



Episcopal Foundation of Dallas Donor Advised Fund Guidelines

Revised 2022

Welcome

Thank you for your interest in a Donor-Advised Fund with the Episcopal Foundation of Dallas ("EFD"). We hope that this guide will serve as a useful resource as you begin a new philanthropic journey.

Inside this guide you will find an introduction and explanation for the Donor-Advised Fund as a giving tool as well as a handy "Quick Reference" divided into categories.

We hope this guide will serve as a resource for you, both in establishing your fund and in using it to achieve your philanthropic goals.

Please feel free to contact Executive Director, Pam Fellows Jamieson at 214 366-9996 or exec@episcopalfoundationdallas.org if you have any questions or want more information on Donor-Advised Funds or any of the other charitable options offered by EFD.

Mission

The mission of the Episcopal Foundation of Dallas is to support and strengthen faith communities by partnering wise investments with purposeful giving.

What is a Donor-Advised Fund?

One of the most effective and increasingly popular charitable vehicles in North America today is the Donor-Advised Fund. A Donor-Advised Fund established with EFD is a component fund of EFD. It is established by agreement between EFD and the Donor in consideration of an irrevocable contribution of money or property to EFD. The assets in a Donor-Advised Fund are owned by EFD. The Donor and designated advisors may *recommend* distributions from the fund to public charities whose purposes generally are in furtherance of the charitable goals of EFD which are ministries and poverty, specifically homelessness, food insecurity and health insecurity. These recommendations are advisory only, and EFD has the final authority to approve the grant recommendations. In exchange the Donor can receive an immediate tax deduction for the amount contributed if IRS regulations are followed.

Donor-Advised Funds create a broad base of financial support of the general community. They offer a simple and economical means for benefiting the community and encouraging family philanthropy. Donor-Advised Funds advance the values and goals of EFD by:

- Providing financial resources for critical human services in the local Episcopalian community and the general community.
- Reinforcing the positive perception of EFD as a philanthropic partner with the broader community.
- Providing a vehicle for the donor to support organizations that reflect their values and philanthropic goals

Advantages

What are the tax advantages of establishing a Donor-Advised Fund?

Donors who contribute stock and other appreciated assets are eligible for tax deductions, and they avoid capital gains tax. Also, there are many ways a charitable fund may help a donor reduce estate taxes, preserve retirement assets for family members and provide gifts for charity. EFD's professional staff works closely with attorneys, accountants and other advisors to help donors make the best choices for their families.

What are the advantages of establishing a Donor-Advised Fund compared to establishing a private foundation?

Because EFD is a public charity, there are fewer tax restrictions for gifts and grants than for a private foundation. Generally, donors receive a higher tax deduction for contributions. Additionally, donor-advised funds are typically not subject to excise taxes, and they have no payout requirement.

Who Benefits from opening a Donor-Advised Fund?

Episcopalians and North Texas Communities

Episcopalians and the local North Texas Area benefit from the relationship established between the donor and EFD which leads to an ongoing dialogue about investing in community programs and institutions to address challenges and meet needs of communities within the Episcopal Diocese of Dallas. Through efficient administration, sound investment policies, stewardship, and educational programming EFD builds relationships of trust with current and future donors, increasing the likelihood of enhanced giving and involvement. This includes future permanent endowment funds through estate planning and additional investment in EFD's Unrestricted Endowment Fund. In addition, the Donor-Advised Fund program provides additional opportunities for donor engagement in the community and gives EFD insight into individual donor priorities.

Furthermore, as nonprofit programs and charities outside of the Episcopal community benefit from the activities of EFD Donor-Advised Funds, EFD helps create and reinforce a more positive presence in the broader community. This, in turn, increases goodwill between the Episcopal community and local nonprofits, businesses and government, contributing to an environment that is favorable to the fulfillment of EFD's mission.

The Donor

Establishing a Donor-Advised Fund with EFD benefits the donor. One major advantage of a Donor-Advised Fund over a private foundation is the freedom the donor enjoys to give anonymously when the donor chooses.

