

INTRODUCTION

AG Foundation solicits and welcomes the establishment of Donor Advised Funds by all interested donors. Congress has established criteria for understanding and governing Donor Advised Funds, and the Internal Revenue Service regulates Donor Advised Funds. Because the donor is the most important part of charitable giving, AG Foundation has established the following guidelines to ensure that charitable gifts to Donor Advised Funds and expenditures from Donor Advised Funds accomplish the donor's ministry goals while also complying with the laws that regulate such charitable tools.

GUIDELINES

A request for the establishment of a Donor Advised Fund shall be subject to AG Foundation's review and approval to ensure that the purpose of the fund is consistent with its practices and policies.

Congress expressly recognizes the right of donors to make grant recommendations; however, the law also is clear that the foundation must exercise final discretion concerning the expenditure of funds. If AG Foundation does not follow the donor's recommendations, the donor will be offered the opportunity to make another recommendation or, in the lack of donor recommendation, the Donor Advised Fund balance shall be used for similar charitable purposes at the discretion of AG Foundation.

Donors shall be free to name themselves, family members, or third parties as advisors for the fund. Multiple advisors may also be named, but in that case, the donor should provide direction as to the number of advisor signatures required to request distribution from the Donor Advised Fund.

Each Donor Advised Fund shall be designed to offer maximum flexibility to respond to changing ministry needs. During the lives of the donor(s), the donor(s) may request changes in the payout structure, duration, final distribution, endowment conversion, or recommended default charities.

Grant recommendations may be made through the terms of the Donor Advised Fund document or through the named advisor(s). There is a minimum \$250 grant recommendation per distribution request. Each Donor Advised Fund document should include default recommendations to assist AG Foundation in making grants from the Donor Advised Fund in the absence of other recommendations. AG Foundation will conduct its own independent investigation to ensure the tax exempt status of the charitable organizations named and to confirm that a distribution would be in compliance with internal AG Foundation policies and the requirements for Donor Advised Funds established under federal law.

The default terms of any Donor Advised Fund will include instructions to retain income and/or principal of the Donor Advised Fund until a specific grant recommendation is made by the advisor or a trigger event within the Donor Advised Fund document becomes effective to make a distribution (*i.e.*, death of donor or death of all named advisors with no named successors, *etc.*). In the alternative, a donor may establish a Donor Advised Fund with a set annual payout rate. Any distribution of a set annual payout will be net of any distributions made during the course of the year based on specific grant recommendations by the advisor(s) or other distributions made pursuant to the directions of the Donor Advised Fund document.

Based on the requests of a donor, a Donor Advised Fund's duration may be guaranteed for the lives of the donor and the donor's spouse, and thereafter may continue perpetually under the direction of other advisors named by the donors or through a succession process established by the donors. In the alternative, a Donor Advised Fund may be set to trigger a full outright distribution of its remaining principal and income to recommended charities or to convert to an endowment fund paying income and/or principal to recommended charities. AG Foundation retains the right to terminate a Donor Advised Fund and distribute its remaining principal and income, taking into consideration the recommendations of the donor(s) and/or advisor(s), in the event the cost of management of a Donor Advised Fund outweighs the benefits of ongoing maintenance of the Donor Advised Fund, or for any other reason as approved by AG Foundation.

All manner of assets, real estate, securities, or cash are acceptable to establish a Donor Advised Fund or as an addition to an already established Donor Advised Fund, subject to the gift acceptance guidelines and due diligence requirements of AG Foundation.

To help defray the cost of administration, AG Foundation reserves the right to charge a fee for management, administration, and/or distribution of a Donor Advised Fund's assets.

All charitable distributions are made in the name of the Donor Advised Fund, unless anonymity is requested by the donor upon application for the Donor Advised Fund or by the advisor upon request for distribution from the Donor Advised Fund.

While AG Foundation welcomes an opportunity to consider this type of charitable fund at any level, experience suggests \$10,000 as a practical minimum for the establishment of a Donor Advised Fund. A Donor Advised Fund with named advisors may also be established in an unfunded fashion with the intent that such Donor Advised Fund will be funded at a future date upon the termination of another planned giving or testamentary device, such as a trust or will.