



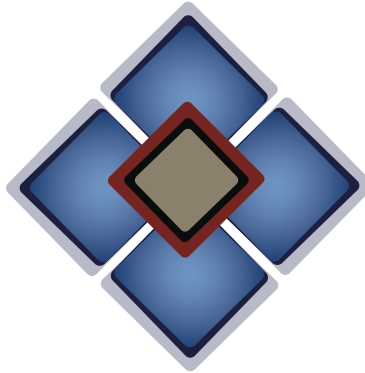
of Northeast Iowa
Established in Waterloo/Cedar Falls in 1956

LEAVING

a Family

LEGACY

**A guide to explain the options available through a
Donor Advised Fund at the Community Foundation**



For 50 years, residents of Northeast Iowa have been turning to the Community Foundation of Northeast Iowa to make their philanthropic giving as effective as possible.

With over 750 charitable funds and over \$40 million in total assets, we provide a permanent philanthropic presence in the community. In 2006-2007, the Community Foundation awarded over \$5 million in financial support. Since its inception, approximately \$30 million has been granted to projects and programs throughout Northeast Iowa.

LEAVING A FAMILY LEGACY

The Community Foundation of Northeast Iowa has been committed to making good things happen in Northeast Iowa since its inception in 1956. The purpose of the Community Foundation is threefold: (1) to provide services to donors with charitable intent, enabling them to give in planned, significant, and permanent ways; (2) to manage the funds contributed with the goals of preserving them safely, insuring their steady growth in the face of inflation, and generating income from them for distribution to charitable entities; and (3) to stimulate private philanthropy in the community. Through support of non-profit agencies (the “Third Sector”), the Community Foundation of Northeast Iowa enhances the quality of life for all who live, work in, and love Northeast Iowa.

OUR MISSION AND PHILOSOPHY

Mission

The mission of the Community Foundation of Northeast Iowa is to:

- Respond to the current and future charitable needs of the Greater Cedar Valley Area (Waterloo/Cedar Falls and Northeast Iowa);
- Secure and serve as the custodian of endowment funds contributed by many donors; and
- Create other mechanisms which will channel charitable money, goods, and services to meet community needs.

Philosophy

We believe that we must protect, nurture, and nourish the uniqueness of Northeast Iowa — the diversity of its race and culture, the richness of its artistic expression and appreciation, and the beauty and quality of its natural resources — so that all may enjoy a quality of life both now and in perpetuity.

We are committed to:

- Human and Community development
- Wise and thoughtful distribution of the resources entrusted to us
- Prudent investment of the funds entrusted to us.

We serve as a neutral, nonpartisan third party convener to examine and determine community needs and facilitate development of solutions to community problems.

We respect the trust and intent of our donors as we maintain the integrity of our philanthropic purpose.

WELCOME TO THE COMMUNITY FOUNDATION

INTRODUCTION

The Community Foundation of Northeast Iowa was established in 1956 as the Waterloo Civic Foundation to help build the Waterloo Recreation and Arts Center. In 1993 the all volunteer board hired the first staff person and developed the foundation as a community foundation to build a permanent endowment to benefit the citizens of the Waterloo/ Cedar Falls and Northeast Iowa and to create a legacy of caring for the future growth of our community. The Foundation has grown to its present size because hundreds of individuals, families, and companies have created funds by gift or bequest.

Some funds further the broad charitable purposes of the Community Foundation. Others benefit certain fields of interests such as culture, education, health, environment, recreation, and social and community development needs. Still others, like the one you may establish, are donor-advised.

While the IRS code expressly recognizes the right of living donors to make grant suggestions from time to time, the IRS code clearly states that the Board of Directors of the Community Foundation must exercise final discretion concerning the expenditure of those funds.

We hope that as a donor advisor, you will put our experience and training to work so that the charitable gifts that emanate from your fund will have the maximum impact in the community.

The following guidelines are intended to help you make full use of our services, resources, and expertise in the area of philanthropy.

WHAT IS A DONOR ADVISED FUND?

A DEFINITION

A Donor advised fund is designed to allow donors to assist in select charitable institutions and programs to receive grants. This type of fund is the perfect vehicle for donors who wish to retain philanthropic flexibility by participate actively in the grant making process. The names of donor advised funds are listed in the Community Foundation's annual report, 'Tis the Season brochure and online at (www.CommunityFoundationNEIowa.com).

BENEFITS OF CREATING A DONOR ADVISED FUND

You receive a charitable deduction for the full amount of the gift establishing the fund in the year of contribution and for all subsequent gifts to the fund. In addition, you can participate in the grant making process for many years to come.

You act in partnership with the Community Foundation which allows you to centralize and streamline your philanthropy by recommending grants to the organization(s) you feel are best qualified to use the funds effectively.

You have the opportunity to learn about philanthropy from experienced, professional grant makers. The Community Foundation staff are available to review requests and make recommendations for specific areas of concern to the donor. They can provide a wealth of information and expertise about the nonprofit sector.

