



CHARITABLE GIFT FUND

USER' S GUIDE

CHARITABLE GIFT FUND *USER'S GUIDE*

Thank you for your interest in Anabaptist Foundation's Charitable Gift Fund (CGF) Program. We have collected the most frequently asked questions about our Charitable Gift Fund in this *User's Guide*, and arranged them by topic. This information will help you understand how Charitable Gift Funds may and may not be used to support churches and charities.

TABLE OF CONTENTS

CGF OVERVIEW

PURPOSE OF THE CHARITABLE GIFT FUND PROGRAM

WHAT IS A CHARITABLE GIFT FUND?	PAGE 1
WHY DO WE OFFER A CHARITABLE GIFT FUND PROGRAM?	PAGE 1
ARE GIFTS TO CHARITIES AND CHURCHES SENT ANONYMOUSLY?	PAGE 1
HOW DOES A CHARITABLE GIFT FUND ACCOUNT SIMPLIFY GIVING?	PAGE 1
A CHARITABLE GIFT FUND ACCOUNT MAKES A ONCE-IN-A-LIFETIME GIFT EASY TO ADMINISTERATE	PAGE 2

OPENING A CHARITABLE GIFT FUND ACCOUNT

WHO MAY OPEN A CHARITABLE GIFT FUND ACCOUNT?	PAGE 2
HOW DO I OPEN A CHARITABLE GIFT FUND ACCOUNT?	PAGE 2
IS THERE A MINIMUM AMOUNT NEEDED TO OPEN A CHARITABLE GIFT FUND ACCOUNT?	PAGE 2
HOW OFTEN MAY I MAKE DONATIONS TO MY CHARITABLE GIFT FUND ACCOUNT?	PAGE 2
ARE THERE DIFFERENT TYPES OF CHARITABLE GIFT FUND ACCOUNTS AVAILABLE FROM ANABAPTIST FOUNDATION?	PAGE 2
HOW WILL MY CHARITABLE GIFT FUND ACCOUNT BE NAMED?	PAGE 3
HOW LONG DOES IT TAKE TO OPEN A CHARITABLE GIFT FUND ACCOUNT?	PAGE 3
WHAT DOES IT COST TO USE THE CHARITABLE GIFT FUND PROGRAM?	PAGE 3

DONATIONS

ASSETS YOU CAN CONTRIBUTE TO YOUR CHARITABLE GIFT FUND ACCOUNT

WHAT TYPES OF ASSETS CAN I CONTRIBUTE TO MY CHARITABLE GIFT FUND ACCOUNT?	PAGE 5
MAY I GIVE TO MY CHARITABLE GIFT FUND ACCOUNT FROM MY BUSINESS?	PAGE 5
HOW SHOULD I ADDRESS A CHECK FOR MY CHARITABLE GIFT FUND ACCOUNT?	PAGE 5
AT WHAT POINT IS A CONTRIBUTION CONSIDERED A CHARITABLE DONATION?	PAGE 5
OTHER THAN CASH, WHAT IS THE BEST TYPE OF ASSET THAT I CAN CONTRIBUTE TO MY CHARITABLE GIFT FUND ACCOUNT?.....	PAGE 5
MAY I CONTRIBUTE FROM MY IRA TO MY CHARITABLE GIFT FUND ACCOUNT?.....	PAGE 6
WILL I GET A RECEIPT FOR MY CONTRIBUTIONS?.....	PAGE 6
MAY I CHANGE MY MIND LATER ABOUT MY CONTRIBUTION TO A CHARITABLE GIFT FUND ACCOUNT?	PAGE 6

TAX DEDUCTIONS

HOW MUCH OF MY GIFT IS TAX DEDUCTIBLE?	PAGE 6
SHOULD I FILE MY CONTRIBUTION RECEIPT WITH MY TAXES AT THE END OF THE YEAR?	PAGE 7

