

date  
Sol Anderson  
President and CEO  
The Evanston Community Foundation  
1560 Sherman Avenue, Suite 535  
Evanston, IL 60201

Dear Monique:

I/We wish to establish a donor advised fund at Evanston Community Foundation. My/Our initial gift of \$\_\_\_\_\_ [if applicable: together with gifts from other friends and family members] will establish this new fund. The fund shall be administered as set forth below

1. This fund shall be known as the **XX Family Fund** ("the Fund") of the Evanston Community Foundation ("the Foundation") and shall be identified as such in the course of its administration. *Example of optional, specified purpose:* Through its grants, the Fund will support individuals and organizations striving to 'get to the next level'. While our vision may expand over time, initial grants will address academic needs and obstacles to success in education and in life. Our prospective grantees may offer mentorship, training, education or educational support s and related services.
2. The Fund will be held as a donor-advised fund of the Foundation until the first to occur of either (a) our failing to provide advice to the Fund after a period of three years, or (b) until such time as the Fund balance falls below \$10,000 and I/we inform the Foundation that I/we do not intend to make additional gifts to the Fund or recommendations from it. It is our intention to recommend grants at least annually to qualified charitable organizations.
3. Should the circumstances in Paragraph 2 occur, the balance of the Fund will be added to the Foundation's unrestricted endowment, now known as the Fund for Evanston. In such circumstances, the Fund name can continue to be listed as part of the Fund for Evanston if you prefer. **OR**, please specify organizations to receive the remaining funds.
4. The Foundation has accepted and will continue to accept contributions to the Fund from me/us and others, to be administered on the same terms as the original contributions. Upon receipt of the initial gift and any additional gifts, the Foundation will be the legal and equitable owner of such property which will be held as the property of ECF and not held in trust or otherwise for the benefit of any other entity.
5. We shall be the advisor(s) to the Fund. **[and/or, specify intended, future fund advisors]**. When our [or 'the advisors'] privilege to advise the Fund terminates upon our death(s), resignation(s), or incapacity to serve, it is our wish that **(a)** the Fund continue as a named fund within the Foundation's Fund for Evanston, to support a wide range of programs and initiatives across Evanston. **OR (b)** the remaining fund be

**Commented [Jan1]:** If the fund is to have a specific purpose, a broad description is best. It's important to convey your wishes and intentions without being too specific. Overly specific descriptions may result in restricting future grantmaking opportunities.

**Commented [Jan2]:** Our fund agreements attempt to provide for situations we may not anticipate at the time fund is established. For example, there may be a future point in time when the donor advisors are no longer interested in advising the fund and/or ECF and the donors lose touch. 'below \$10,000' is the specified because \$10,000 is our usual minimum fund balance

**Commented [JF3]:** Under Treasury Department regulations, ECF must control the assets of the funds established by donors or others in order to invest those assets.

distributed to the following organizations (please list organizations) in equal amounts [or, specify percentages] **OR, if the fund has a specific purpose, (c)** the Fund continue as a field of interest fund for the purposes named in Paragraph 1 above, and we request that the Foundation determine the procedures for making periodic distributions from the Fund in accordance with its processes in effect from time to time.

