Advised Fund Handbook
Welcome

This binder is designed as both a guide to community foundation services and policies as well as a permanent record of your fund's activity.

We suggest you file all forms, statements, newsletters, giving plan and other fund-related information from the community foundation for your convenience.

Online tools on our website at www.akroncf.org make giving even easier.

We look forward to our philanthropic partnership with you.
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What Is Akron Community Foundation?

Akron Community Foundation, formerly known as Akron Community Trusts, was incorporated in 1955 under the laws of Ohio to permanently serve the health, educational, cultural and welfare needs primarily, but not exclusively, of Summit County, Ohio.

With a bequest gift of $1,033,533 from the estate of Akron philanthropist Edwin C. Shaw, Akron Community Trusts (as it was then known) established a community endowment into which donors from all walks of life could make a contribution. The common bond among community foundation donors is a strong desire to support charitable causes that help make our community a better place to live, work and raise a family.

The community foundation has received not only Mr. Shaw's initial bequest but the gifts and bequests of many other civic-minded citizens who saw the benefits of pooling their resources to build philanthropy that would benefit the community. Its sound investment policies and thorough investigation of non-profit organizations, plus the staff support and deep knowledge of community issues, make the community foundation a solid choice to further support the greater Akron area. Akron Community Foundation, one of hundreds of community foundations in the United States, is administered by a volunteer board of 24 trustees selected for their judgment and experience who are aware of the philanthropic needs of the community.

To date, more than 650 funds have been created by organizations and individuals like you to serve a variety of charitable purposes both in Summit County and beyond.

ACF's discretionary fund, the Community Fund, helps meet the changing and emerging needs of our community. Several affiliate funds, including the Women's Endowment Fund, the Millennium Fund for Children, and the Vernon L. Odom Fund, make grants to issue-specific causes in our area.

Competitive grants are made from the Community Fund in the areas of arts and culture, education, civic affairs, and health and human services. The community foundation also serves as a resource, facilitator and catalyst in addressing and finding solutions to community needs.
Akron Community Foundation’s Mission

Akron Community Foundation’s mission is to improve the quality of life in greater Akron by building permanent endowments and providing philanthropic leadership that enables you to make a lasting investment in the community.

To fulfill this mission, we are committed to:

- Serving Akron and surrounding areas with creative, visionary and sensitive grants that address the evolving needs of an area experiencing rapid economic and social change
- Devoting special emphasis to programs that enrich the community in the distinct areas of arts and culture, education, health and human services, and civic affairs
- Advising fundholders in the areas of their charitable concerns and assisting them in achieving the highest likelihood of beneficial results
- Demonstrating community leadership by designing innovative programs and acting as a catalyst in identifying problems and sharing information with other funders
Donors who give through Akron Community Foundation have the opportunity to take advantage of the foundation's established experience with grantmaking and nonprofits.

Community foundation staff is available to meet with fundholders to discuss their grantmaking strategies and options. Consultation may be done in person, by phone, or via email. Services are provided on an ongoing basis or as questions arise.

We can help you:

- Formulate a giving plan that is right for you
- Explore family philanthropy
- Discuss your grantmaking strategies
- Research specific local nonprofits at your request
- Provide information identifying organizations working in areas of interest to you
- Recommend specific organizations according to your interests
- Solicit proposal ideas from local nonprofits that fit your interests
- Advise on types of support, from funding a capital project to endowing a program
- Connect you to experts in the field

What is an advised fund?

An advised fund allows the donor creating it to recommend distributions from the fund for charitable purposes. The donor may also name the fund.

To create a fund, $5,000 or more should be contributed initially or by a series of planned additions acceptable to the community foundation. (A draft fund agreement is located on our website.)

How an advised fund works

The community foundation invests the assets of advised funds. The assets of each fund will be combined with other funds of the foundation for investment purposes. You will receive a quarterly statement of the fund's activity. Statements are mailed by the end of the month following the end of the quarter (Jan. 31, April 30, July 31 and Oct. 30).

Spending policy/grant budget

As part of a total return investment objective, the community foundation utilizes a spending policy to allocate spendable grant balances. The current spending policy makes available on an annual basis 5 percent of the 12-quarter rolling average market value of the main investment pool. (Although most advised funds have the ability to invade principal, the quarterly spending policy transfer represents the recommended maximum distribution while ensuring long-term growth of the principal.) (A copy of the Spending Policy Allocation for Grant Payments is located on our website.)

What is my role as a donor?

