



Donor Advised Fund Agreement

I. General Information

A. Primary Donor I Fill in all areas.

Mr. Mrs. Ms. Dr. First Name Middle Initial Last Name

Mailing Address: Home Work

Company

Address (Number, Street, Suite, Apt., PO Box) City State Zip Code

Phone: Home Work Cell

Email: Home Work

I prefer to be contacted via: Home email Work email Home phone Work phone Cell phone Mail

Primary Donor II Fill in all areas.

Mr. Mrs. Ms. Dr. First Name Middle Initial Last Name

Mailing Address: Home Work

Company

Street (Number, Street, Suite, Apt., PO Box) City State Zip Code

Phone: Home Work Cell

Email: Home Work

I prefer to be contacted via: Home email Work email Home phone Work phone Cell phone Mail

B. Name Your Charitable Fund

e.g. Smith Family Fund or Fox River Fund



### C. Referral Information: How did you hear about us?

Professional Advisor

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_  
Street (Number, Street, Suite, Apt., PO Box)      City      State      Zip Code

Phone: \_\_\_\_\_

Current Donor (Name): \_\_\_\_\_

CFNJ's Publications (newsletter, annual report, etc.)

Media Coverage: \_\_\_\_\_

Family/Friend (Name): \_\_\_\_\_

Foundation Employee (Name): \_\_\_\_\_

Other: \_\_\_\_\_



## II. Gift Information

A. Initial gift to establish a fund: \$ \_\_\_\_\_

**Type of Gift:**

- Cash or Check (check made payable to the Community Foundation of New Jersey)
- Securities

\$ \_\_\_\_\_

Approximate Value	Approximate # of shares	Name of Security	CUSIP/Symbol
-------------------	-------------------------	------------------	--------------

Type:     Public                      Sent by:     Electronic transfer  
              Private     Certificate transfer

Broker Name	Firm	Phone
-------------	------	-------

---

\$ \_\_\_\_\_

Approximate Value	Approximate # of shares	Name of Security	CUSIP/Symbol
-------------------	-------------------------	------------------	--------------

Type:     Public                      Sent by:     Electronic transfer  
              Private     Certificate transfer

Broker Name	Firm	Phone
-------------	------	-------

- Complex Asset

\$ \_\_\_\_\_                      Description: \_\_\_\_\_

- Other – Please describe the gift (interfund, credit card, personal property, real estate, testamentary): \_\_\_\_\_  
 \_\_\_\_\_

### B. Planned Gifts

Planned gifts are one way to ensure that your philanthropic interests are continued long into the future. Often, fundholders know right from the start that they want to designate the Community Foundation as the beneficiary of their philanthropic funds. In so doing, they signal the trust that they place in the Community Foundation’s ability to implement their charitable interests in perpetuity and to identify the very best ways to steward their philanthropic legacies.

- I expect to make CFNJ part of my legacy:
  - Bequest
  - IRA/retirement plan assets
  - Charitable remainder trust
  - Life insurance
  - Charitable gift annuity
  - Charitable lead trust
  - Other: \_\_\_\_\_

- I would like more information on how to include CFNJ in my estate plans.



### III. Successor Selection

Donor Advisors may create a succession plan for the fund by appointing Successor Advisors. Successor Advisors assume the privilege to advise a fund only after all of the initial fund advisors are unwilling or unable to exercise their privilege to do so. Please refer to the Fund Terms and Conditions for additional information about eligibility requirements.

- \* Choose One:  I do not wish to name Successor Advisor(s) at this time.
- I wish to name the following individual(s) as Successor Advisors.