GIFT DISTRIBUTIONS

GIFT MAKING GUIDELINES

HOW DO I MAKE A GIFT RECOMMENDATION FROM MY CHARITABLE GIFT FUND ACCOUNT?	PAGE 9
WHO MAY RECOMMEND GIFTS FROM MY CHARITABLE GIFT FUND ACCOUNT?	PAGE 9
WHAT TYPES OF GIFT RECOMMENDATIONS ARE PERMITTED FROM MY CHARITABLE GIFT FUND ACCOUNT?	PAGE 9
ARE CHURCHES AND CHARITIES OBLIGATED TO USE GIFTS AS DONORS RECOMMEND?	PAGE 9
MAY I EARMARK GIFT RECOMMENDATIONS FROM MY CHARITABLE GIFT FUND ACCOUNT TO BENEFIT INDIVIDUALS OR FAMILY MEMBERS?	PAGE 10
EXAMPLES OF PERMISSIBLE AND IMPERMISSIBLE GIFT RECOMMENDATIONS	PAGE 10
MAY I RECOMMEND GIFTS TO THE ALMS OR DEACON FUND OF A CHURCH OR CHURCH DISTRICT?	PAGE 10
MAY I RECOMMEND GIFTS FROM MY CHARITABLE GIFT FUND ACCOUNT TO A PRIVATE SCHOOL?	PAGE 11
MAY I RECOMMEND GIFTS FROM MY CHARITABLE GIFT FUND ACCOUNT TO A BANK ACCOUNT SET UP TO BENEFIT AN INDIVIDUAL?	PAGE 11
MAY I RECOMMEND A GIFT FROM MY CHARITABLE GIFT FUND ACCOUNT TO ATTEND A CHARITY EVENT?	PAGE 11
MAY I RECOMMEND A GIFT TO PAY A PLEDGE I HAVE MADE TO A CHARITABLE ORGANIZATION?	PAGE 11
MAY I RECOMMEND A GIFT TO PAY FOR MY OWN OR SOMEONE ELSE'S MISSION TRIP?	PAGE 11
MAY I RECOMMEND A GIFT TO PAY FOR ITEMS I PURCHASED AT A CHARITABLE FUND-RAISING AUCTION?	PAGE 11
MAY I RECOMMEND A GIFT TO PAY FOR MEMBERSHIP DUES IN A CHARITABLE ORGANIZATION?	PAGE 11
MAY I RECOMMEND A GIFT TO A MISSION THAT UTILIZES DEPUTIZED FUND-RAISING TO SUPPORT ITS MISSIONARIES?	PAGE 12

GIFT MAKING COMPLIANCE

WHY IS ANABAPTIST FOUNDATION CONCERNED ABOUT COMPLYING WITH IRS REGULATIONS REGARDING CHARITABLE DONATIONS?	PAGE 12
HOW DOES THE APPROVAL PROCESS WORK FOR YOUR GIFT RECOMMENDATIONS?	PAGE 12

GIFT PROCESSING

WILL MY GIFT BE ANONYMOUS OR WILL THE RECIPIENT KNOW WHO MADE THE GIFT?	PAGE 13
HOW MANY GIFTS MAY I RECOMMEND IN A YEAR?	PAGE 13
WHAT IS THE MINIMUM AMOUNT I MAY RECOMMEND FOR A GIFT?	PAGE 13
DOES ANABAPTIST FOUNDATION CHARGE A FEE FOR EACH GIFT I RECOMMEND?	PAGE 13
CAN I SET UP AUTOMATIC GIFT DISBURSEMENTS?	PAGE 13
HOW WILL I KNOW THE STATUS OF AND BALANCE IN MY CHARITABLE GIFT FUND ACCOUNT?	PAGE 13

GUIDELINES FOR GIVING

HOW DO I DECIDE WHICH CHARITIES TO SUPPORT?	PAGES 15-16
---	-------------

CGF OVERVIEW

PURPOSE OF THE CHARITABLE GIFT FUND PROGRAM

WHAT IS A CHARITABLE GIFT FUND?

Anabaptist Foundation's *Charitable Gift Fund Program* is a giving tool that enables donors to support their charities of choice while receiving a tax deduction, protecting donor privacy and simplifying giving. Donors may contribute cash, securities, real estate, commodities or anything on which a fair market value can be placed. In return, donors have the privilege of recommending when the gifts will be distributed and which charities will benefit. Our Charitable Gift Fund Program operates under the IRS regulations governing "Donor-Advised Funds".

The key aspects of the program:

- Donations to the fund are immediately tax-deductible.
- Donations of cash or a variety of assets such as real estate, farm commodities, stock or mutual fund shares are accepted.
- Capital gains taxes can be avoided on gifts of appreciated assets.
- The time frame for making disbursements to charities is flexible.
- Donors are able to support a variety of charities out of one contribution.
- Donors are not required to gift any percentage of the assets to Anabaptist Foundation.
- Donors can give anonymously and protect their privacy.
- Quarterly statements help donors keep track of their giving.

WHY DO WE OFFER A CHARITABLE GIFT FUND PROGRAM?