6. In establishing the Fund as a donor-advised fund, we do hereby acknowledge and represent that the recommendations of the advisor(s) shall be advisory only, and that the Foundation's board of directors shall not be bound by such recommendations. The Foundation may consider the advice of others in making grants, will conduct an independent investigation of the proposed recipient organizations, and will evaluate whether our recommendations as the fund advisor(s) are consistent with the charitable purposes outlined in the Foundation's grant guidelines from time to time in effect as the Foundation's board of directors may determine.
7. The minimum grant recommendation for a single organization is \$250, and the following provisions shall apply to all distributions from the Fund:
- a. All grant recommendations shall be made in writing, either by letter, email, or submission of the online grant recommendation form available on the Foundation's donor portal.
  - b. Grants are consistent with the purposes, mission and principles of the Foundation.
  - c. Recommended grantees must be eligible, 501(c)(3) tax-exempt organizations described in section 170(b)(1)(A), sections 509(a)(1) or 509(a)(2), and not classified as supporting organizations in section 509 (a)(3).
  - d. No grant from the Fund may be made to an individual, including expense reimbursement to the donor(s), advisor(s) or related parties. Additionally, no loans, compensation or similar payments may be made from the Fund to the donor(s), advisor(s) or related parties.
  - e. Grant recommendations will not include any reference to a charitable pledge or other personal financial obligation of the Fund donor(s), advisor(s), or related parties.
  - f. Neither the Evanston Community Foundation nor the Fund donor(s), advisor(s), and related parties will receive any tangible benefit, goods or services in exchange for the recommended grant.
  - g. If donor advises grants to schools and/or organizations for various scholarship programs, donor and any other advisors cannot participate in selecting the individual recipients, because as noted above, donor advised funds cannot make grants to individuals including earmarking grants for certain individuals, and donors may not benefit from grants issued from the fund.
8. All assets of the Fund shall be commingled for investment with other assets of the Foundation pursuant to its governing instruments and the investment policies, practices and procedures adopted by the Foundation's board from time to time. The Fund's assets shall be accounted for separately and will be allocated a pro rata share of investment results.

**Commented [JF4]:** This provision is necessary to comply with IRS regulations governing donor advised funds. If the fund advisors 'recommend' distributions to a qualified nonprofit organization/tax exempt entity, ECF's approval would not be withheld except in a very unusual situation. For example, if the recommended nonprofit operates under a mission that is contrary to the Foundation's mission of ensuring Evanston and our broader community of nonprofits thrive as a vibrant, inclusive and just community.

**Commented [JF5]:** More provisions required by the IRS

**Commented [JF6]:** Tax exempt organizations classified by the IRS as *supporting organizations* in Section 509(a)(3) require the grantmaker (ECF) to exercise specific oversight of expenditures from grant issued to the *supporting organization*, which is a function ECF is unable to provide. In our 20 plus years of issuing grants from donor advised funds, we have not encountered any supporting organizations among the grantees recommended by our fund advisors.

9. It is our understanding that the Fund may be charged regularly for direct and indirect expenses attributable to the maintenance of funds of this type and in accordance with the policies of the Foundation from time to time in effect. The current, usual foundation support charge is 1% per year. Funds may also be charged a proportional share of audit and investment expenses attributable to all funds of the Foundation
10. The Fund shall be held and administered subject to the provisions of the Foundation's Articles of Incorporation and By-Laws as presently in effect, and as each may from time to time be amended, including those provisions which may permit the Foundation's Board to amend, modify or vary any of the purposes, directions, restrictions, or conditions set forth herein, if such purposes, directions, restrictions or conditions become unnecessary or incapable of fulfillment..
11. It is intended that the Fund shall be a component part of the Foundation and that nothing in this agreement shall affect the tax exempt status of the Foundation as a qualified charitable organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986 as amended, and as an organization that is not a private foundation within the meaning of Section 509(a) of the Code. This agreement shall be interpreted in a manner consistent with this intention, and the Foundation is authorized to amend this Agreement to conform to the provisions of any applicable federal or state law or government regulation in order to carry out the foregoing intention.
12. No less often than quarterly, the Foundation will provide updated fund activity reports on its FundWeb donor portal. The reports will include Fund balance, investment activity, gifts received, and grants issued. Upon our request, ECF will issue us a fund activity report via email or regular mail.

**Commented [JF7]:** The last of the 'anticipatory clauses', the 'variance power' language is unique to community foundations and is intended to be a benefit for future beneficiaries and/or administrators of the Fund. It is a 'what if' provision and serves as a safety net to ensure the Fund can continue to support worthy beneficiaries well into the future. The classic example is of a fund established in the late 1800s to benefit the organization of local lamplighters. With the decline of the lamplighter occupation, another beneficiary group could be identified under the authority granted to the Foundation in this clause.

If you accept this gift as set forth above, kindly so indicate by signing and returning the attached copy of this letter. This letter will constitute our entire agreement concerning the XX Family Fund.

Dated this \_\_\_\_ day of \_\_\_\_\_

Donor(s) \_\_\_\_\_  
 \_\_\_\_\_

Accepted as of the date set forth above

Evanston Community Foundation

by \_\_\_\_\_  
Monique B. Jones, President and CEO

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