**Successor Advisor I** *Fill in all areas.*

Mr.  Mrs.  Ms.  Dr. \_\_\_\_\_  
First Name Middle Initial Last Name

Mailing Address:  Home  Work

\_\_\_\_\_  
Company

\_\_\_\_\_  
Street (Number, Street, Suite, Apt., PO Box) City State Zip Code

Phone: \_\_\_\_\_  
Home Work Cell

Email: \_\_\_\_\_  
Home Work

**Successor Advisor II** *Fill in all areas.*

Mr.  Mrs.  Ms.  Dr. \_\_\_\_\_  
First Name Middle Initial Last Name

Mailing Address:  Home  Work

\_\_\_\_\_  
Company

\_\_\_\_\_  
Street (Number, Street, Suite, Apt., PO Box) City State Zip Code

Phone: \_\_\_\_\_  
Home Work Cell

Email: \_\_\_\_\_  
Home Work

*(If you have additional successors, please contact CFNJ)*



## IV. Fueling Great Work in New Jersey

The Community Foundation's annual operating budget is supported in large part by the fees we receive from managing the assets in our funds. Fees paid to the Community Foundation help fuel a philanthropic organization that directly benefits the community alongside our donor partners and supports many worthwhile projects and initiatives that make New Jersey a better place.

One way we accomplish this work is through the Community Foundation's Changemaker Fund. The board's Leadership Committee works together with fundholders to identify and support innovative solutions to some of New Jersey's toughest challenges. Changemaker Projects are an ideal way for fundholders to join the Foundation and a select group of like-minded philanthropists to zero in on often overlooked problems and help achieve direct philanthropic impact.

- Tell me more about the CFNJ Changemaker Fund.
- I would like to make an additional gift of \$ \_\_\_\_\_ to the CFNJ Changemaker Fund.
- I would like to make an annual gift of \$ \_\_\_\_\_ to the CFNJ Changemaker Fund.
- Not interested at this time.

## V. Recognition and Thanks

### How would you like to be recognized?

Each grant made from an advised fund is mailed with a custom grant letter. Specify below how you would like the name(s) of the fund advisors to appear in the custom grant award letter:

---

(e.g., Mr. and Mrs. Mark Smith, Jane and Mark Smith, The Smith Family Fund)

- Please make all grants from the fund anonymous. (Note: Anonymity can be customized on a grant-by-grant basis.)

### How would you like to be thanked by nonprofits?

An organization that has received grants from the fund may wish to send information to you directly. Please indicate your contact preference for the custom grant letter.

**Choose one:**

- Provide my home address.
- Provide my business address.
- Do not provide my address.

## VI. Investment Options

The assets of your fund can be invested in one of four pooled investment options or customized. Please refer to the Investment Options form.

- I have completed the Investment Options form.

If you need additional information, please contact CFNJ.



## VII. Acknowledgment and Signatures

I acknowledge that I have read The Community Foundation of New Jersey’s Fund Terms and Conditions and agree to the fees, terms and conditions described therein. I understand any contribution, once accepted by CFNJ’s Board of Trustees, represents an irrevocable gift to CFNJ.

CFNJ Board of Trustees has variance power under IRS regulations, and this gift is not refundable to me.

I hereby certify, to the best of my knowledge, that all information presented in connection with this form is accurate, and I will notify CFNJ promptly of any changes.

\_\_\_\_\_  
**Primary Donor I Signature**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Primary Donor II Signature**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**CFNJ Authorized Signature**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Date**



## Donor Advised Fund Terms and Conditions

### FUND AS COMPONENT OF THE FOUNDATION

Funds established at the Community Foundation of New Jersey (CFNJ) are component funds of CFNJ, a 501(c)(3) public benefit corporation. All contributions to CFNJ's funds are treated as gifts to a public charity and are generally tax-deductible, subject to individual limitations. Contributions of property other than cash and marketable securities may be added to a fund only with the written consent of CFNJ. CFNJ does not provide tax or legal advice; we recommend consulting a professional advisor with questions about a gift to CFNJ.

### INVESTMENT OF ASSETS

In making a gift to CFNJ, donors give up all right, title and interest to the assets contributed. In particular, donors cannot choose investments, investment managers or brokers after their gift has been made, with the exception of a recommended customized investment approach as stated below. The Board of Trustees and investment committee of CFNJ have the right to make any or all investment decisions regarding gifts received, except that fund advisors have advisory privileges with respect to fund investments. All assets contributed to funds will be managed in CFNJ's investment pools, subject to certain approved exceptions. Investment allocations among CFNJ's investment pools can be changed. All income and capital gains or losses will be allocated to the fund on a monthly basis.

