendation forms are available to make the process more convenient. Contact us if you need a supply of forms.
- ◆ Grant recommendations received by noon on Wednesday are typically disbursed by the end of the week. Grant checks may be issued in any amount, up to the entire balance of the account.
- ◆ We can issue grants on a monthly or quarterly schedule to your church or other favorite charity...just let us know if you would like to request a scheduled grant.
- ◆ Grant checks identify you as the donor, unless you request an anonymous grant.

## Grant Restrictions

All types of donor advised charitable funds, including CDAs, are coming under more scrutiny by the government because of fear that the donations are being misused.

In most cases, a fully deductible gift to a nonprofit that you could make personally and that the IRS would accept as a public charitable deduction on your tax return is an acceptable distribution from a CDA. Your gift to the CDA is fully tax deductible as a gift to a public charity and distributions from the CDA must be fully-deductible and allowable under IRS rules.

Grants from a CDA **cannot** be made for the following purposes:

- ◆ To private foundations, to some Type III supporting organizations, to political campaigns, or for lobbying purposes;
- ◆ To pay for charity sponsored fundraising dinners, golf tournament registrations, tickets to events and other benefits of substantial value. Even if you will not be using the tickets or you plan to give them away, CDA grants cannot be issued for such purposes. Most charity event solicitations inform donors when only a portion of their ticket price is tax-deductible. **CDA grants must be fully deductible.** If you have questions about the suitability of a request, please contact us;
- ◆ To cover personal needs of an individual, such as educational or travel expenses;
- ◆ To reimburse the donor, advisor, or their family members and employees for expenses incurred because of the CDA or Donor Advised Fund;
- ◆ To pay a membership in an organization such as a fraternal or veterans organization or a nonprofit golf or fitness club. You may be able to support foundations associated with these organizations, so long as no membership benefit is given to you return for your contribution.
- ◆ To purchase raffle tickets, games of chance, or charity auction items.
- ◆ To satisfy personal pledges that you have made to a charity (e.g. a signed commitment to make future gifts to a charity's capital campaign).

If we have questions about the recipient organization or the usage of the grant, we may contact you or the intended grant recipient to clarify. We may also check the tax exempt status of a recipient organization as part of our due diligence procedure by reviewing the IRS or Guidestar websites. If circumstances prevent us from issuing the grant, we will personally contact you to discuss the reason.

## No Fees

No fee is charged to the balance of the CDA. Instead, the Foundation retains any interest earned on the account.

If you have any questions about the CDA or the Community Foundation of Shelby County, please contact Marian Spicer, Executive Director ([mspicer@commfoun.com](mailto:mspicer@commfoun.com)) or Barbara Stueve, Administrative Assistant ([bstueve@commfoun.com](mailto:bstueve@commfoun.com)), at (937) 497-7800.