



# Inactive Funds Policy

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The Owen County Community Foundation (the Foundation) will periodically review the grantmaking activity of our endowed funds to ensure our donors' charitable objectives are being met. Unless a waiting period is specified in the Fund Agreement, the Foundation will contact the fund advisor or beneficiary agency for any fund which has no grant activity for a period of three years or more.

A fund will be deemed inactive if:

- a. The fund advisor dies or resigns or evidence of his or her incapacity is provided to the Foundation, and if no successor advisor or charitable beneficiary or charitable purpose has been named or identified;
- b. All named successor advisors are unable or unwilling to serve as such;
- c. No distribution recommendations are made for a period of three years, and during such period, the advisor or successor advisor does not reply to the Foundation's attempts to contact them.

If a fund is determined to be inactive, the Foundation will enact the appropriate action as defined below.

## **Approved Inactive Funds**

The Foundation's Board of Directors may approve an extension of time for an inactive fund if the authorized fund representative makes a request in writing and documents a long-term charitable plan requiring accumulation of funds, but with a gap in their ability to add to the fund for three years. These plans must be re-evaluated and re-approved by the Foundation's Board of Directors no less frequently than every three years with annual check-ins with staff preferred.

## **Inactive Growing Funds**

It is not economical for the Foundation to maintain separately identified funds with a long-term balance less than \$5,000 (less than \$25,000 for Scholarship Funds). However, donors may build up the balance incrementally with plans to reach the minimum in 3 years. Such funds will be accepted from donors/groups with clear written plans of how to achieve the minimum within the time specified, and these donors/groups will check-in with the Foundation annually. If the minimum is not reached within 3 years and no extension is approved by the Foundation's Board of Directors, the donor/group may recommend which other named fund receives the balance of their fund. If the Foundation makes at least two attempts in writing to reach the donor/group representative, with no response to the last attempt for 30 days, the Foundation's CEO will recommend to the Foundation's Board of Directors an appropriate course of action for approval. The Board of Directors will make the final decision and approve any transfer using their variance power as specified in the fund agreement.

### **Unrestricted Funds**

Where an unrestricted fund that is inactive due to an unsustainable balance (currently defined as under \$5,000), the donor will be sought out and offered the opportunity to add to the balance to reach the sustainable threshold. If the minimum is not reached and no extension is approved by the Foundation's Board of Directors, the donor may recommend which other named fund receives the balance of the fund. If the Foundation makes at least two attempts in writing to reach the donor, with no response to the last attempt for 30 days, the Foundation's CEO will recommend to the Foundation's Board of Directors an appropriate course of action for approval. The Board of Directors will make the final decision and approve any transfer using their variance power as specified in the fund agreement.

### **Designated Funds**

A designated fund with a sustainable balance (currently defined as \$5,000 or more) should never become inactive. Where a named charity ceases to exist, its share of the distribution will either be: split amongst the remaining charities, allocated to a charity which most closely matches the donor's original intent, or will use the Grants Committee to support projects that match the donor's original intent. Which tactic is used should be defined in the fund agreement. If not defined in the fund agreement and a living donor or next of kin is available, they will be consulted for their preference for donor relations reasons. With no living donor or next of kin, the Foundation's CEO will recommend a course of action to the Foundation's Board of Directors, who will make the final decision using their variance power as specified in the fund agreement.

Where a designated fund is inactive due to an unsustainable balance (currently defined as under \$5,000), the donor will be sought out and offered the opportunity to add to the balance to reach the sustainable threshold. If the minimum is not reached and no extension is approved by the Foundation's Board of Directors, the donor may recommend which other named fund receives the balance of the fund. If the Foundation makes at least two attempts in writing to reach the donor, with no response to the last attempt for 30 days, the Foundation's CEO will recommend to the Foundation's Board of Directors an appropriate course of action for approval. The Board of Directors will make the final decision and approve any transfer using their variance power as specified in the fund agreement.

### **Scholarship Funds**

Scholarship funds that have a sustainable balance (currently defined as \$25,000 or more) and become inactive shall have reached the threshold of "incapable of fulfillment". Staff responsible for managing the scholarship program will evaluate the restrictions on the fund and recommend the changes to the fund's awarding criteria to the Foundation's Board of Directors. Living donors, or their next of kin, may be consulted for donor relations reasons but the ultimate decision is to be made by the Foundation's Board of Directors.

Where a scholarship fund is inactive due to an unsustainable balance (currently defined as under \$25,000), the donor/group representative will be sought out and offered the opportunity to add to the balance to reach the sustainable threshold. If the minimum is not reached and no extension is approved by the Foundation's Board of Directors, the

donor/group representative may recommend which other named fund receives the balance of the fund. If the Foundation makes at least two attempts in writing to reach the donor/group representative, with no response to the last attempt for 30 days, the Foundation's CEO will recommend to the Foundation's Board of Directors an appropriate course of action for approval. The Board of Directors will make the final decision and approve any transfer using their variance power as specified in the fund agreement.

### **Agency Funds**

Inactivity with agency advised and agency designated funds is somewhat less of a concern as the integrity of the charitable tax deduction does not apply. However, the Foundation will seek to ensure that we are keeping the lines of communication open with our agency fundholders. Distributions may be suspended from either fund type with written communication with the agency representative. The Foundation will re-confirm this intention no less frequently than every three years with annual check-ins preferred by staff. Check-ins will be mandatory with a change in agency leadership (new board president or new executive director as appropriate).

### **Donor Advised Funds**

A donor advised fund with a sustainable balance (currently defined as \$5,000 or more) that becomes inactive will trigger the Foundation to make at least two attempts in writing to contact the fund's advisor to discuss their intention for the fund. If, after a period of 30 days, following the last attempted contact, the inactivity continues unapproved, the Foundation will determine that the advisor is "unwilling to serve as advisor" to the fund. At such a time the fund will be converted as defined in the fund agreement. If a fund is missing instructions for its use when the donor becomes unable or unwilling to serve, the fund will become permanently endowed with annual distributions to be made to charities selected by the Foundation's Grants Committee.

Where a donor advised fund is inactive due to an unsustainable balance (currently defined as under \$5,000), the advisor will be sought out and offered the opportunity to add to the balance to reach the sustainable threshold. If the advisor is not interested in adding to the fund, the advisor may recommend the balance out to one or more name charities or to another named fund at the Foundation. If the Foundation makes at least two attempts in writing to reach the advisor, with no response to the last attempt for 30 days, the Foundation's CEO will recommend to the Foundation's Board of Directors an appropriate course of action for approval. The Board of Directors will make the final decision and approve any transfer using their variance power as specified in the fund agreement.

### **Field of Interest Funds**

Field of Interest funds support a particular field of interest and are operated either as donor advised funds or funds which use the Foundation's Grants Committee. Please see the policies in place for the appropriate fund type above.

*Adopted by Board of Directors on April 18, 2023*