When considering grants, the donor can benefit from the knowledge and experience of EFD's staff regarding the community's needs and the organizations that exist to serve them.

Donor-Advised Funds are a cost-effective alternative to a private foundation. Donors have no tax on investment income or capital gains earned in these funds. The donor receives an immediate tax deduction when he or she makes a contribution to the fund, yet can defer the decision about specific charities to support with these funds to a later date. Donor-Advised Funds are also significantly less expensive to start and maintain than private foundations.

Finally, Donor-Advised Fund donors are free from administration and record keeping. EFD reports receipts, disbursement and investment of Donor-Advised Funds in the aggregate, provides an independent audit, processes disbursements, mails checks to recipients and grant reports to donors, administers and invests the assets of the fund and issues regular financial reports on the status of the fund to the donor. All of this work leaves donors free to concentrate on the substance of charitable giving.

Frequently Asked Questions

Can I give assets other than cash to a fund?

Yes, you may contribute stock, mutual fund shares, and in many cases, privately held stock, real estate or other tangible personal property. Gifts of stock, both publicly traded and closely held, have become more popular in recent years because of the benefits of gifting appreciated assets. EFD has sole discretion to establish the value of non-cash gifts.

What is the minimum amount required to open a Donor-Advised Fund with EFD?

\$25,000.00

Am I allowed to make additional contributions to the fund? Is there a minimum amount?

EFD encourages additional contributions to the fund. You are entitled to a tax deduction each time you make an additional gift. Furthermore, other individuals or corporations may make gifts to the fund you have established. This is especially useful for gifts in honor of a special occasion or memorial.

Investments and Operations

How are Funds Invested?

Donor-Advised Fund investments are managed by our outside managers, Vanguard with oversight by the Foundation's Investment Committee. The funds are invested in the Foundation's pooled portfolio.

What are the fees?

EFD's asset management fee is .73% (computed based on quarter-end market valuation of total assets under management and are collected in arrears in the month after the quarter-end). All fees are collected quarterly from the fund itself, so donors do not pay any amount out of pocket. Fees are subject to change with 30 days' notice.

Can I close a fund?

Contributions to a Donor-Advised fund are irrevocable gifts to EFD. All money in the fund must ultimately be held for or disbursed to qualified public charities. However, because you reserve the right to make grant suggestions, you can terminate a fund by making grant suggestions equaling the entire balance of the fund to be disbursed to qualified nonprofit organizations.

Is there a minimum balance the fund must maintain?

Yes, funds must maintain a minimum balance of \$1000.

How often will I receive a statement?

Statements are available on a quarterly basis, approximately 15 work days after the end of a calendar quarter.

Fund Advisors

My spouse and I both want to be advisors. Is more than one advisor allowed?

Yes.

I would like my children to be involved. Is that possible?

Your children can be named a current or successor advisors - meaning that they will have the right to make grant suggestions from the fund. In addition, if you wish to engage in “family philanthropy” (meaning that several generations of your family will work together to support common interest or organizations over time) EFD allows you to name successors for up to two generations.

What happens to my fund after I die?

If you have named one or more successor advisors, they will have their right to make grant suggestions until their deaths. If you have not named a successor advisor or after the lifetime of your successor advisor, the fund will go to the EFD unrestricted endowment fund. Alternatively, you may wish to name a charity or field of interest for which the fund will be used after your lifetime.

Grant Distributions

What is the minimum grant distribution amount I can suggest?

\$1000

What are the restrictions on grant distributions?

By law:

- EFD can only make distributions for public charitable purposes. EFD will distribute only to qualified tax-exempt 501(c)(3) charities that are public charities (not private foundations).
- Similarly, EFD cannot make a grant that will enable a donor to receive material benefit of goods and services (e.g., raffle tickets, meals, event tickets, payments of a relative’s tuition to an educational institution)

Additionally:

- Grants can only be made within the geographic boundaries of the Episcopal Diocese of Dallas. (See attached map)

What do I do when an organization asks for a pledge?

