



COMMUNITY FOUNDATION  
*Ocala/Marion County*

## Questions About Donor Advised Funds

The Community Foundation of Ocala/Marion County is here to help guide donors. We strive to inform and enrich your philanthropy and always welcome your inquiries. At the Foundation, our goal is to build a stronger community one passion at a time.

### **What is the minimum required to establish a donor advised fund?**

The minimum amount required to establish a DAF is \$5,000. DAFs must maintain at least a \$1,000 balance at all times.

### **Is my gift to a DAF tax-deductible?**

Your original gift and subsequent gifts are tax-deductible. A receipt of your generous gift will be provided for your tax purposes. Unfortunately, grants to nonprofits from your DAF will not result in a tax-deductible gift since you have already received the tax deduction when your gift was made to the Community Foundation. Your gifts through your DAF are greatly appreciated by the nonprofits and the donor will be recognized by the nonprofit for their gift.

### **May I name additional advisors to my DAF?**

Yes. A founding donor may name additional advisors, so long as those advisors are presently living. Founding donor may also provide the right for successor advisors to name additional advisors, with approval from the Board.

### **How do I access information about my Fund?**

Donors can access their fund at any time on our website, [www.ocalafoundation.org](http://www.ocalafoundation.org) through a secured login. Questions about access can be answered, by calling our office at (352) 622-5020.

- Check the balance of your fund
- Review your fund's gift and grantmaking history
- Review quarterly fund statements
- Participate in our community grants programs
- Learn about Community Foundation events

### **Can I remain anonymous?**

At the time you establish your fund, you choose the recognition language the Community Foundation provides to grantees. You may also remain anonymous by request.

### **What happens to the DAF upon the death or resignation of all advisors?**

Each fund is permanently recognized. Many donors ask that their fund be used at the discretion of the Foundation's Board of Directors to address the greatest needs in the community. Donors may also choose to support a charitable field of Interest or specific nonprofits. Donors can also change this directive in the future.

### **Can I establish an Endowed DAF?**

Yes. Endowed DAFS are permanent endowments that annually distribute a spendable income based on a spending policy.

## **Investments and Fees**

### **Who invests the DAF assets and how are they invested?**

The Community Foundation offers a pooled investment option for DAFS through Regions Wealth Management. Regions takes direction from the Foundation's investment committee who has oversight of the investment of all assets held within the portfolio. Fund Assets are managed as a balanced portfolio composed of three major components: a) equity b) fixed income & c) diversified strategies

### **How much does it cost to have a DAF?**

Each DAF contributes an administrative fee to further the Foundation's general charitable purposes. This fee is assessed monthly. For example, calculation on \$1 Million is done by (1) multiplying one percent (1.00 %) by the prior month's ending balance in the Fund; and (2) dividing such product by 12. The annualized compensation rate on DAFs is a stepped fee based on fund balances.

- 1.0% on the first \$2 million of the fund balance
- 0.8% on the next \$4 million of the fund balance
- 0.6% on the remaining fund balance

## **Grantmaking**

### **How can a DAF at the Community Foundation help to make philanthropy more effective?**

Our donors have found great benefit in the services that are offered by the Community Foundation including:

- Advice and expertise on community needs
- Annual review of your fund and grantmaking
- Family education and engagement opportunities
- Opportunities to develop a giving plan to align with your personal values
- Review of your grant history and trends
- Site visits with local nonprofit leaders

Fees to the Community Foundation are then used to help fund many of the services named above.

### **How do I recommend a grant from my DAF?**

You may recommend grants by emailing the specifics directly to the Community Foundation. Specifics include name of grantee, address, amount and purpose of grant. All recommendations must come in writing in order to ensure appropriate documentation for auditing purposes.

### **May I recommend grants to organizations outside Ocala/Marion County and the U.S.?**

Yes. Grantmaking is not limited to Ocala/Marion County. The Community Foundation recognizes that donors have interests that extend beyond our geographic boundary and will generally approve grants to any qualified 501c3 publicly supported organization in the United States. International grantmaking is permitted in accordance with IRS guidelines.

### **What is the minimum grant size I can recommend?**

The minimum grant amount is \$250.

### **When can I make my grant recommendations?**

Grant recommendations may be made anytime throughout the year. Grant payments are issued on a weekly basis, subject to the Community Foundation's due diligence review.

### **How does the Community Foundation evaluate grantees?**

Each recommended grantee must submit proper documentation including:

- Current Board list
- IRS tax exemption letter
- 990 tax filing
- Most recent audit

Many nonprofits have already been approved through our due diligence review. If you are granting to a new nonprofit, the due diligence review may take a bit longer, depending on how quickly the nonprofit submits their documentation. The Community Foundation will notify you of any delay in processing your grant recommendation.

### **May I make a multi-year commitment from my fund?**

Yes, you may make a grant recommendation with multiple payments. However, the full amount of the grant will be recorded in the year of the original recommendation. At that time, the fund balance must be able to fulfill the full grant recommendation.

### **May I recommend a grant and receive benefits from a nonprofit as a result of my grant?**

The IRS prohibits individuals from receiving benefits as the result of a grant from a DAF. The Community Foundation provides you with a letter at the time of your gift that says, "no goods or services were received for your gift." The IRS may apply financial penalties if you or a related party accepts more than 'token benefits.' Benefits that are not allowed include things such as tickets, preferred parking, membership benefits, etc. You should request "No Benefits" when submitting a grant recommendation that may result in benefits.

Federal law imposes substantial financial penalties for violations. IRS penalties for more than "token benefits" can include a 125% excise tax to donors and a 10% excise tax to the Community Foundation, based on the size of the grant.

### **May I recommend grants from a DAF to assist an individual in need?**

No. The IRS strictly prohibits donor advised funds from engaging in this type of activity.

### **What is variance?**

Variance power grants the Community Foundation's board the ability to ensure donor intent. For example, if a recipient organization of a designated fund were to close or radically alter its mission, the Foundation's Board of Directors could use variance power to name a new organization whose mission is most closely aligned to the original mission of the initial organization, therefore ensuring the donor's intent is honored.