We offer the Charitable Gift Fund Program:

- To help donors give anonymously to charities and churches, in accordance with the Scriptural principle of quiet, humble giving.
- To help donors become good stewards by providing information about charitable needs and by helping them give in ways that comply with IRS requirements.
- To help conservative Anabaptist churches and charities by ensuring that donors understand their goals and needs.

ARE GIFTS TO CHURCHES AND CHARITIES SENT ANONYMOUSLY?

We strongly encourage anonymous giving. The LORD said, *"Take heed that ye do not your alms before men, to be seen of them: otherwise ye have no reward of your Father which is in heaven."* Matthew 6:1. In response to Jesus' words, Anabaptists have maintained a strong tradition of anonymous giving. The gifts issued by the Foundation to churches and charities do not disclose the identity of the donor, unless the donor specifically requests to be identified.

HOW DOES A CHARITABLE GIFT FUND ACCOUNT SIMPLIFY GIVING?

For any charitable contribution over \$250, the IRS requires donors to obtain and retain a receipt containing specific language. With a Charitable Gift Fund, there's no need for donors to handle individual receipts from charities. Instead, donors receive one receipt from Anabaptist Foundation that covers their entire contribution. Donors can support a variety of charities by writing one check to the Foundation. By using our Automatic Disbursement Option, donors can set up automatic monthly or quarterly gifts to be sent to their favorite charities, freeing them from writing frequent checks.

A CHARITABLE GIFT FUND ACCOUNT MAKES A ONCE-IN-A-LIFETIME GIFT EASY TO ADMINISTER.

Donors may experience infrequent or once-in-a-lifetime financial windfalls. Inheritances or the sale of a farm or business provide unique opportunities to make special gifts. By using the Charitable Gift Fund, donors receive an immediate tax deduction for the contribution, the ability to make multiple gifts from one lump sum contribution and the opportunity to make their gifts all at one time or over a longer period of time.

OPENING A CHARITABLE GIFT FUND ACCOUNT

WHO MAY OPEN A CHARITABLE GIFT FUND ACCOUNT?

Members of conservative Anabaptist churches (families, companies and trusts) within our AF constituency may open a Charitable Gift Fund account.

HOW DO I OPEN A CGF ACCOUNT?

1. Complete a **CHARITABLE GIFT FUND APPLICATION AND MEMORANDUM OF UNDERSTANDING**. Applications may be requested from our office or from your regional CGF caseworker. By signing the application, you acknowledge that all gifts made to Anabaptist Foundation are irrevocable and that no portion of your gift will be returned to you as a private benefit, nor may be designated as a benefit to any specific individual, and that you agree to abide by the uses and limitations of your Charitable Gift Fund account, as outlined in this *USER'S GUIDE*.
2. Mail the completed application to: Anabaptist Foundation, 1245 Old Route 15, New Columbia, PA 17856.
3. You may enclose your initial check, payable to Anabaptist Foundation. Write "Charitable Gift Fund" on the memo line of your check. You may also open an account but wait until later to submit your first contribution.

IS THERE A MINIMUM AMOUNT NEEDED TO OPEN A DONOR-ADVISED FUND ACCOUNT?

To open a Charitable Gift Fund account with Anabaptist Foundation, donors must make a contribution of no less than \$3,000.

HOW OFTEN MAY I MAKE DONATIONS TO MY CHARITABLE GIFT FUND ACCOUNT?

Once a donor's account is established, subsequent contributions of \$1,000 or more may be made at any time.

ARE THERE DIFFERENT TYPES OF CHARITABLE GIFT FUND ACCOUNTS AVAILABLE FROM ANABAPTIST FOUNDATION?

We offer different types of Charitable Gift Fund accounts based on how donors plan to make gift recommendations to distribute their funds.

- Regular Gift Fund Accounts are for donors who wish to have funds available for distribution at any time.
- If donors wish to accumulate charitable funds and don't plan to make distributions for at least a year, a Long-Term Gift Fund Account is available. Since these funds are available

to be managed over time, we place these funds into our loans program so they can earn interest, which results in additional funds being generated for distribution to charity. Any interest earnings in a donor's Charitable Gift Fund account are not eligible for additional tax deductions.

HOW WILL MY CHARITABLE GIFT FUND ACCOUNT BE NAMED?

We identify our Gift Fund accounts by a name and an account number. We use a donor's name or business name to identify the account. Our gift disbursement checks to churches and charities do not identify the donor, unless specifically requested by the donor.

HOW LONG DOES IT TAKE TO OPEN A CHARITABLE GIFT FUND ACCOUNT?

After a donor submits a completed donor application, the account is established and ready to receive contributions.