A pledge is a promise that binds an individual to make a charitable contribution and satisfying a pledge through a grant from a donor-advised fund constitutes an impermissible benefit to that individual.

Why does EFD have the final authority to approve or deny the distributions?

IRS regulations require that a donor relinquish control over the gift at the time a contribution is made. Donors only qualify for a tax deduction if they give the money to a public charity and relinquish the right to control it. Consequently, EFD is legally empowered to approve or deny a donor's recommendations.

Are recommendations ever denied?

EFD reserves the right to review each and every recommendation on a case-by-case basis. If the recommended recipients are qualified public charities that fall within the general scope of EFD's mission, and there is no suggestion of private benefit to the donor, EFD will make every effort to honor the donor's wishes. In cases where recommendations are denied, they typically have been denied because they were to organizations that:

1. Do not qualify for federal tax-exempt public charity status; or
2. Provide material benefits of goods or services to the Donor as a result of the distribution (event tickets, meals, etc.)

To What Organizations can I recommend distributions?

The donor-advised fund can make distributions to any 501(c)(3) that is a public charity. Private foundations do not fall under this definition.

Can I recommend distributions to organizations outside the Episcopal community?

Yes, almost every qualified public charity in North Texas may receive grants from EFD's donor-advised funds. The exceptions occur where a charity's mission falls extremely outside the general scope of EFD's mission which are ministries and organizations addressing poverty in the area of homelessness, food insecurity and health insecurity.

Is there a limit to the number of grant distributions I recommend each year?

No. There are no restrictions other than the minimum balance requirement.

Do I have to make grant distributions every year?

You are under no obligation to make recommendations from the fund in a given year. We encourage fundholders to make a grant at least once every three years unless there are philanthropic plans that preclude this.

How do I make a grant recommendation?

1. Fill out the Donor Advised Fund Distribution Request and email to the Foundation. (See attachment)
2. Or, you can email our Executive Director to request a grant distribution.

How quickly will a check be cut once I submit my grant recommendation?

Checks are cut once a month at the end of each month. Recommendations must be received seven days prior to the end of the month. If the distribution recommendation is to an organization that has not been previously reviewed, that recommendation may take additional time for processing.

Can I remain anonymous when establishing a fund or recommending grants?

Yes. Advisors may request that grants be awarded anonymously. Some donors prefer to use a pseudonym when naming funds.



GRANT RECOMMENDATION FORM – Donor Advised Fund

Donor Advised Fund: _____

As advisor to the fund listed above, I recommend that the Board of Trustees of the Episcopal Foundation of Dallas consider the following grant:

Grant Amount: _____
 Organization: _____
 Phone: _____
 Address: _____
 Contact: _____

This grant is for the following charitable purpose:

Special instructions: _____

_____ I wish for this grant to be anonymous

I attest that the recommendation above does not represent payment of a pledge or other personal financial obligation on behalf of the Advisor or family members. If the agency offers any benefits or privileges in connection with the grant, I have not accepted and will not accept them.

I understand that this is a recommendation only and that the Board has full grantmaking discretion.

