Donor-Advised Funds
Frequently Asked Questions

Q. What is an advised fund?
A. An advised fund is one in which the donor and/or the donor’s designees recommend grants from the fund to charitable recipients.

Q. Who owns the assets of a fund?
A. The foundation assumes ownership of all assets conveyed by donors. Each contribution constitutes an irrevocable charitable gift.

Q. Who oversees the investment of the fund’s assets?
A. The foundation is responsible for investing the assets of the fund and has set a goal of preserving and enhancing the value of charitable assets over time. Monticello Associates monitors the investment performance and advises the foundation’s Investment Committee on investment strategy, asset allocation and the selection and evaluation of investment managers.

Q. How much do I need to give in order to establish a fund?
A. The minimum contribution required to establish and maintain a separate fund is $25,000.

Q. How are distributions made from a fund?
A. Funds may be endowed (limited to a spending policy set by the foundation’s Board of Directors) or a donor may specify that the principal be available for distribution as well. Advisors submit a recommendation form that indicates the proposed grantee, amount, and purpose of the grant. Grants of less than $50,000 are typically processed in five working days. Larger grants require MaineCF Executive Committee approval and take somewhat longer. The grantee then receives payment, along with a letter indicating the grant has been made following an advisor’s recommendation. Grants may also be made anonymously.

Q. Who can be a fund advisor?
A. Donors typically name themselves to advise the fund and may also designate other individual(s). One additional set of successor advisors may be named, and funds that meet certain criteria may be eligible to have additional advisors.

Q. What happens to the charitable remainder of an advised fund?
A. When all advisors are deceased or unable to advise the fund, the fund balance will be directed to a permanent fund within the foundation. Some donors choose to name a specific non-profit organization to benefit from a permanent endowment or to establish a scholarship fund, while others decide to rely on the expertise of the foundation. These details are specified in the agreement that creates the fund.
Q. Is there a limit to how many grants I can recommend in a year, or how often I can make grant recommendations?
A. Currently, there is no limit to the number of grants an advisor can recommend. Grant recommendations can be made at any time during the year.

Q. Are there restrictions on the type or size of distributions that can be made from a fund?
A. IRS rules preclude grants that represent payment of a pledge or other legal obligation, and advised funds may not grant to individuals. Recommended distributions should be $500 or more and must be to a qualified nonprofit organization, municipality, or school. Distributions that provide a tangible benefit to advisors are disallowed.

Q. May I recommend grants anonymously?
A. Yes, you may indicate on your grant recommendation form that the fund name and/or the advisor name(s) be anonymous.

Q. May I recommend a multi-year grant?
A. Yes. At the time of your recommendation, please indicate both the amount and schedule of the distribution.

Q. May I recommend a grant to an organization where I serve on the board?
A. Yes, as long as you receive no personal benefit from the grant.

Q. Can distributions from a fund be made to an out-of-state charity?
A. Yes.

Q. What is the foundation’s fee schedule for an advised fund?
A. The foundation’s fee schedule for advised funds applies, unless a donor seeks special assistance with a special project or grant program. In these cases, fees are negotiated on a case-by-case basis for activities beyond the scope of a typical advised fund. There is a graduated schedule for funds greater than $1 million. Please see our fee schedule handout for more details.

Q. When are fund statements sent to donors?
A. Fund statements, which include information about your fund balance, gifts and grants made, investment returns, and fees, are mailed quarterly. Online access to fund statements and grant-making is also available.

To learn more about donor-advised funds at the Maine Community Foundation or to arrange a meeting, contact Vice President of Donor Services and Operations, Jennifer Southard, by phone at 207-412-0842 or toll-free 877-700-6800 ext. 842, or by e-mail at jsouthard@mainecf.org.