A donor may recommend a customized investment approach through an outside investment advisor for funds carrying a significant balance. CFNJ's Board must approve the recommended advisor, the advisor's proposed investment strategy and underlying investments. For current investment fees, please contact CFNJ.

### USE OF THE FUND

All distributions shall be for charitable, educational, scientific, literary, or religious (including any combination of such purposes) and for administrative purposes, all in furtherance of the purposes of CFNJ. Grants must be for charitable purposes, and those grants may be recommended to any 501(c)(3) organization or verified charitable entity located in the United States or any nongovernmental organization outside of the United States having a verifiable charitable purpose.

Grants may also be given for charitable purposes to non-501(c)(3) organizations if the charitable expenditure can be verified through a process called expenditure responsibility.

Expenditure responsibility is required for any organization not described in IRS Section 170(b)(1)(A), including for-profit companies, private operating foundations and new public charities that do not yet have 501(c)(3) status and disqualifying supporting organizations.



Grants given within the United States must be for a minimum of \$100. Grants to organizations outside of the United States or grants requiring expenditure responsibility within the United States must be for a minimum of \$1,000.

CFNJ shall assume responsibility for check writing, bookkeeping, investment management, tax reporting, auditing and evaluation of projects, and for making available to the fund advisors and fund representatives reports of fund income, expenses and grantmaking, as appropriate.

### **RESTRICTIONS ON GRANTS**

In compliance with the Internal Revenue Code, grants are not permitted, for non-charitable purposes; for political contributions or to support political campaign activities; or for any purpose that would provide benefits, goods or services to a donor to the fund, the fund's advisor(s) or other related parties. A fund advisor is subject to IRS penalties if the fund's donor(s), advisor(s) or other related parties receive benefits, goods or services in connection with a grant recommendation. This includes grants to satisfy pledges made by any person, including a fund advisor, and non-deductible (or partially tax-deductible) memberships, event tickets, sponsorships, registration fees in tournaments and cause-related marketing activities. Grants are generally not allowed to private non-operating foundations, unless certain exceptions are met. Please contact CFNJ if you have questions about the exclusion of benefits from grant recommendations and/or multiple-year payments.

### **FEES AND MINIMUMS**

While there is no set-up fee to open a fund at CFNJ, with certain exceptions, gifts must meet specific initial gift minimums, which vary by fund type. A list of current fees and initial gift minimums is available upon request. CFNJ reserves the right to change its fee or minimum policies at any time.

#### **Supporting Fees**

CFNJ's annual operating budget is supported in large part by the fees we receive from managing the assets of Donor Advised Funds, enabling CFNJ to have a powerful impact in the state. Supporting fees cover the costs of the Foundation's core services, including philanthropic advising, grantmaking, gift and grant processing, investment and charitable asset management, planned giving services, new fund development, civic leadership activities, communications and non-profit capacity building. Subject to change, supporting fees are calculated as follows:

- 75 basis points on funds up to \$1 million
- 50 basis points on funds between \$1 million and \$5 million
- 35 basis points on funds above \$5 million

#### **Investment Fees**

Funds invested in several of our funds incur costs related to third-party investment management and consulting and bank custodian servicers. CFNJ's investment fee is a blended rate based on the asset values and current fees charged by our underlying investment managers and custodians; returns are net of those fees.





## ROLE OF ADVISORS

Donors establishing an advised fund may designate any person over 18 years of age to be an advisor on the fund. A fund can have more than one fund advisor. If a fund is advised jointly, upon the death of one fund advisor, the remaining fund advisor(s) retains the privileges associated with the fund.

## SUCCESSOR ADVISORS

The donor and any fund advisor may designate any person to be a successor advisor to exercise the privileges and duties of a fund advisor. Successor advisors may assume the privilege to advise the fund only after the deaths or resignations of all initial fund advisors named on the fund. The successor advisor(s) may be required to provide written notification and sufficient proof of the donor's or fund advisor's death prior to assuming the privileges and duties of a fund advisor. Successor advisors may appoint further successors. If the successor advisor is a minor, CFNJ's Board of Trustees reserves the right to require that grant recommendations be made by the minor's legal guardian.