As an active partner in the work of the community foundation, you play a critical role in the community through your philanthropy. We suggest that an effective giving plan is the result of donors considering the following responsibilities for their fund:

- Annually evaluate your own philanthropic goals. Make our staff aware of your charitable interests
- Talk with our staff about community issues and needs
- Seek out the best organizations to accomplish your fund's goals
- Communicate with our staff when your charitable interests change
The Grantmaking Process
The community foundation seeks to make this process as simple and efficient as possible.

Step One: Donor Recommends a Grant
A designated advisor to a fund may recommend a grant to Akron Community Foundation’s board at any time. Grant recommendations should adhere to the following guidelines:

- Grantees must be nonprofit public charities registered under section 501(c)(3) of the Internal Revenue Code. (The community foundation provides verification.) Individuals are not eligible to receive grants.
- Although the community foundation’s focus is Summit County, grants can be made to qualified 501(c)(3) organizations throughout the United States.
- Grants may pay for general operating support, a specific project, purchase, program or a capital campaign. Grants may not be used to satisfy any pledge or personal obligation. Nor may any fund advisor, or any individual or entity connected to the fund, receive any form of tangible benefits, goods or services resulting from a grant, such as but not limited to, tickets to performances or seating at fundraising events, fees for charity golf tournaments, membership dues, parking privileges and benefits conferred to donors based on levels of annual giving.
- The community foundation requests that grants be for at least $250.
- To recommend a grant, fill out and sign a Grant Recommendation Form which is located on our website. You can copy this form, print it out from the donors section of our website at www.akroncf.org, or request extra copies from the office. You can also log in to DonorCentral, which is a Web portal that allows you to recommend grants electronically. (See DonorCentral Information located on our website.)
- You may recommend that grants be made anonymously – withholding the name of the fund, the advisor or both. You may also request that the fund name not appear in the community foundation’s annual report, regardless of whether the grants are made anonymously.

Step Two: Due Diligence
Community foundation staff verifies that each recommended grantee is organized and operated for charitable purpose within the meaning of Section 501(c)(3) of the Internal Revenue code.

Step Three: Grant Review and Approval
The Community Investment Committee of ACF’s board of directors considers grant recommendations for approval.

Step Four: Grant Awarded
When 501(c)(3) 509(a) verification and financial and program information for a recommended grantee has been reviewed, the community foundation’s president has the authority to authorize the grant and issue the check. The board ratifies grants at its quarterly meeting.

Step Five: Donor Receives Acknowledgment
You will receive a copy of the letter that is sent to each of your fund’s grantees. Grant activity will also be recorded on your quarterly statement. Other correspondence related to your grants is held on file at the community foundation and may be made available to you upon request.

How often and when may I make distributions from my fund?
As often as you like. Grant payments will be processed on the 1st and 15th of each month.

How will I know how much I have available in the fund to make recommendations for grants?
Check your quarterly statement or DonorCentral, or call the community’s foundation office. We would be happy to assist you. Statements are mailed in mid-April, July, October and January. The community foundation’s fiscal year is April 1 to March 31.
What kinds of organizations may I recommend for grants?
Grants must be made for charitable purposes. This may include nonprofit public charities, schools and government programs. Grants may be made to religious organizations for programs and projects, but not to religious organizations for religious purposes. All grants must be made to charitable organizations within the United States designated as 501(c)(3) 509(a) charities by the Internal Revenue Service. This includes U.S.-based charities that work outside the United States.

May I recommend a grant to an individual?
No. According to IRS regulations, the community foundation may make distributions only to qualifying public charities. Our staff checks all organizations for documentation of nonprofit status.

When will I be able to make my first recommendations?
You may make your first recommendation once the fund is established and has credited income.

I would like professional advice about grants from my fund. Can ACF help?
Yes. We have professional staff that is knowledgeable about local needs and programs to meet those needs. They are available to talk with you about your charitable interests, arrange site visits, and help you decide where your giving would be most effective.

I like to make my grants at year end, is this OK?
Yes. However, due to the large volume of requests at year end, we encourage donors to request grants early in December.

How do I recommend grants?
The donor and designated representatives may recommend which charities should receive distributions from the fund. While the recommendations cannot be binding (IRS rules require that the community foundation must make the final decision on distributions), the community foundation will take the donor's recommendations very seriously. Recommendations must be consistent with the charitable purposes of ACF and may be made by filling in the Grant Recommendation Form located on our website and sending or faxing it to the community foundation.

You may also contribute to the Community Fund, our discretionary fund, to support the programs and projects selected for funding by the community foundation’s board.

