

Donor-Advised Fund Policies & Guidelines

About

The New York Community Trust (a.k.a. Community Funds, Inc.)

The New York Community Trust (The Trust) is a public charity under Internal Revenue Code (IRC) sections 509 (a)(1) and 501(c)(3). The Trust consists of two entities: Community Funds, Inc., a New York State not-for-profit corporation, and The New York Community Trust, an unincorporated association of charitable trusts, bound by a common resolution and declaration of trust. These entities share a governing board and staff and file a single tax return. The New York Community Trust Westchester and The New York Community Trust Long Island are regional divisions of The Trust.

Donor-Advised Funds

A donor-advised fund allows an individual to support charitable organizations. A person establishes a donor-advised fund by irrevocably contributing cash, securities, or other assets to a sponsoring organization that is a public charity (the sponsor). In return, the donor receives an immediate tax deduction and the privilege of recommending grants to public charities that are approved by the sponsor.

New York Community Trust Donor-Advised Fund

The minimum for starting a donor-advised fund at The Trust is \$5,000, and we expect the donor to maintain at least that amount for five years or more. The donor may choose a name for the fund that will be listed in The Trust's annual report and shared with grant recipients.

Each donor-advised fund at The Trust consists of two accounts: an Investment account and a Grantmaking account. The Investment account holds the selected investments. The Grantmaking account receives whatever income is generated by the Investment account and is the place from which grants are paid. If funds are insufficient to pay a grant from the Grantmaking account, the difference will be withdrawn from the Investment account.

Investment Options

Advisors to funds (other than those in trust form) may choose from our investment options when the fund is established and any time thereafter. The options are:

- 1) Vanguard Federal Money Market Fund;
- 2) Income Pool;
- 3) Community Funds Investment Pool (CFI-Pool); and
- 4) Vanguard FTSE Social Index Fund.

All of the options except the CFI-Pool have immediate liquidity. The CFI-Pool allows additions and withdrawals only on the first business day of the month. Many donors, therefore, maintain an allocation in the money market fund, which is replenished as needed each month to a target selected by the advisor(s).

If no investment choice is made by the advisor(s), The Trust will select one, which is often the money market fund. Additional investment-related information is available from the Trust's chief investment officer.

Legal / Tax Information

As a public charity, contributions to The Trust receive the maximum charitable deduction permitted under state and federal law. The Trust acknowledges each gift to the fund with a receipt confirming the date and value for the donor's tax records. We encourage donors to consult their own financial, tax, or legal advisors to determine the best strategies for their needs and the tax implications associated with any immediate or future contributions. The Trust retains exclusive legal control over the assets contributed to donor-advised funds in accordance with IRS requirements. As such, all grant recommendations are advisory only and subject to the review and approval of The Trust.

Fund Advisors and Successors

At any time, the creator(s) of a donor-advised fund (the “founder”) may write us to appoint other people by name to serve, concurrently or serially, as advisors with the right to recommend grants from the fund. A founder may also specify “successor advisors” by name to serve upon the death or incapacity of the founder. Advisors, however, may not appoint additional advisors. The founder may also revoke an advisor’s privilege, designate a different advisor, or choose not to name other advisors. An advisor may recommend grants without the consent of other advisors or the further consent of the founder. It is the responsibility of all fund advisors to communicate with one another. Unless otherwise requested by the founder, all advisors have access to online information about the fund and will receive mailings from The Trust.

MyGrants

MyGrants (<https://thenytrust.org/mygrants>) is The Trust’s secure online portal for accessing fund information, making and tracking grant recommendations, and updating your personal information. Each advisor is assigned unique login credentials. We designed the portal to be easy-to-use; support and training are available as needed.

Making a Grant Recommendation

Advisors may recommend grants of \$250 or more to IRS Section 501(c)(3) public charities. Grants are designated for general support unless otherwise requested by the advisor. Advisors may submit grant recommendations online through MyGrants. Alternatively, advisors may email, fax, or mail grant recommendation forms to The Trust.

Unless otherwise requested, grants are credited as coming from: The New York Community Trust / your fund name / at the suggestion of the fund advisor’s name(s). Grants may also be made in honor or in memory of an individual and check copies mailed to a third party.