WHAT DOES IT COST TO USE THE CHARITABLE GIFT FUND PROGRAM?

Anabaptist Foundation assesses a modest fee of three-quarters of one percent (0.75%) of each incoming donation, with a \$25.00 minimum, which is deducted from a donor's account as they make contributions to it. Generally, there are no ongoing maintenance fees. This nominal charge helps cover overhead and administrative costs, but does not always cover all associated expenses. We generally absorb the extra costs as a service to churches and charities, and occasionally a CGF client makes a gift to the Foundation itself to help cover such services. With gifts of non-cash assets (such as real estate or stock) there may be additional fees to cover our costs to liquidate the assets. Donors are not required to make any gifts to the Foundation itself. Occasional gifts to support our operating costs and charity work are appreciated.

DONATIONS

ASSETS YOU CAN CONTRIBUTE TO YOUR CHARITABLE GIFT FUND ACCOUNT

WHAT TYPES OF ASSETS CAN I CONTRIBUTE TO MY CHARITABLE GIFT FUND ACCOUNT?

Donors may contribute cash; publicly traded securities including stocks, bonds, and mutual fund shares; and privately held stock, real estate, farm commodities; or any other tangible, personal property on which a fair market value can be placed. Anabaptist Foundation encourages donors to consult with their tax advisers or attorneys before making charitable contributions. We liquidate non-cash contributions as soon as possible and notify donors when the proceeds are available for distribution to charity.

MAY I GIVE TO MY CHARITABLE GIFT FUND ACCOUNT FROM MY BUSINESS?

Yes, donors may contribute to a Gift Fund account from either their personal assets or their business assets. Our receipt is issued to whatever name is listed on the check. Business owners may make periodic gifts into their Charitable Gift Fund accounts and receive tax deductions for their business gifts. Partners in a business can have their shares of the contribution placed in separate accounts so each can make personal gift recommendations.

HOW SHOULD I ADDRESS A CHECK FOR MY CHARITABLE GIFT FUND ACCOUNT?

To make a cash contribution, make your check payable to Anabaptist Foundation. Write “Charitable Gift Fund” on the memo line of your check. Please do not make your check payable to Anabaptist *Financial*, which is a different legal entity. Misaddressed checks will be returned.

AT WHAT POINT IS A CONTRIBUTION CONSIDERED A CHARITABLE DONATION?

A contribution becomes a donation when the asset is “out of the donor’s control.” This is determined by the type of asset contributed, and when and how it is transferred to the donor’s Anabaptist Foundation Charitable Gift Fund account. If a donor wishes to make a contribution close to the end of a year, donors must mail their contributions by December 31. We are required by IRS regulations to receipt year-end gifts based on the envelope’s postmark, not the date written on the check.

OTHER THAN CASH, WHAT ARE THE BEST TYPES OF ASSETS TO CONTRIBUTE TO MY CHARITABLE GIFT FUND ACCOUNT?

The most cost-effective non-cash contributions are appreciated assets (real estate or stocks) which have been owned for more than one year. Donors can avoid all capital gains taxes and can deduct the fair market value of their appreciated asset contributions from their federal income taxes, up to 30% of adjusted gross income annually. Unused portions of tax deductions may be carried forward for later use, up to five years. Even gifts of partial ownership can help avoid capital gains tax on any portion given to charity.

MAY I CONTRIBUTE FROM MY IRA TO MY CHARITABLE GIFT FUND ACCOUNT?

No, IRS regulations do not permit contributions directly from an IRA to the Charitable Gift Fund during the donor's lifetime. Through a will or trust, a donor may be able to name their Charitable Gift Fund account as the charitable beneficiary of all or part of a traditional IRA. If a donor is age 70½ or older and must take a Required Minimum Distribution (RMD) from their IRA each year, the donor may gift the RMD to other Anabaptist Foundation funds. For example, the Anabaptist Foundation Charity Hardship Fund provides general assistance in cases of need beyond the local church's capacity, or the Anabaptist Foundation Stewardship Education Fund, which sponsors stewardship seminars and literature throughout our communities. If a donor has retirement assets in a 401(k) or 403(b) plan, the donor must first roll those assets into an IRA and then make the transfer from the IRA directly to Anabaptist Foundation.

WILL I GET A RECEIPT FOR MY CONTRIBUTIONS?