If the donor is an individual
The donor(s) and/or donor's spouse may make recommendations. They may continue to make recommendations as long as the fund is in existence, but either person's right to make recommendations ends upon (1) that person's death; (2) written notice by that person to the community foundation that the person releases the authority to make recommendations; or (3) a determination by the community foundation that the person, in the opinion of the foundation, is not available or is incompetent to exercise the right to make recommendations.

A donor may also designate another person or a committee to make recommendations either instead of the donor and spouse or including the donor and spouse. The authority of another person or committee to make recommendations will not last longer than that of the donor or spouse. However, the donor may designate a second generation, children (and spouses of children) to have authority to make recommendations that will continue after the authority of the donor and donor's spouse ends. The community foundation will accept such a designation if doing so furthers appropriate continued family participation, support and involvement by the persons designated by the donor. Any designation described here must be made in the fund agreement creating the advised fund.

If the donor is a corporation
The corporation should designate one person who will submit the recommendation of the corporation to the community foundation.
How Are My Funds Managed?

**Investment Policy and Managers**
Once a donor makes a gift to Akron Community Foundation, the community foundation becomes the legal owner of the assets and directs investment strategy. The community foundation follows a board-approved investment policy *(Investment Policy Statement is located on our website)* using experienced professionals who manage the assets in a way that balances growth with the need for regular income to distribute. The Finance and Investment Committee of the board oversees the performance of our investment professionals.

**Administration and Investment Management**
Akron Community Foundation assesses an annual administrative fee based on the balance of all funds. Currently the fee is 1.25 percent (125 basis points). Administrative fees support the community foundation's overall operations. An annual investment management fee of about 0.74 percent (74 basis points) is also assessed to all funds.

**Investment Performance**
Akron Community Foundation's investment performance consistently ranks in the top quartile among community foundations. For more information, call our office. *(Investment Performance Summary and Asset Allocation are located on our website.)*

**Quarterly Statements**
Every three months you will receive a quarterly statement *(a sample of the statement is located on our website.)* Language of the terms of the statement is as follows:

- **Beginning fund balance - principal:** The value of fund investments as of the close of the last business day of the previous quarter
- **Revenue:** gifts received
- **Net gain (loss) on principal investments:** Gain or loss from investment transactions that is realized and is included in your market value balance
- **Transfer from principal for grants:** Transfer to income to cover donor-advised grants that exceed current income balance (if applicable)
- **Beginning fund balance – income:** The value of income available for spending as of the close of the last business day of the previous quarter
- **Gifts to income:** Donations to income
- **Net income allocated to spendable balance:** Automatic allocation for grants based on spending policy
- **Transfer from income for grants:** Transfer from income for donor-advised grants that exceed current income balance (if applicable)
- **Grants voted:** Grants voted during the period
- **Administrative fees:** Fee collected by the community foundation
- **Total fund balance:** Principal plus income
What Is The Tax Status Of My Fund?

A community foundation is defined as a public charity under sections 501(c)(3) and 170 (b)(1)(A) of the Internal Revenue Code. As such, Akron Community Foundation must meet a public support test and can make grants from income and/or principal in a manner consistent with its charitable purposes. Gifts to a public charity, unlike contributions to a private foundation, have the benefit of the maximum charitable deduction permitted under current laws. The charitable gift made to establish your advised fund and any subsequent contributions to the fund are therefore fully deductible as gifts to a public charity.

As a part of the community foundation, your fund is exempt from taxes on income and gains. Funds grow tax-free and maintain an increasing level of charitable distributions.

An effective total return on an advised fund's investments may be pursued without concern about the tax consequences of investment decisions.

A donor's income tax benefit for charitable contributions in any one year is limited. The most generous limitation, generally 60 percent of a donor's adjusted gross income, applies to cash contributions. Contributions of appreciated securities are limited to 30 percent of adjusted gross income.

Because the community foundation is a public charity rather than a private foundation, your fund is not subject to the excise taxes, Treasury rules and record keeping, and reporting requirements that apply to private foundations.
How Can I Add To My Fund?

Cash
You can establish a fund and add to it at will. The fund has great flexibility and affords an immediate tax deduction. Cash gifts may be deducted for income tax purposes up to 60 percent of adjusted gross income. Contributions over that limit can be carried forward for up to five subsequent years.