All requests to modify advisor appointments or appoint additional advisors and successor advisors to a fund must be communicated to CFNJ in writing. In addition, a written acknowledgement must be received from CFNJ confirming that the request has been granted. If CFNJ has not received the name(s) of an additional advisor(s) or successor advisor(s) to the fund, or other special instructions, in writing, CFNJ will use the fund's balance to support CFNJ's Changemaker Fund.

The following Fund Advisory Privileges and Fund Relationship Definitions further explain the role of advisors and other interested parties to funds at CFNJ. These terms correlate to the Fund Agreement forms and will determine the fund's contacts and advisors.

## FUND RELATIONSHIP AND FUND ADVISORY PRIVILEGES DEFINITIONS:

**Primary Contact:** One person per fund who should be contacted first for anything concerning the fund. This individual may or may not have fund advisory privileges.

**Fund Advisor:** Individual has full advisory privileges over a fund, including grant recommendations, investment recommendations, naming the fund and appointment of other fund advisors and successor advisors. (This is the highest level of authority.)

**Secondary Advisor:** Individual also has full advisory privileges over grant recommendations but has no other fund administration advisory privileges. (This is an intermediate level of authority.)

**Fund Representative:** Individual has access to fund information but no fund advisory privileges. (This is the lowest level of authority.)



**Successor Advisor:** The second generation fund advisor; he or she has no advisory privileges until the cessation to act of all initial fund advisors. (Primarily for donor advised funds, committee advised funds and scholarship funds.)

### **PAYMENTS FROM AN ADVISED FUND**

CFNJ does not permit expense reimbursements, loans, compensation or other similar payments from an advised fund to any donor, fund advisor or related party. All expenses must be paid by CFNJ directly after appropriate review of the expenses and their payees, and all expenditures must be preapproved by CFNJ prior to being incurred. The expense submitted for review must be charitable in nature or support a charitable purpose.

### **FUNDRAISING POLICY**

On rare occasions, CFNJ may consider permitting a fund to raise money. All fundraising activities must be pre-approved by CFNJ. Fund advisors must allow at least 30 days for approval. Use of CFNJ's name on any fundraising material is expressly prohibited without prior written approval by CFNJ. CFNJ cannot reimburse the donor, fund advisor or related parties for expenses related to fundraising activities. All contributions raised in support of the fund must be made payable to Community Foundation of New Jersey or CFNJ with the name of the fund in the memo line. CFNJ is not responsible for the success of fundraising activities.

### **VARIANCE POWER**

As required by law, all assets contributed to funds become irrevocable gifts to CFNJ, and legal control and responsibility for the funds rest with CFNJ. All funds established at CFNJ are subject to CFNJ's variance power, subject to individual limitations, as set forth in CFNJ's bylaws. Variance power gives CFNJ the authority to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if, in the sole judgment of CFNJ's Board of Trustees, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

### **DESIGNATED FUNDS**

Designated funds can only be established for the benefit of one qualified public benefit organization. If that organization ceases to exist or dramatically changes its charitable purpose, CFNJ will use its variance power to find, if reasonably possible, a similar organization that matches the donor's general intent. Should the donor request that the organization be changed, all remaining assets will be granted to the original organization and a new fund must be established.

### **FUND INACTIVITY**

CFNJ does not require a fund to receive contributions into it nor to make distributions from the fund every year. However, if a fund advisor is no longer willing or able to advise the fund's distribution, and no successor advisor is named, CFNJ's Board of Trustees will assume responsibility for grantmaking.



### **Dormant Fund Policy**

The Community Foundation of New Jersey annually reviews all of its donor advised funds for inactivity. An inactive donor advised fund is defined as a fund in which there is an absence of contributions to the fund or grant awards issued from the fund for a period of three years.