Anabaptist Foundation provides donors with a written confirmation of all contributions. This confirmation serves as a tax receipt. Charitable Gift Fund accounts are donor-advised funds, and donors can immediately deduct the full amount of their contributions, even if the funds are not disbursed to other charities during the year of the contribution. Donors may deduct up to 50% of their Adjusted Gross Income (AGI) for cash contributions, and up to 30% of AGI for gifts of appreciated assets. Deductions which donors are unable to use in the first year may be carried forward and used later, up to five years. If a donor chooses to identify himself or herself as the donor of a gift to a particular charity, the donor might receive an acknowledgment from that charity, but that acknowledgment cannot be used as a deduction for tax purposes. The donor's tax contribution receipt would have already been issued by Anabaptist Foundation at the time of the donor's contribution to his or her Charitable Gift Fund account.

MAY I CHANGE MY MIND LATER ABOUT MY CONTRIBUTION TO A CHARITABLE GIFT FUND ACCOUNT?

No. A donor's gift represents an irrevocable contribution to Anabaptist Foundation, a 501c3 public charity, and is not refundable. Assets contributed to the Charitable Gift Fund become the property of Anabaptist Foundation, and donors retain no legal control over their gifts. Instead, donors are entitled to recommend gifts or give non-binding advice to us about preferred distributions to churches and charities.

TAX DEDUCTIONS

HOW MUCH OF MY GIFT IS TAX DEDUCTIBLE?

The answer depends on the type of donation.

- Cash donations: A donor's charitable deduction is the amount of his or her cash contribution, up to a maximum deduction of 50% of adjusted gross income (AGI) per year.
- Publicly-traded securities (stock or mutual fund shares): A donor's charitable deduction is the fair market value of the securities, determined by the average selling price on the date of contribution.
- Private securities (such as shares of a privately owned company): If held for more than one year, the charitable deduction is based on the fair market value reasonably

determined by the donor on the date of contribution. The IRS may also require a qualified independent appraisal.

- Real estate: The charitable deduction is the fair market value of that real estate, determined by a qualified independent appraisal, as required by the IRS.

NOTE: For gifts of appreciated assets which donors have owned for at least one year, donors may deduct up to 30% of their Adjusted Gross Income (AGI) in any one year. Deductions which cannot be used in the first year may be carried forward and used later, up to five years.

Since Anabaptist Foundation is an IRS-approved charity, no capital gains taxes apply to our sale of donated, appreciated assets. This maximizes the dollars going to charity. Please consult your tax adviser and legal counsel regarding tax deductibility in your situation.

SHOULD I FILE MY CONTRIBUTION RECEIPT WITH MY TAXES AT THE END OF THE YEAR?

For cash gifts, donors generally do not need to include contribution receipts with tax filings, although they should retain receipts for audit purposes. For non-cash donations (such as gifts of real estate or stock), we send IRS Form 8283 to donors to file with their tax statements at the end of the year. It is extremely important to review the information on Form 8283, since it is the donor's responsibility to submit correct information to the IRS.

GIFT DISTRIBUTIONS

GIFT MAKING GUIDELINES

HOW DO I MAKE A GIFT RECOMMENDATION FROM MY CHARITABLE GIFT FUND ACCOUNT?

When a donor opens an account, a caseworker will be assigned to serve as the donor's primary point of contact with Anabaptist Foundation. When a donor wishes to recommend where funds should be distributed, they should contact their assigned caseworker. Donors may write, email, fax or call us. Be prepared to provide:

- The name of the church or charity, along with contact information (phone number or mailing address)
- The gift amount that you wish to recommend
- Whether or not your gift should be anonymous
- Whether your gift is to be used "where most needed" or recommended for a particular use, remembering that it cannot be earmarked to benefit a specific individual

If you do not know the mailing address or contact information for a particular church or charity, we can assist in locating that information.

WHO MAY RECOMMEND GIFTS FROM MY CHARITABLE GIFT FUND ACCOUNT?

As the donor(s), you (and your spouse) are the advisers for your CGF account, though you may share the ability to recommend gifts with someone else, such as your children. Anabaptist Foundation accepts distribution recommendations only from those you have designated in writing to have donor-adviser privileges on your account. If you allow your children to make gift recommendations from your account, you must appoint one as your authorized spokesperson. In your *Charitable Gift Fund Agreement and Memorandum of Understanding*, you may designate how you want Anabaptist Foundation to distribute your final funds, or you may designate someone else to continue making gift recommendations for you for up to ten years after your death.

WHAT TYPES OF GIFT RECOMMENDATIONS ARE PERMITTED FROM MY CHARITABLE GIFT FUND ACCOUNT?