You leave the responsibility for the paperwork associated with charitable giving—including tax filings and annual reports—to the Community Foundation. If you desire, you may give your gifts anonymously.

You can see first hand how the Community Foundation operates, deciding whether to make a more substantial contribution or provide a bequest to the Community Foundation as part of an estate plan.

MEETING THE COMMUNITY'S MOST URGENT NEEDS

The Community Foundation's principal grant making activity underscores its commitment to providing equal access to philanthropic resources for individuals, families, and communities. We ask donor advisors to assist us in carrying out this mission by annually contributing to the resources available for grant making from the Community Foundation's Unrestricted Fund. Through such a commitment, many donor advisors elect to help the Foundation meet pressing community needs.

ESTABLISHING A DONOR ADVISED FUND

GENERAL INFORMATION

A donor advised fund is created by a signed agreement--a simple document which conveys your gift to the Community Foundation. You may name yourself as an advisor, either to act alone or with another living individual(s). The Community Foundation allows for a successor generation of advisors. You may also choose not to participate in the grant making process, naming instead another living individual(s) to act as advisor(s).

The minimum balance required to establish and maintain a fund is \$5,000. A donor may establish a fund with various assets; cash and publicly traded securities are the most common. You receive immediate tax benefits for the current market value of the gift, up to 50% of their Adjusted Gross Income (AGI), 30% for gifts of long-term appreciated property. You may add to your fund at any time and receive the same benefits. Other persons may also make additions to the Fund for purposes consistent with the original gift agreement.

Gifts should be made payable to the Community Foundation of Northeast Iowa. Procedures for gifts of publicly traded securities may be obtained by contacting the Community Foundation staff.

In the case of gifts of restricted or closely-held stock, real estate, or other unusual assets, the proposed gift is considered on a case-by-case basis and may require additional review by our legal counsel and Board. Those assets which cannot be readily converted to the financial benefit of charity or which carry unusual potential liability may not be accepted.

HOW DOES THE ADVISORY RELATIONSHIP WORK?

The donor, the donor's spouse, or a designee specified by the donor at the inception of the fund may be advisors. Usually the advisory relationship terminates upon the death of the survivor of the donor or the spouse. It is possible to name one successor generation (perhaps one's children) as advisors. Thereafter, the fund continues as a named unrestricted permanent fund. These funds are then put to work to meet the ever changing needs of our community.

Distributions will normally be made according to the Community Foundation's spending rule. It is the goal of the Foundation to help preserve the contributed assets of each advised fund so distributions can be made over the lifetime of the donor and into perpetuity. The Community Foundation informs the donor about the amount of money available to grant each year.

HOW ARE THE FUNDS INVESTED?

Funds of the Community Foundation are professionally managed by our Investment Managers under the supervision of Finance and Investment Committee and Board of Trustees of the Community Foundation. The Finance and Investment Committee is comprised of highly competent business and financial leaders in our community.

GRANTS FROM DONOR ADVISED FUNDS

RECOMMENDING A GRANT

Grants are made to organizations recognized by the IRS as tax-exempt 501(c)3 charities. The purpose of the grants should meet the broad objectives of the Community Foundation.

The primary geographical focus of grant making for donor advised funds is to organizations and activities which benefit Northeast Iowa. Grants from donor advised funds may also be made to charitable organizations located outside Northeast Iowa if these organizations carry out activities which further the broad purposes of the Community Foundation. For organizations outside of Black Hawk County, the donor will need to provide the Community Foundation with a copy of the organization's 501(c)3 status as well as the name and address of the agency contact person.

Donors may suggest a grant for general support or for a specific program or activity by delivering a written request to the foundation. Any other information, such as the name of the individual responsible for the project, may be included. Our staff is available to assist donors with grant suggestions as desired.

The donor's suggestions should be for grants of at least \$250. Grants from donor advised or corporate advised funds cannot be used to satisfy an irrevocable personal or corporate pledge or obligation of the donor, or to pay memberships or dues. The donor can promise the charity that he/she will recommend to the Community Foundation a grant distribution from his/her donor advised fund for "X" dollars. If the recommendation is approved by the Community Foundation, the grant announcement will be sent to the charity with the Fund name from which the grant is being made.

HOW ARE RECOMMENDATIONS PROCESSED?

The Community Foundation will seek grant recommendations from you in concert with its two primary grant cycles: fall and spring. The Foundation staff will notify you of the amount available for granting from your fund and the deadline for recommendations for submission to the Board of Trustees for approval. If there are occasions where grants from your fund require attention at times other than the two grant cycles, the Community Foundation staff will do our best to respond to your suggestions.

When we receive your grant suggestions, we check carefully to verify that the recommended grantee is certified by the Internal Revenue Service as a charitable organization. The Board of Trustees, in the exercise of its discretion, will then approve or deny the recommended grant, in whole or in part. Board approved grants are then processed.