Anonymity

Advisors may make grants anonymously with the advisor and/or fund name withheld from the recipient. The Trust’s annual tax return (Form 990) lists all grants but does not attribute them to a particular fund or donor. Additionally, The Trust’s annual report lists all grants to a given organization with aggregate value of \$25,000 or greater. The names of all funds, including those advised by donors, also appear in the annual report, unless anonymity is requested in writing by the founder or fund advisors.

Grant Review Process

While our goal is to facilitate your charitable giving, The Trust may accept or decline grant recommendations in its sole discretion. The Trust maintains an internal proprietary database of U.S. public charities. Grant checks are generally sent within three to five business days if the grantee organization is currently approved in the database and funds are available in the Grantmaking account. It may take longer if the organization is not currently approved, as we will conduct a review of the group for good governance and best practices. The advisor who recommended the grant will be informed if there is a concern about the organization or if a significant delay is anticipated.

Grant Limitations

IRS rules and regulations prohibit grants, loans, or any payments for the benefit of advisors, their family members, or other related parties. No grants may be made for memberships, sponsorships, tickets, gala benefits, golf outings, etc. The Trust will not make grants to individuals, private non-operating foundations, or a donor-advised fund at another institution. Grants to supporting organizations also would be subject to limitations. Any grant that provides personal benefit risks penalties to the fund advisor and The Trust.

International Grants

Grants may be made to international organizations with an U.S. IRS designated 501(c)(3) public charity affiliate (American Friends of...), subject to The Trust’s standard approval process.

Grantmaking Requirement

Each year, The Trust expects advisors to make grants equal to or greater than the funds available in the Grantmaking account. If you would like assistance, The Trust welcomes the opportunity to suggest possible grantee organizations to fund advisors.

Low-Activity Funds are those where advisors do not annually grant the amount available in the Grantmaking account. In these instances, advisors will be asked to make grants equal to the Grantmaking account balance.

Dormant Funds are those with no grant activity in the previous three or more calendar years. For these funds, advisors will be asked to make grants equal to the Grantmaking account balance. If the advisors fail to act, the Trust will transfer this outstanding balance to the Annual Fund for Critical Needs to be used immediately for grants. In the event of repeated or sustained dormancy and lack of response by the fund advisors, The Trust may remove all advisors and operate the fund in a manner consistent with other permanent funds.

Fund advisors may request an exception to these policies by presenting to the Trust a plan to recommend grants to a particular organization or for a specific charitable purpose in the subsequent two to three years.

Administrative Fees

Donor-advised funds currently are assessed an annual fee equal to the greater of: 1) 50 basis points (1/2 of 1%) of average market value (Example: Average market value of \$300,000 = \$1,500) or: 2) 2.5% of grants paid (Example: Grants of \$15,000 = \$375). The fee is based on market value and debited in quarterly installments. If the fee collected by the end of the year is less than 2.5% of grants paid, then the difference will be debited from the fund during the first quarter of the following year. Fund balances in the Grantmaking Account do not earn income. The fee on an individual grant of \$500,000 or more is discounted to 1%. The Trust will consider a reduction of fees for funds exceeding \$50 million. The minimum annual fee is \$100.

Quarterly Statements

We prepare quarterly account statements showing activity such as grants, fees, contributions, investments, and the Grantmaking balance. We notify advisors by email when the statement is available for viewing on MyGrants. Please inform us if you prefer to receive mailed paper statements.

Fundraising Activities

The Trust offers donors the option to create memorial or wedding funds to which friends, family, and colleagues may contribute. Advisors many not engage in active fundraising, such as selling merchandise or tickets to events. Additionally, donor-advised funds may not be used to pay for fundraising expenses.

Permanent Funds

Advisors may make their donor-advised funds permanent by limiting spending of principal. In making the fund permanent, the donor will become a member of The Trust's Legacy Society. The request to make a fund permanent must be made in writing, and once completed it may not be reversed or altered. Funds with no living advisors become permanent by default and support The Trust's competitive grant program.

Reservation of Rights

The Trust reserves the right to change policies and information contained in this document at any time without prior notice.