 Signature of Advisor

 Date

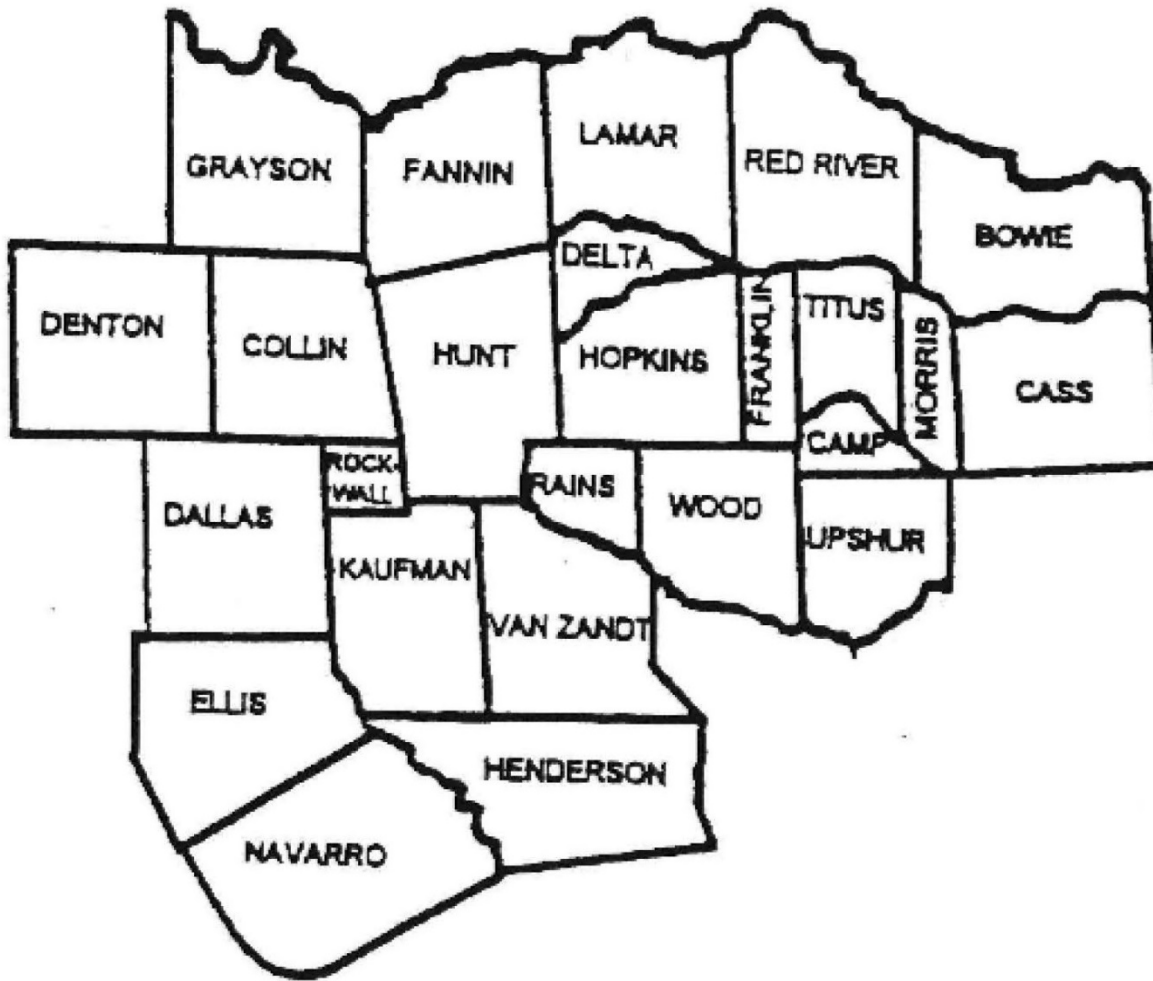
Please return this form to:
 Episcopal Foundation of Dallas
 Email: exec@episcopalfoundationdallas.org
 214 366-9996
 10000 N. Central Expressway, Suite 400
 Dallas, TX 75231

For office use:

- Taxpayer Identification Number of recipient organization _____
- Recipient organization is an official church, school, or agency of the Episcopal Diocese of Dallas _____ *initials*

Map of the geographical boundaries of the Episcopal Diocese of Dallas

The Diocese of Dallas was organized December 20, 1895 and divided in 1982.
It includes twenty-five counties.



EPISCOPAL FOUNDATION OF DALLAS

Gift Acceptance Policy

Confidentiality

All information concerning donors or prospective donors including names and addresses, names of beneficiaries, the amount of gifts, nature and worth of estates, etc., shall be held in strict confidence by the Foundation and its personnel. Exceptions can be made only if donors grant permission to use selective material for purposes of referral, testimonial or example at the discretion of authorized representatives of the Foundation.