COMMUNICATION WITH GRANTEES

When the Community Foundation makes a grant from a donor advised fund, the charitable organization receiving the grant is informed by a letter indicating which fund made the grant as well as the name and address of the donor who established the Fund (unless the donor requests that we not make that information available).

YOUR LONG TERM PHILANTHROPIC GOALS

By creating your Fund with us during your lifetime, you have already made it possible to leave a permanent legacy to charity. Upon the death of the last surviving advisor, the fund will continue as a permanent named endowment meeting the needs of Northeast Iowa area for generations to come. This allows you to build a permanent legacy and to perpetuate the name you select for the fund.

Once your Fund has been established, it is simple to add to it by bequest: just name your Fund to be one the recipients of your will or trust. Or you may create new funds named for your family or in honor of a relative or friend to serve as memorials to them. Gifts will be made in the name of your Fund in perpetuity.

FREQUENTLY ASKED QUESTIONS

How will I know how much I have available in the fund to make recommendations for grants?

Each April and October you will be contacted re Fund activity including the amount that is available for you to recommend in grants.

What kind of organizations may I recommend for grants?

You may recommend non-profit public charities with a 501 (c) 3 tax exemption, schools and government programs.

May I recommend a grant to an individual?

No. Because of IRS regulations, the Community Foundation makes distributions only to qualifying public charities. Community Foundation staff checks all organizations for documentation of nonprofit status. If you recommend agencies outside of Black Hawk County, we ask that you send us the 501(c)3 tax exemption letter of the organization, the address, and contact person.

May I recommend grants to organizations outside of the Northeast Iowa area?

Yes, if the organization's mission falls within the guiding principles of the Foundation. The Foundation makes international grants if the nonprofit organization has a recipient U.S. entity. On the whole, we do request that at least 50% of your recommended grants go to Waterloo/Cedar Falls and Northeast Iowa nonprofits.

How often should I recommend grants from the advised fund?

We encourage you to recommend grants from your fund on a regular basis. Some advisors choose to do this annually, while others offer their suggestions semi-annually.

How often and when may I make distributions from the fund?

The Community Foundation will seek grant recommendations from you twice a year. All recommendations need to be approved by the Foundation's Board of Trustees, which meets twice a year to review grant recommendations: June and December. If there are occasions where grants from your fund require attention at times other than the two grant cycles, the Community Foundation staff will do our best to respond to your suggestions.

May I recommend a multi-year grant from my fund?

Yes. At the time of your recommendation please indicate that the distribution is to be made in increments. We will administer the distribution and payment schedule.

Are there any restrictions?

Restrictions on the nature of grant advice are few. Individual grant recommendations of \$1,000 or more are strongly preferred. However, a minimum recommendation of \$200.00 is required in order to make the most efficient use of Community Foundation's resources. Also, in accordance with Treasury Department regulations, grants awarded from Community Foundation funds may not be used to fulfill personal pledges or to pay for memberships, dues or anything that provides a direct benefit to a donor/fund advisor.

May I serve on the board of an organization and recommend a grant to it from the advised fund?

Yes, as long as you receive no personal benefit from the grant.

COMMON TYPES OF GRANTS

Here is a list of the most common types of grants made to nonprofit organizations and what they typically mean to the organization.

Capital or capital campaign

A capital grant provides support for the purchase of property, the construction of a facility, remodeling / expansion of a facility or purchase of equipment.

Operating or general support

An operating grant provides support for the day-to-day costs of running the nonprofit organization.

Endowment

Some nonprofit organizations have endowment funds. The endowment fund is a permanent annual source of income for the operating or project expenses of the organization. Sometimes the Endowment Fund is within the Community Foundation, in such case the recommendation is to the Community Foundation designated to the agency's endowment Fund.

Unrestricted

An unrestricted grant allows the nonprofit to use the dollars to support the organization where most needed.

Project

A project grant supports a specific activity.

Seed

A seed grant helps to jump start a new organization, a new project or launch a capital campaign.

Challenge or matching

A challenge or matching grant helps a nonprofit organization leverage additional dollars through a fundraising campaign.

THE COMMUNITY FOUNDATION'S FUNDING CYCLES

Outlined below is a brief description of the Community Foundation's annual funding cycles. The Foundation's fiscal year begins May 1 and ends April 30. During the year, fund advisors may make recommendations for grants from their advised fund. Recommendations are submitted to the Community Foundation of Northeast Iowa's Board of Trustees for review and approval.

October	November	December
Donor receives information regarding the amount of money available for granting.	Grant recommendations due by November 1st.	Board of Trustees meeting. Approved grants and checks paid in December and January.

April	May	June
Donor receives information regarding the amount of money available for granting.	Fiscal year begins. Grant recommendations due by May 1st.	Board of Trustees meeting. Approved grants paid in June and July.

FOR MORE INFORMATION

For general information about the Community Foundation of Northeast Iowa or to learn more about establishing a Donor Advised Fund, please contact us.

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