

**Office:** Development and Planned Giving  
**Policy Name:** Donor Advised Fund

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## 1. Definition

A Donor Advised Fund (“Fund”) is a charitable vehicle that enables a donor to make an immediate irrevocable charitable contribution to the Diocese and then recommend charitable distributions from the Fund at a later date.

## 2. Purpose

The purpose of a Fund is to advance the charitable purposes of the Diocese in a manner that provides donors the opportunity to make non-binding recommendations as to the charitable organizations they desire to benefit. However, the Diocese retains the final authority to determine the use of and distribution from all Funds in a manner that is consistent with the mission and purpose of the Diocese, and in accordance with applicable laws and regulations.

## 3. Establishing a Fund

To establish a Donor Advised Fund, the donor(s) will contact the Diocese. A representative of the Diocese will meet with the prospective donor(s) to answer questions, review a sample Gift Agreement for a Donor Advised Fund and tailor the wording of the agreement to ensure that the intent and interests of the donor(s) and the Diocese are met. The Diocese will provide the donor with a copy of its current policies relating to creating a Donor Advised Fund.

Any person(s), defined as an individual, groups of individuals, a family or a corporation, can create a Fund (during life or at death through a will, trust, or other instrument) by contributing cash, securities, or other property to the Diocese. All gifts are subject to acceptance by the Bishop, according to current Diocesan gift acceptance policies. All non-cash gifts will be treated according to the common practices and policies of the Diocese. Generally, non-cash gifts to a Fund will not be held for more than one year from the date of the contribution.

The minimum initial contribution to establish a Fund is \$25,000.

Periodically, the Diocese will provide the Advisor to the Fund with a report of the Fund balance and the amounts available for distribution.

## 4. Ownership and Investment of the Fund

The assets comprising a Fund shall be the sole property of the Diocese, shall not be subject to any claim by any other person, including the donor or advisor, and shall not be deemed a separate trust fund held by the Diocese in a trustee capacity. The Diocese shall have ultimate authority and control over all property in a Fund, and the income derived there from, which shall be used exclusively for the charitable purposes of the Diocese.

## 5. Endowed Funds

Donors may choose to provide that the Fund is an “endowed” Fund. The endowed Fund is designed to

preserve the principal (initial and all subsequent gifts), with only the earnings and, and in most cases realized market gains, to be available for distribution. However, because the administration of endowment type funds can be complex and give rise to significant timing issues (especially over a long period of time), the Diocese may approximate the “income” for distribution. For example, from time to time, the Diocese may adopt a policy that a certain percentage (for example 5%) of the Fund balance will be the assumed income of the Fund which is available for distribution. Such a policy would assume the specified amount of income even though the Fund may have other amounts of realized and unrealized gains/losses/other income.

## 6. Naming the Fund

Donors may name the Fund. If desired, the Fund name accompanies distributions from the Fund and may be disclosed in annual reports or other publications. The donor may also request that distributions be anonymous.

## 7. Advisor of the Fund

One advisor is authorized to communicate recommendations regarding distributions from the Fund. The initial advisor of the Fund is usually the donor himself/herself. The donor may designate one successor to serve upon the death or incapacity of the original advisor.

All recommendations for distributions must be communicated in written form, signed by the advisor, to the Diocese. A template letter for making recommendations will be made available to the advisor and should be used in order to make all recommendations.

## 8. Material Restriction of a Fund

Amounts deposited into a Fund cannot be subject to any direct or indirect prohibited control or condition by the donor. To this end, the

Diocese will:

- Periodically evaluate if distributions, and advice given with respect to such distributions, are consistent with the charitable mission of the Diocese.
- Solicit input from others in the community regarding the charitable benefits to the community which result from the advice given from Fund advisors.
- Follow the advice properly given with respect to all Funds in substantially the same manner.
- Prepare written distribution guidelines enumerating the specific charitable needs of the community as they relate to the charitable goals and purposes of the Diocese.
- Publicize the Diocese’s charitable goals and Fund distribution guidelines.
- Distribute funds from non-advised funds to the same or similar types of organizations or charitable programs.
- Promote, both in writing and orally, Funds and explicitly state that the Diocese will not be bound by distribution advice.