Legal Counsel

Prospective donors shall be advised to consult their attorney or accountant in all matters related to the tax implications and estate planning aspects of deferred gift arrangements. The Foundation shall consult with legal counsel in all matters pertaining to its deferred gift program and shall execute no agreement, contract, trust or other legal document with any donor without the services of legal counsel.

Restrictions

Donors may restrict the use of their gifts to a particular purpose or area of support provided that such restrictions are provided in written form and signed by the donor at the time of the gift; that restrictions comply with Internal Revenue code as it applies to the tax-exempt status of the Episcopal Foundation of Dallas; and that restrictions are compatible with the mission of the Foundation and are board approved. Gifts that are unrestricted by the donor may be designated for a particular program, project or fund.

Gifts of U.S Funds and Marketable Securities

The Episcopal Foundation of Dallas may accept unrestricted gifts of U.S. funds received via wire from a U.S. bank or financial institution or a check drawn on a U.S. bank or financial institution clearing through a U.S. Bank at any time. The Foundation does not accept currency.

The Episcopal Foundation of Dallas may accept gifts of marketable securities such as publicly traded stocks, mutual funds, municipal and corporate bonds, government agency bonds and bonds, bills and notes issued by the US Treasury. The Investment and Finance Committee has determined that all securities will be liquidated as soon as is practical and placed in the appropriate account to the extent specified by the donor and/or designated by the board.

Gifts of Real Estate

Real estate gifts include residences, rental property, land, farms, ranches, leasehold interests and commercial properties. Gifts of real estate will be accepted by the Foundation upon board approval and sold. Prior to the acceptance of any real estate gift by the Foundation, the donor must provide (including but not limited to the following):

1. A written appraisal of the property by a qualified, independent, professional appraiser, the cost of which will be borne by the donor;
2. A title policy for the property or title examination;
3. An environmental study; and,
4. A description of any liens against the property.

Donors of property gifts must seek their own legal and tax counsel in regard to all property gifts. The Foundation reserves the right to refuse gifts of property when it is determined that the donor

has not complied with IRS appraisal requirements or that the advice of an independent counsel is not being obtained.

Donors of property gifts will receive an acknowledgment of the gifts only when complete transfer has occurred.

Gifts of Personal Property

Gifts of personal property, such as jewelry, art, collectibles and similar items may be accepted and disposed of upon board approval. Prior to such acceptance, the Executive Director must obtain the following:

1. A bona fide appraisal or documentation of fair market value;
2. A written statement from a broker regarding the marketability of such gift;
3. A written statement from the donor regarding the donor's wishes regarding the sale of such gift.

Gifts of Life Insurance

The Episcopal Foundation of Dallas may accept gifts of life insurance through the following mechanisms:

- The donor may name the Foundation as the beneficiary of an existing life insurance policy. The donor will be asked to provide the Foundation with a copy of the policy and the beneficiary designation, with the understanding that the designation may be changed or revoked at any time by the donor.
- The donor may make a pledge and/or cash contribution to the Foundation with the proceeds of the gift to be restricted for the sole purpose of purchasing or maintaining life insurance at the direction of the donor. Provision must be included for future premium payments at the time of the gift.
- The donor may make a gift of insurance through the transfer of ownership of an existing paid up policy. The Foundation will become the owner and beneficiary of the policy and the beneficiary may not be changed at a later date by the donor.

Gifts of Mineral Assets

Gifts of producing oil and gas royalty interests may be accepted and disposed of subject to board approval.

Gifts of Closely Held Securities

Gifts of closely held securities will be accepted on a case-by-case basis upon board approval. The Executive Director must ascertain that such a transfer and subsequent sale does not violate any portion of the Internal Revenue code, regulations or rulings, or any state or federal law and does not jeopardize the tax-exempt status of the Foundation.

Deferred Gifts

Deferred gifts are those in which the property is irrevocably transferred to the Foundation but income from the property or a life estate in the property is retained by the donor. Charitable remainder trusts, pooled income gifts, life estates and other such gifts must be approved by the board prior to acceptance by the Foundation.