Publicly Traded Securities
A contribution of appreciated securities can produce significant tax savings for a donor while allowing significant advantages to philanthropic planning. Donors receive a double benefit: an immediate charitable deduction for the fair market value of the securities donated, and exemption from any capital gains tax on the appreciation. The fair market value of contributed securities can be deducted up to 30 percent of the donor's adjusted gross income. In addition, if the amount is larger than the donor can use in one year, the surplus can be carried as a charitable deduction over the next five years. *(Stock transfer instructions are located on our website.)*

Excess Business Holdings
Notwithstanding any other provision herein, the committee shall not accept any gift of an interest in a business enterprise for a donor-advised fund that would subject the community foundation to tax under section 4943 of the Internal Revenue Code, as it relates to “excess business holdings.” Any proposed gift that would result in an advised fund holding:
- 20 percent or greater interest in a business or in an entity, or
- Any interest in an entity in which any interest is owned by a donor or advisor to the fund, by a family member of any such person, or by an entity in which any of the foregoing persons had an interest shall be referred to legal counsel for an opinion on the possible application of code section 4943.

Mutual Fund Shares
Mutual fund shares can also be excellent assets to contribute to your fund. Like gifts of publicly traded securities, gifts of mutual fund shares are deductible up to the full fair market value. Some mutual fund companies have special procedures for gifts of mutual funds. The effective date of the gift and possibly the year for which the deduction is available is determined by the date the mutual shares are actually transferred to the community foundation.

Closely Held Stock
The use of closely held stock makes it easy to create a family philanthropic program using the assets of your business. The contributed value per share must be discounted from the value per share for a controlling interest, as determined by a qualified independent appraisal. There can be no agreement restricting or requiring the resale of the stock by the charitable recipient. If the company offers to redeem the shares, however, the charity can take the proceeds or reinvest them for a better return. The company does not reissue the shares; all shares outstanding increase in value. An alternative outcome to redemption by the corporation is the voluntary purchase of shares from the charity by younger family members or key non-family employees.

Life Insurance Policies
Many people find that the protection offered by life insurance policies is no longer needed later in life. A life insurance policy can become an ideal tool for charitable giving. A few steps need to be taken to donate a life insurance policy. You start by irrevocably assigning your insurance policy to Akron Community Foundation and naming the foundation as the beneficiary. You can make annual tax-deductible contributions to cover the policy’s annual premium. Or, if the policy is paid up, you will receive an immediate tax deduction in an amount equal to the policy’s cash surrender value.
Gifts of Real Estate
Gifts of real estate can include a house, apartment building, farm, vacation home, commercial buildings or income-producing and non-income producing land. It is possible to make an outright gift of real property now or as part of an estate. You can also choose to use it to fund a charitable remainder trust that provides income to you, the donor, or your children. A gift of real estate typically requires certain procedural steps, including a site visit to the property, a qualified appraisal, a preliminary title report and an environmental assessment prior to acceptance.

Life Estates
You can benefit today from the future gift of a home, whether a primary residence or a vacation home. You can continue to live in the home for life and enjoy a current income tax deduction. The community foundation will ultimately sell the property and use the proceeds to support the charitable organizations or purposes of your choice.

Planned/Deferred Gifts
Many donors have created named funds through life income arrangements, such as:
- Charitable gift annuities
- Charitable remainder trusts
- Deferred gift annuities

Donors may earn an immediate tax deduction on such gifts but keep the proceeds from these investments for as long as they, and any successor beneficiaries they name, are still alive. Community foundation staff members are qualified to work with you and your professional advisors to structure a gift that best meets your particular situation.

Adding to Your Fund Through Fundraising
Any charitable solicitation, fundraising campaign, printed material, electronic communication, press release or other public reference to Akron Community Foundation must adhere to policies and procedures found in the community foundation’s manual.

Matching Gifts
Your employer may have a program to match gifts to charitable organizations. To maximize your contribution to Akron Community Foundation, please obtain a matching gift form from your employer, complete the appropriate donor section, and mail it to us for completion. We will forward the form and other information to the company for processing.

The community foundation may not fit every company's matching gifts guidelines. If you are in doubt, please send us your matching form and we will pursue the matter with your employer. Some companies also have certain restrictions when matching gifts to an individual advised fund. The community foundation will work with your employer to ensure proper compliance. Please contact us if you have any questions regarding matching gifts.

Bequests
You can add to your fund by a bequest in your will. Bequests can take a variety of forms, such as a specific amount, a percentage of your estate or a certain asset. (Charitable bequest language is located on our website.)

Changing the Name of Your Fund
The community foundation will gladly consider changing your fund’s name. Please submit a written request to do so.

Adding to Your Fund Through Gifts from Others
Anyone may make a gift to your fund, perhaps as a thank you or to celebrate an event in your life or someone in your family. Many of our fundholders also use their fund to accept memorial contributions upon the demise of the donor(s).