Donors may recommend which churches or charities benefit from their gift. They can support churches, schools, missions or relief organizations, or even local volunteer fire departments or community organizations. However, all recommended recipients must be tax-exempt organizations under Internal Revenue Code (IRC) Section 501(c)(3) or public charities under IRS Section 509(a). Churches are automatically tax-exempt.

ARE CHURCHES AND CHARITIES OBLIGATED TO USE GIFTS AS DONORS RECOMMEND?

Churches or charities are not obligated to honor any recommended use, although most do. In the cover letter that we send with gifts, we state that the church should consider the recommended use, but that gifts from the Charitable Gift Fund Program are unrestricted gifts with "no-strings-attached," so churches are free to redirect gifts to the areas of greatest need, as they determine to be necessary.

MAY I EARMARK GIFT RECOMMENDATIONS FROM MY CHARITABLE GIFT FUND ACCOUNT TO BENEFIT INDIVIDUALS OR FAMILY MEMBERS?

Gifts may not be made to individuals, nor to a church or charity if the gift is *earmarked* for the benefit of a specific person. Gifts that are intended to benefit a specific person cannot be tax-deductible and are not permitted from a donor-advised fund by IRS regulations. Gifts to a church or charity must be for its general purposes (i.e. alms fund, building fund, mission fund, etc.) and cannot be designated to directly benefit a specific person or family member. Further, a donor cannot recommend a gift that provides more than an incidental benefit to himself or herself, or their spouse, parents, siblings, children or grandchildren.

EXAMPLES OF PERMISSIBLE AND IMPERMISSIBLE GIFT RECOMMENDATIONS

Examples of gift recommendations which are permitted include:

- *"I recommend a gift of \$1,000.00 to the Sunnyview Church building fund."*
- *"I recommend a gift of \$1,000.00 to the Sunny Valley Amish Church District alms fund."*
- *"I recommend a gift of \$1,000.00 to XYZ Mission for its orphanage in Africa."*
- *"I recommend a gift of \$1,000.00 to Harmony School for its scholarship fund."*

Examples of gift recommendations that are NOT permitted include:

- *"I recommend a gift of \$1,000.00 to Sunnyview Church for the Susan Martin Fund."*
- *"I recommend a gift of \$1,000.00 to the Sunny Valley Amish Church District to help the Sam Miller family with medical expenses."*
- *"I recommend a gift of \$1,000.00 to XYZ Mission as a gift for missionary Susan Martin."*
- *"I recommend a gift of \$1,000.00 to Harmony School to pay tuition for the children of Sam Miller."*
- *"I recommend a gift of \$1,000.00 to Sunnyview Church to help Dan and Sara Yoder with their adoption expenses."*

These examples demonstrate that you can recommend gifts for the general purposes of a church or charity, but that you cannot recommend gifts that are earmarked for the benefit of individuals.

MAY I MAKE GIFT RECOMMENDATIONS TO THE ALMS OR DEACON FUND OF A CHURCH OR CHURCH DISTRICT?

Certainly, as long as it is an unrestricted gift for the general charitable and religious purposes of the church. Use of the Charitable Gift Fund Program is a good way to anonymously support the work of the local church. Donors will need to supply the name and contact information for the local deacon or church treasurer. We contact church deacons to explain to them that all gifts to alms or deacon funds are given without restriction, that the church has the right to use the funds where most needed, and that no gifts to the alms or deacon fund may be earmarked to the benefit of an individual or family. If a gift is recommended for a Communion offering, donors need to give us at least a week's advance notice to be certain the gift check can be mailed in time.

MAY I RECOMMEND GIFTS FROM MY CHARITABLE GIFT FUND ACCOUNT TO A PRIVATE SCHOOL?

Yes, under limited conditions. As long as the gifts are not earmarked to pay tuition for a specific student, the gift is permissible. In principle, donors may not make gifts that represent value received as a personal benefit. For example, tuition, or amounts paid instead of tuition, or any fixed amount that must be paid in addition to tuition. This applies to a donor's children or any other children for whom a gift is specifically earmarked. A gift may be made to the school for its general operating expenses, building fund or special projects. Gifts may also be made to a school's scholarship fund, if that scholarship fund uses objective guidelines, based on need, to determine who benefits from the funds.

MAY I RECOMMEND GIFTS FROM MY CHARITABLE GIFT FUND ACCOUNT TO A BANK ACCOUNT SET UP TO BENEFIT AN INDIVIDUAL?

No. Donors may not recommend gifts from their Charitable Gift Fund accounts to a bank account that has been set up for the benefit of someone in need, even if the account was established by a church. Such accounts directly benefit an individual, so we cannot disburse gifts to them, per IRS regulations.