If the donor retains a life estate in a personal residence, farm or ranch, an agreement shall be executed between the Foundation and the donor which states that the donor shall be responsible for all upkeep, taxes, insurance and other expenses required for the maintenance of the property until such time as the property is transferred to the Foundation.

Gifts-in-Kind

Gifts-in-kind are tangible gifts other than cash, marketable or privately held securities, or real property. Gifts-in-kind of an undetermined value will be recorded at one dollar (\$1.00) and acknowledged as received with no value stated.

The gift value of a gift-in-kind is determined by the cost or fair market value of the materials on the date that ownership (possession) is transferred to the Foundation. Evidence of fair market value can be: (1) a canceled invoice for the purchase of the product by the donor; (2) a voided invoice from the donor to the Foundation, or a third-party appraisal.

The fair market value of a gift-in-kind does not include a profit margin or markup by the donor. Essentially, gifts-in-kind are made "at cost." Donor recognition will be based upon the value of the gift-in-kind as documented and recorded in the campaign records.

Service

Gifts of service are contributions of actual, billable service directly related to the business or profession of the provider. Gifts of services will be recognized at the level of actual expenses invoiced but not paid. Evidence of a gift of service will be a voided or canceled invoice stating the date, type of service rendered, quantity cost, total cost and amount to be contributed or forgiven.

Pledges

Payment of commitments to the Foundation may take the form of one or a combination of the following: cash, marketable securities, or real property that can be expected to be converted to cash within a reasonable time period. Commitments will be publicly recognized and/or commemorated consistent with the donor's wishes and the guidelines approved by the Foundation. Requests by donors for anonymity will be honored. Gifts will not be accepted where there is no charitable intent on the part of the donor. No verbal pledges will be recognized as having been made. Either a signed pledge or letter of intent must be in the organization's possession before a pledge is recorded. The normal pledge payment period for gifts to the Foundation will be one to three years. With Board approval, exceptions can be made for planned gifts. Donor recognition will be based upon the full payment of pledge commitments.

** "Board approval/approval of the board" as used in this document shall mean approval by a majority of the members present at a regular or called meeting of the board of directors, as provided for in the bylaws, at which a quorum of the board is present and provided that written notice of such meeting and the agenda items is provided to board members at least five days prior to said meeting. When approval at a regularly scheduled quarterly meeting of the Board cannot be obtained in a timely manner, the executive committee of the Board, in accordance with the preceding policies, may accept a gift on the Board's behalf, or may authorize the Executive Director to accept a gift.

EPISCOPAL FOUNDATION OF DALLAS

Gifts in Honor of Trustee Service Guideline

The Episcopal Foundation of Dallas honors retiring board members for their service with a grant to an approved charity. Funds from the Julie and Louis Beecherl Trustee Fund are used for these grants with the following stipulations:

1. The organization must be a 501(c) 3 organization.
2. The organization must be vetted through the Grants Committee.
3. The amount will be \$1,000 for board members, \$2,000 for board chair
4. The checks will be delivered in person when possible.

EPISCOPAL FOUNDATION OF DALLAS

Hiring Policy and Procedures

Objective

The purpose of this policy is to provide a sound hiring framework and to ensure a transparent and fair hiring process that can assist The Episcopal Foundation of Dallas ("EFD" or "The Foundation") in selecting the best candidate on the basis of merit and job relevance. In an effort to hire the most qualified candidate(s) for positions at EFD, the subsequent processes should be followed:

Hiring Process and Procedures

Job postings

The Executive Director, Chair of the Audit and Administration Committee (the "Committee") or a designee of The Board of Trustees of the Episcopal Foundation of Dallas ("Board") will create a job posting that briefly describes the job opening and communicates EFD's brand. All job openings will be posted externally utilizing sources appropriate for the position being filled. Jobs will remain posted until the position is filled.

Interview process

The Executive Director, Chair of the Audit and Administration Committee or Board designee will screen applications and resumes prior to scheduling interviews. Initial interviews should be generally conducted by committee using a standardized set of interview questions and a structured interview process.