These responsibilities may be carried out by a Donor Advised Fund Committee as appointed and deemed necessary by the Bishop of the Diocese from time to time.

## 9. Termination of a Fund

A Fund will terminate upon the death or incapacity of the last person authorized to act as advisor. In most cases, this would be after the successor advisor dies or can no longer serve. Upon the failure of all advisors to serve, for any reason, the assets will no longer be treated as a Donor Advised Fund and will be used at the discretion of the Bishop, without recommendation or advice from a Donor Advised Fund advisor.

A Fund may also terminate if the amount held in the Fund falls and stays consistently below the specified minimum balance required for a Fund, as established by the Diocese from time to time, but only after written notice to the donor(s) or advisor.

## 10. Consistency with Catholic Philosophy and Teaching

The Diocese desires to allow donor(s) the maximum flexibility in providing advice in designating charities and charitable programs to receive funds from Funds. However, all designations must be consistent with the philosophy and teachings of the Roman Catholic Church. The Diocese reserves the right to disregard any advice to make any distribution, including distributions to charities or charitable programs that are antithetical to the philosophy and teachings of the Roman Catholic Church, in the sole judgment of the office of the Bishop of the Catholic Diocese of Wichita.

## 11. Other Limitations

In addition to the limitations otherwise set forth in this Policy and any Fund related documents, distributions will not be approved for grants that satisfy a pre-existing pledge or are used for any prohibited private benefit, such as tuition, dues, and membership fees, benefit tickets, or goods purchased at a charitable auction. In addition, distributions to private foundations or individuals are prohibited.

## 12. Fund Distribution Policy

The primary purpose of establishing Donor Advised Funds is to benefit Catholic charitable entities and programs with a primary focus within the Catholic Diocese of Wichita. Accordingly, in any calendar year, at least 80% of the Fund's distributions must be made to Catholic organizations, activities, and/or programs as recognized and approved by the Bishop (or his ecclesiastical equivalent), as having that focus. The remaining portion of the Fund's distributions, if any, may be made to organizations, programs, and/or activities with a principal focus which is outside of the Diocese or which are non-Catholic charitable causes (subject to the other restrictions set forth in this Policy).

The minimum distribution is \$1,000.

Upon receipt of a grant from a Fund, the grantee will acknowledge the grant, and return a receipt of acceptance, acknowledging that the grant does not provide prohibited direct or indirect benefits.

If there is no distribution (or if there are relatively few/small distributions) from a Fund for an extended period of time, the Diocese may make a minimum distribution(s) from the Fund. Generally, such distributions will be approximately five percent (5%) of the ending market balance of the previous 12-quarters (or less if the Fund has less than a 12-quarter history).

## 13. Timing of Distributions

Distributions will be made quarterly, as soon as administratively practical following the close of a calendar quarter and the receipt of investment performance information. Recommendations from advisors must be received at least 10 days prior to the beginning of the quarter in which the distribution will be made order

to ensure timely distribution.

#### 14. Investment of Funds

Investment of assets contributed to Funds is managed by professionals and monitored by the Catholic Diocese of Wichita Investment Committee. The Diocese will invest the assets of the Funds as it deems appropriate from time to time, and the donor understands that a Fund's assets may be merged and commingled with other assets of the Diocese. Donors and advisors will not have the opportunity to make recommendations on investment of a Fund.

#### 15. Fees

Fees to cover the administrative and investment management costs will be periodically charged to each Fund in accordance with the Diocesan normal fee structure, as amended from time to time. Fees will be charged quarterly, as described in The Endowment Policy of the Catholic Diocese of Wichita.

Recommended by

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Michael W. Wescott  
Director of Development and Planned Giving

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Bryan R. Coulter, CPA  
Director of Finance and Administrative Services

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Date

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Date

Approved by

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Michael O. Jackels  
Bishop of Wichita

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Date

Recommended by the Finance Committee September 13, 2006