MAY I RECOMMEND A GIFT FROM MY CHARITABLE GIFT FUND ACCOUNT TO ATTEND A CHARITY EVENT?

No. Donors may not use their Charitable Gift Fund accounts to recommend gifts for table sponsorships or event tickets. When donors make their initial contributions to a donor-advised fund, their contributions are 100% tax deductible, meaning they may not receive any goods or services in exchange for their contributions.

MAY I RECOMMEND A GIFT TO PAY A PLEDGE I HAVE MADE TO A CHARITABLE ORGANIZATION?

No. If a donor's Charitable Gift Fund account satisfies a legally-binding pledge, the donor will be receiving something in return for their contribution—a release of an obligation—which is disallowed by IRS regulations.

MAY I RECOMMEND A GIFT TO PAY FOR MY OWN OR SOMEONE ELSE'S MISSION TRIP?

No. Donors may make gifts to churches for their mission funds in general, but they may not earmark such gifts to pay trip expenses for specific individuals.

MAY I RECOMMEND A GIFT TO PAY FOR ITEMS I PURCHASED AT A CHARITABLE FUND-RAISING AUCTION?

No. If a donor's Charitable Gift Fund account pays for goods purchased, even at a charitable auction, they will be receiving something in return for their contribution, which is disallowed by IRS regulations.

MAY I RECOMMEND A GIFT TO PAY FOR MEMBERSHIP DUES IN A CHARITABLE ORGANIZATION?

No. If a donor's Charitable Gift Fund account pays membership dues, even at a charitable organization, they will be receiving something in return for their contribution, which is disallowed by IRS regulations.

MAY I RECOMMEND A GIFT TO A MISSION THAT UTILIZES DEPUTIZED FUND-RAISING TO SUPPORT ITS MISSIONARIES?

Deputized fund-raising occurs when an employer mission organization requires its missionaries or staff to raise funds for their own support, and those funds are paid to the employer mission organization. Donors may recommend gifts from their Charitable Gift Funds to these employer mission organizations as long as the funds remain under the control of the charity and are not intended to benefit a specific missionary or staff person. The Evangelical Council for Financial Accountability (ECFA) states: “Contributions are solicited with the understanding that the donee organization has complete discretion and control over the use of all donated funds. Discretion and control can be demonstrated by such factors as control by the governing body of donated funds through a budgetary process, and staff salaries must be set by reference to considerations other than an amount of money a deputized fundraiser collects. There can be no commitments that contributions will be paid as salary or expenses to a particular person. To the extent required by the Internal Revenue Code, amounts paid as salary must be reported as compensation on Form W-2 or Form 1099-MISC.”¹

GIFT MAKING COMPLIANCE

WHY IS ANABAPTIST FOUNDATION CONCERNED ABOUT COMPLYING WITH IRS REGULATIONS REGARDING CHARITABLE DONATIONS?

Christians are commanded to honor and obey our governments. We have an obligation to operate the Charitable Gift Fund Program within IRS regulations governing donor-advised funds. We also wish to educate and protect you as a donor. The IRS has specific financial penalties for donors who recommend a gift knowing that it will provide an impermissible benefit to the donor or the donor’s family, and also penalizes the fund manager who knowingly approves such an improper gift. Anabaptist Foundation is responsible to carefully evaluate gift recommendations from donors to ensure that they qualify under the IRS guidelines. We do this both for our own accountability to the IRS and for your protection. If we would issue an impermissible gift based on your recommendation, the IRS may revoke the tax-deductibility of your contribution and assess a penalty of 20% of the value of that impermissible gift on the Foundation itself and a penalty of 125% of the value of the impermissible gift on you personally as the donor who made an improper recommendation.

HOW DOES THE APPROVAL PROCESS WORK FOR YOUR GIFT RECOMMENDATIONS?

1. You, as the donor, make a gift recommendation to your caseworker, providing all requested information.
2. Your CGF caseworker confirms the charitable status of the church or 501(c)(3) charity, secures needed information for our records and submits the gift recommendation to our Charitable Gift Fund Manager for approval.
3. Once the Gift Fund Manager approves the recommendation, an authorization is sent to the AF office to mail a gift check with an appropriate cover letter.

¹ *Deputized Fund-raising – The Basics*, by Dan Busby, President of the Evangelical Council for Financial Accountability (ECFA).

