



Donor-Advised Fund – Hypothetical

Facts: Mr. and Mrs. Donor have \$500,000 of appreciated property (could be real estate, marketable securities, business interest, etc.) with a cost basis of \$200,000. They believe God is calling them to give this property to fund ministry, but are not certain what ministries they should fund and to what level.

Mr. and Mrs. Donor decide to create a donor advised fund with the Church of the Nazarene Foundation (CNF) and gift this property to CNF creating the “Donor Family Foundation.” The Donor’s receive a charitable income tax deduction for the full fair market value of the gift.

Mr. and Mrs. Donor name themselves as the investment and distribution advisors as long as they are alive or until they designate someone else. Mr. and Mrs. Donor name their three children as the successor investment and distribution advisors in the event of their death.

Immediately, the Donor’s request two distributions of \$50,000. The first is an anonymous distribution to their local church and the second is to the _NU capital campaign.

No additional gifts are requested for two years.

In year three the Donor’s begin requesting an annual distribution of \$10,000 to a Resource Partner group and of \$10,000 to the Jesus Film Ministry.

In year four Mr. and Mrs. Donor request a transfer of their funds to a more conservative asset allocation strategy and request a distribution to support a church plant in their district.

Feeling comfortable with how their donor-advised fund is working the Donor’s desire to involve their family members in the gifting process. Therefore, the Donor’s add their three children to the distribution advisors list and begin involving their children and grandchildren in making distribution recommendations from the Donor Family Foundation.

In the next several years, with input and consultation with their family, the Donor’s make additional distribution recommendations to the following entities:

- ◆ The local church of each family member
- ◆ Their scholarship fund at _NU
- ◆ The local district for teen and children’s camp scholarships
- ◆ A Nazarene sponsored rescue mission
- ◆ The Billy Graham Evangelistic Association to sponsor a crusade in the city of one of their children

Upon the death of Mr. and Mrs. Donor, the investment and distribution advisors roles are fulfilled by their children and distribution requests continue as the family desires.