After a three year period of inactivity, CFNJ staff will contact the donor advisors and/or successor advisors (via letter, email and/or telephone) to educate them on how to make grant recommendations and the Changemaker grantmaking by CFNJ. If there is no response from the donor advisors to CFNJ's outreach, and there has been five years of inactivity, CFNJ will begin to initiate grants from the inactive funds. If the fund balance is equal to or in excess of the minimum fund size (currently \$25,000), then the Board-approved spending policy for the year in question will be applied to the fund balance and grants will be issued in support of CFNJ's Changemaker grantmaking. If the value of the fund is less than the current minimum fund size, then the fund will be terminated and the remaining balance will become available for Changemaker grantmaking. After seven years of inactivity, the entire balance of the fund will become available for Changemaker grantmaking as directed by CFNJ's Board of Trustees.

If a donor or successor advisor chooses to become involved in the activity of the fund, then the privilege to advise on the fund reverts back to them, as long as the fund was not fully liquidated. The three year rule for inactivity would resume from the last time of activity in the fund.

### **CLOSING A FUND**

A fund advisor may recommend closing a fund by granting up to 100% of the fund balance to a qualified charitable organization, including any of CFNJ's funds (e.g., field of interest funds, endowment funds, operating funds). Such recommendations must be received in writing, and, if approved, funds will be disbursed in accordance with CFNJ's current grantmaking policies and applicable laws and regulations. Closing a fund by recommending a grant to another qualified charitable organization that is approved will occur as follows: 80% of the current balance will be granted within 10 business days of the request date, barring any issues with the organization's status as a qualified public charity or equivalent. The remaining balance of the fund, including any residual net earnings, will be granted within the following 45 days. Endowed funds are permanent and may not be closed.

### **CONFLICT OF TERMS**

In the event of an inconsistency between these terms and conditions and any terms and conditions appearing elsewhere in connection with any fund, these terms and conditions, as interpreted by CFNJ, shall govern, and CFNJ reserves the right to take any actions at any time which, in its discretion, it deems reasonably necessary or desirable for the proper administration of any fund at CFNJ or to comply with applicable law.



## FREQUENTLY ASKED QUESTIONS

### ***What is a donor advised fund?***

A donor advised fund is not a separate legal entity like a trust or a corporation. It is a fund defined by the IRS that a sponsoring charity, like CFNJ, creates through a written agreement with a donor. The donor contributes assets to CFNJ, and CFNJ agrees to treat those assets as a separate fund on its books. The donor retains the privilege of recommending charitable grants from the fund and the way in which CFNJ should invest the fund's assets.

### ***Who owns the assets once the gift is made and the fund is opened?***

The law requires CFNJ to make clear in the agreement, and to obtain the donor's written acknowledgement, that the assets in a donor advised fund are the property of CFNJ and that CFNJ has discretion and control over the use and investment of the donor advised fund's assets.

In order for a donor to take advantage of the tax benefits that flow from a charitable gift, the gift has to be complete—that is, the donor has to part with control over the donated assets. The appearance of donor control could put the donor's tax deduction in jeopardy. Therefore, fund advisors cannot make pledges on behalf of the fund and can only make non-binding recommendations about grants; they cannot control when and how CFNJ will make grants nor control decisions about which grantees will receive funding.

### ***What are the limits on donor benefits in connection with donor advised fund grants?***

Donors, fund advisors and related parties (such as family members or business interests) may receive only "incidental" benefits from a grant or investment of a donor advised fund. If a donor, fund advisor or related party receives more than an incidental benefit in connection with a donor advised grant, the IRS can assess a penalty of 125% of the amount of the improper benefit. The penalty may be assessed against either the person who recommended the grant or the person who received the benefit. (There is a separate penalty if a donor, fund advisor or related party receives a direct distribution from the donor advised fund, such as compensation or an expense reimbursement.)

Please return this form to:

### **Community Foundation of New Jersey**

Attention: Hans Dekker, President

35 Knox Hill Road

PO Box 338

Morristown, NJ 07963-0338

Phone: 973-267-5533

Fax: 973-267-2903

[www.cfnj.org](http://www.cfnj.org)

[info@cfnj.org](mailto:info@cfnj.org)



# INVESTMENT OPTIONS

The assets of your fund can be invested in one of four pooled investment options. Prior to indicating your preference, please consider the time horizon for grant recommendations from your fund.

The staff of the Community Foundation of New Jersey is available to discuss these options with you.

