



Inactive Fund Policy

The CFO prides itself on being your partner in philanthropy and aims to encourage grantmaking to better communities across the Ozarks region and beyond. It is highly recommended that fund advisors direct *at least one grant or payment per year* from their fund to remain active and honor the donor's charitable intent.

PURPOSE/APPLICABILITY

- This policy applies to all current and future funds, except for Agency Partner funds of the CFO.
- This policy is necessary to:
 - Understand and support the charitable goals of donors.
 - Ensure that charitable dollars are being used to benefit communities through intentional grantmaking.
 - Help address policymakers' concerns about funds that do not make periodic distributions—concerns which have prompted some legislators to propose solutions such as mandatory payout requirements that would be enforceable via IRS guidelines.

DEFINITIONS

- A fund is considered **inactive** if there has been no grantmaking in a three-year period.
- A fund may also be considered inactive if there has been no communication between the fund advisor(s) and a CFO representative during a three-year period. This communication may come in the form of a phone call, email, written letter, or in-person visit.
- A fund will be considered inactive if the fund advisor passes away (or resigns or evidence of their incapacity is provided to the CFO) and no succession plan exists, or no successor advisor has been named or is willing to serve as such.

PROCESSES

- If after a consecutive three-year period, the advisor(s) has not directed a grant or payment from their fund or communicated with a CFO representative, staff will make every effort to contact the advisor(s), including certified mail as a last resort.
- If the CFO staff cannot make contact with the advisor(s) *after* the three-year inactive period, the CFO Board of Directors will exercise variance power in the following manner:
 - In the case of a fund with an **endowed** portion, half of the annual distributable amount will be transferred into the community grantmaking fund serving the fund's community (i.e. Springfield or affiliate regional area).
 - In the case of a **non-endowed fund**, up to 4% (the current CFO distribution policy percentage) of the fund's current balance will be transferred into the community grantmaking fund serving the fund's community. The Investment Advisory Board reviews and sets the distribution policy annually.
- If a non-endowed fund has a balance less than \$1,000, the full remaining balance will be transferred into the grantmaking fund serving the fund's community and the fund will be closed.
- If after the above actions are taken, a fund appears on the inactive list for a second time, the CFO Board of Directors will exercise variance power in the following manner:
 - In the case of endowed funds, the fund will then become part of discretionary grantmaking for the CFO or a regional affiliate foundation.
 - In the case of non-endowed funds, the entire remaining balance will be granted out and the fund closed.