

Inactive Funds

Amended and Approved by the Philanthropic Services Committee on February 19, 2019; and Approved by the Arizona Community Foundation Board of Directors on March 13, 2019

Donor Advised Funds afford people the opportunity to give back to their communities in an informed and active way without incurring the paperwork, taxes and administrative expenses of maintaining a private foundation. As the Arizona Community Foundation works to address community needs through charitable giving, our donor advisors are an important part of our Community Foundation family and grants from advised funds are a significant source of support to vital nonprofit programs serving all of Arizona.

While funds held at a community foundation are not required to pay out grants annually, ACF strongly encourages donors to maintain an active advisory relationship and to make grant recommendations annually. Fund founders/advisors who prefer to delay recommendations for grantmaking in order to recommend a significant grant in the future, should notify ACF via letter or e-mail. Fund founders/advisors may also contact their ACF Relationship Manager who will document the conversation and make it a part of their fund record. Absent such notification from the founder/ advisor(s), the following policy, approved by the Board of Directors, will be applied to funds that have become inactive.

For the purposes of this policy, an inactive fund is defined as a donor advised fund that never becomes active with grants and gifts after the initial gift, or an advised fund which becomes inactive with grants and gifts after a period of time (three years), and when the donor is unresponsive to ACF's efforts to communicate with them.

After the first 12 months of fund inactivity, starting March 2019, the Arizona Community Foundation staff will attempt to contact the fund founder/advisor(s) via phone, email, and/or U.S. mail to engage founder/advisor(s) in grantmaking activity, event attendance or correspondence regarding the fund's charitable purpose and grantmaking goals.

After 24 months of fund inactivity, the Arizona Community Foundation staff will attempt to contact the fund founder/advisor(s) twice more via phone, email, and/or U.S. mail. If none of these contacts are successful, the Arizona Community Foundation will send a letter via registered mail to founder/advisor(s) to reiterate ACF's Inactive Funds Policy and to inform founder/advisor(s) that after 12 additional months of continued inactivity and non-responsiveness, ACF will distribute grants from the fund in accordance with the ACF Spending Policy in effect at the time, currently 4.25% of the fund's balance calculated over the previous 12 quarters.

Shortly after distributions from the inactive fund are made, the Arizona Community Foundation will notify the founder/advisor(s) via U.S. mail of the grants distributed and the benefits thereof. Founder/advisor(s) will be notified that this automatic distribution may continue annually unless the fund founder/advisor(s) make grant recommendations and/or communicates with the Arizona Community Foundation regarding the grantmaking goals and/or charitable purposes of the fund.

After 36 consecutive months of inactivity, if contact has not been made, ACF will distribute grants from the fund for charitable purposes, at the discretion of its Board of Directors.

Also, if the fund balance is greater than \$25,000, the fund will be maintained as a separate, named, unrestricted, or donor documented field of interest fund at ACF. If the fund balance is less than \$25,000, the fund will be retired and the remaining balance will be contributed to ACF's "Fund for the Common Good" to support annual grantmaking to identified areas of need across Arizona. In the event the donor has documented an expressed charitable purpose, the fund will be retired and the remaining balance will be issued as a grant to a qualified charity or added to a Field of Interest (FOI) fund aligned with the fund founders documented expressed charitable purpose.

CERTIFICATE OF ADOPTION

The foregoing amendment to the Inactive Funds Policy was approved and adopted by the Board of Directors of the Arizona Community Foundation on March 13, 2019.

By: 
Charley Freericks, Board Secretary