## INVESTMENT PORTFOLIOS

### FLAGSHIP (Long-Term Strategy)

The Flagship Portfolio seeks to provide growth of capital through a target allocation. The Portfolio is composed of various actively managed and index funds.

### BALANCED (Balanced Strategy)

The Balanced Portfolio seeks to provide growth of capital and a reasonable level of current income. The Portfolio is composed of five Vanguard Index Funds.

### PARNASSUS (ESG Strategy)

The Parnassus Portfolio invests responsibly with low turnover and high conviction in holdings that meet rigorous environmental, social and governance (ESG) criteria. The Portfolio is composed of two Parnassus Index Funds.

\* established November 2017

### KNOX HILL (Conservative Strategy)

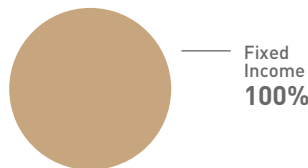
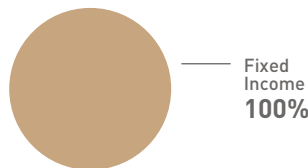
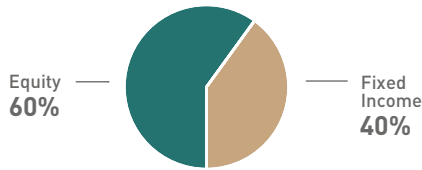
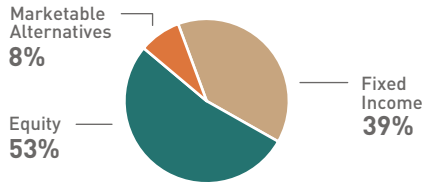
The Knox Hill Conservative Portfolio seeks to preserve principal while earning current income. The Portfolio is composed of two Vanguard Fixed Income Index Funds.

### STABLE VALUE (Short-Term Strategy)

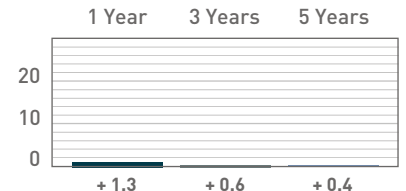
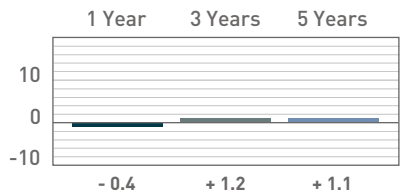
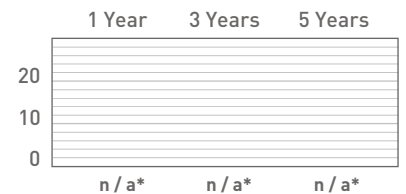
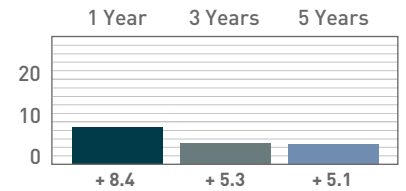
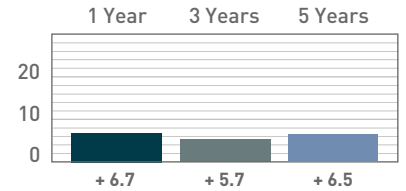
The Stable Value Portfolio seeks to preserve principal. The Portfolio is composed 100% of the Vanguard Prime Money Market Mutual Fund.

## ALLOCATION %\*

\* as of June 30, 2018



## AVERAGE PERFORMANCE HISTORY



PO Box 338  
35 Knox Hill Road  
Morristown, NJ  
07963-0338

T (973) 267-5533  
(800) 659-5533  
F (973) 267-2903

[cfnj.org](http://cfnj.org)

Fund name \_\_\_\_\_

Please indicate your investment preference below.

FLAGSHIP \_\_\_\_\_ %  KNOX HILL \_\_\_\_\_ %  PARNASSUS \_\_\_\_\_ %

BALANCED \_\_\_\_\_ %  STABLE VALUE \_\_\_\_\_ %

I recommend a delegated investment option. **CFNJ will contact you.**

Advisor signature \_\_\_\_\_ Date \_\_\_\_\_

Past performance is not indicative of future performance.