The Executive Director, Chair of the Audit and Administration Committee or Board designee will notify applicants who are not selected for a position.

All recruitment and on-boarding documentation will be kept in an electronic file by the Executive Director.

Reference & Background Verifications

The Foundation will require a minimum of three professional references from the candidate. EFD will attempt to contact all references provided and conduct professional reference and employment verification(s) on the top candidate(s) based on the Committee's recommendation.

The final candidate will move to the Selection and Offer process which is contingent upon the satisfactory completion of required background checks and testing. Background checks will vary depending on the position and may include criminal history, credit history, driving record, drug testing or any other relevant information for the job. All background and credit verifications are subject to the completion of forms necessary to legally obtain & release background and credit verification information to EFD.

Candidates not selected based upon the results of background and credit verifications will be notified based upon the federal, state, and/or municipal requirements of EFD.

Selection and Offer of Employment

The Board will vote on the hiring of the Executive Director. The Executive Director will be responsible for hiring the controller and grant administrator and any other needed employee and will work with appropriate board members in making a decision.

A formal Offer of Employment will be extended to the candidate for execution and documentation.

Recordkeeping

All recruitment and on-boarding documentation will be kept in an electronic file by the Executive Director.

Episcopal Foundation of Dallas

Whistleblower Policy

Introduction and Purpose

The Episcopal Foundation of Dallas (the "Foundation") is committed to pursuing its charitable mission in compliance with all relevant legal and regulatory requirements and in compliance with the governing documents of the Foundation. The purpose of this policy is to set forth procedures for reporting, investigating, and addressing alleged violations of such requirements.

Duty to Report

If any employee or volunteer of the Foundation reasonably [in good faith] believes that some policy, practice, or activity of the Foundation, or of a representative of the Foundation purportedly acting on behalf of the Foundation, is in violation of law or regulation or [materially] fails to comply with the Foundation's governing documents (including its Certificate of Formation, its Bylaws, and its adopted policies), the employee or volunteer must report his or her concern in compliance with this policy.

How to Report

An employee or volunteer reporting a concern pursuant to this policy shall report such concern to the Executive Director of the Foundation. If the individual raising the concern is uncomfortable communicating with the Executive Director, or if the Executive Director is a subject of the concern, the individual must report the concern directly to the chair of the Board of Trustees of the Foundation or Chancellor of the Episcopal Diocese of Dallas. A concern may be reported orally or in writing, but if reported orally shall be documented in writing by the person receiving the report. A concern may also be reported anonymously by an employee or volunteer.

Investigation of Concerns

The Executive Director shall address all concerns reported under this policy except for those concerns reported directly to the chair of the Board of Trustees of the Foundation or Chancellor of the Episcopal Diocese of Dallas in accordance with this policy. All non-frivolous concerns will be investigated promptly and a report of such investigation, along with recommendations for any appropriate corrective action, shall be made to the Board of Trustees. All employees and representatives of the Foundation must cooperate fully with the person leading the investigation. The Board of Trustees or a committee authorized by the Board shall have the sole authority to authorize action, if necessary, with regard to any reported concern.

Protection of Employee or Volunteer

The Foundation will not discharge or otherwise discriminate or retaliate against an employee or volunteer who reports a concern under this policy, in good faith and on the basis of a reasonable belief that the facts reported are in violation of law or regulation or fail to comply with the Foundation's governing documents. Disciplinary measures, up to and including discharge, may be taken against any Foundation employee who threatens or discriminates against a person who reports a substantial concern in accordance with this policy.

No Protection for Improper Reports

An employee or volunteer shall be subject to discipline if he or she makes a report that is determined to be frivolous or made for an improper purpose, such as for inter-personal reasons or based solely on rumor or speculation. Moreover, an employee or volunteer is protected under this policy only if the employee or volunteer reports the concern in accordance with this policy.

Confidentiality

Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation and response. Caution must also be exercised in the investigation of concerns to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results are not to be disclosed or discussed with anyone other than those who have a legitimate need to know.