

	POLICY
	Inactive Funds Policy

Purpose

South Dakota Community Foundation (SDCF) will periodically review the grantmaking activity of our endowed funds to ensure that donors' charitable objectives are being met. The purpose of this policy is to lay out a framework for that review.

Scope

The policy applies to all endowed funds within SDCF. A contribution to such funds is an irrevocable charitable contribution that is legally owned by SDCF. These funds may only be used for charitable purposes.

Definitions

Donor/Fund Advisor is the donor or person designated by the donor to have advisory privileges related to the fund's distributions.

Policy Topics

- Fund Activity and Exceptions
- Communication
- Inactivity

Fund Activity and Exceptions: A fund is considered active when a donor or fund advisor recommends grants or an interfund transfer to another grantmaking fund held by SDCF within a three-year period. Exceptions may be made in certain circumstances such as building a fund balance to reach the minimum amount stated in the fund agreement.

Communication: After three years with no distributions being made from a fund, SDCF will contact the donor, fund advisor or successor advisor using multiple methods to include email, phone and mail. SDCF also will make multiple attempts to communicate. The following options will be presented to the fund advisor:

- Resume or begin periodic grantmaking;
- Provide a written plan for funding a specific project that requires accumulating resources;
- Recommend an amended charitable purpose or designated charitable beneficiary for the fund;

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- Recommend amended criteria for awarding grants or scholarships from the fund;
- Recommend transfer of the assets into another endowment fund held by SDCF;
- Allow for the transfer of assets to a named fund that provides annual support to SDCF's unrestricted grantmaking programs aimed at addressing prevailing needs across South Dakota.

Any amendments, changes, or remedies recommended by the fund advisor must be approved by SDCF's Board of Directors.

Inactivity: A fund will be deemed to be inactive if:

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

If the fund becomes inactive, SDCF will deem the advisory period to have ended and will initiate distributions from the fund as part of SDCF's unrestricted grantmaking programs aimed at addressing prevailing needs across South Dakota.

REVISION DATE & DESCRIPTION OF CHANGES	Board of Directors, Oct. 20, 2017
REVISION DATE & DESCRIPTION OF CHANGES	Board of Directors, Oct. 16, 2025 Added description of what constitutes "activity"; added detail to communication process for potentially inactive funds; formatting