Typically, gifts are mailed out within 3 days of receiving the gift recommendation, although it may take longer if we have difficulty confirming a charity's 501(c)(3) status or getting required information for our records, such as contact information or an EIN number for a church.

GIFT PROCESSING

WILL MY GIFT BE ANONYMOUS OR WILL THE RECIPIENT KNOW WHO MADE THIS GIFT?

As stated above, all gifts distributed by Anabaptist Foundation are issued as anonymous donations, unless the donor specifically requests otherwise.

HOW MANY GIFTS MAY I RECOMMEND IN A YEAR?

There is no limit to the number of grants donors can recommend in a year.

WHAT IS THE MINIMUM AMOUNT I MAY RECOMMEND FOR A GIFT?

The minimum gift recommendation donors may make from their Charitable Gift Fund accounts is \$250.

DOES ANABAPTIST FOUNDATION CHARGE A FEE FOR EACH GIFT I RECOMMEND?

We do not charge a per-gift fee. We assess a modest Gift Fund fee of three-quarters of one percent (0.75%), which is deducted from a donor's account as they make contributions to it. (See *What does it cost to use the Charitable Gift Fund Program?* on page 3.)

CAN I SET UP AUTOMATIC GIFT DISBURSEMENTS?

Yes. Our Automatic Disbursement Option for charitable gift funds permits donors to make regular, systematic gifts to a variety of ministries. Donors provide lists of gift recommendations, and Anabaptist Foundation then issues gifts in predetermined amounts at regular intervals (monthly, quarterly or annually). In this way, donors can provide ongoing support for charities without having to write more than one check or take time to mail in gifts on a regular basis.

HOW WILL I KNOW THE STATUS OF AND BALANCE IN MY CHARITABLE GIFT FUND ACCOUNT?

As long as donors maintain a balance in their accounts, they will receive quarterly reports from Anabaptist Foundation showing all activity in the accounts.

GUIDELINES FOR GIVING

HOW DO I DECIDE WHICH CHARITIES TO SUPPORT?

Your gift recommendations must meet IRS regulations and our **Guidelines for Giving** in order to be approved by our Charitable Gift Fund Manager for distribution. Charities must give reasonable evidence of compliance with the following guidelines when we consider approval of your gift recommendations:

1. The organization's programs appear consistent with a clear statement of purpose. This means that the programs of the organizations are related to its publicly advertised mission statement and fund-raising.
2. The organization's purposes and programs must be consistent with the values, beliefs and Biblical principles generally held by conservative Anabaptists. You may recommend gifts to non-Anabaptist organizations that do not actively violate conservative Anabaptist beliefs and values, which may or may not be approved at the sole discretion of Anabaptist Foundation.
3. The organization has a board which is an active and responsible governing body, holds regular meetings and whose members have no material conflicts of interest.
4. The organization discloses, upon request, a determination letter from the Internal Revenue Service which verifies its tax-exempt status. (Churches are exempt from this requirement.)
5. The finances of the organization are independently audited at least once a year according to generally accepted accounting practices, and the organization fulfills its requirement to file an annual 990 report with the IRS. (Churches are exempt from this requirement.)
6. The organization makes available, upon request, an annual report which contains detailed information on program activities and finances.
7. The organization responds promptly to reasonable questions asked by prospective donors.
8. General administrative and fund-raising expenses of the organization do not exceed 30% of contributions. In other words, at least \$0.70 of each contributed dollar goes into programs that carry out the stated charitable purposes of the organization.

9. Promotion of the organization is ethical without exaggerated claims, misleading statements or deceptive photographs.
10. While Anabaptist Foundation encourages donors to consider contributions to church organizations, these guidelines are not intended to exclude non-church organizations. Local fire departments or other community-based nonprofit organizations are also worthy of support.
11. Anabaptist Foundation will consider receiving contributions for charitable purposes that are not represented by any nonprofit organization, yet are within the charitable purposes of Anabaptist Foundation.

We hope this information about *HOW DO I DECIDE WHICH CHARITIES TO SUPPORT?* is helpful. Please contact us if you have a question about recommending a gift, or if we can help you research a giving opportunity so you can remain anonymous.



Thank you for choosing to use Anabaptist Foundation's Charitable Gift Fund program to support the work of God's Kingdom through churches and charities. Please contact us with your questions that are not covered in this *USER'S GUIDE*.

These materials have been prepared for general informational purposes. They are not accounting advice nor legal opinions on any specific matters. Consult your tax adviser and legal counsel regarding your situation. Anabaptist Foundation does not provide legal services nor document preparation. We work closely with your professional counselors to facilitate your charitable giving.