

HANDBOOK FOR FUND ADVISORS



Our vision is
clear

*FROM
ACORN TO
OAK*

Connecting Caring People With Community Needs Since 1965



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Our Mission

The mission of The Portsmouth Community Foundation is to improve the quality of life in the Portsmouth area by supporting needs that are not being met in the areas of health and human services, education, the arts, and economic development. To achieve this, the Foundation:

- Builds a permanent endowment for the community through the support of philanthropically minded citizens in the Portsmouth area.
- Sets high professional standards for the management of charitable gifts.
- Provides a broad range of giving vehicles to meet donor interests.
- Assists and cooperates with others in the effective application of charitable resources.
- Shares information about its activities and philanthropic achievements with the community.

Welcome!

Thank you for establishing a charitable advised fund with The Portsmouth Community Foundation.

The Foundation is a diverse community of individuals, families, and businesses deeply committed to Portsmouth and Hampton Roads. They care about their community and welcome the opportunity to participate in improving the quality of life for everyone.

The purpose of the Foundation's Donor Advised Fund Program is to create an opportunity for people like you to give back to their communities in an informed and active way. This handbook is designed to explain the Foundation's procedures and overall objectives, and to answer questions you may have about an advised fund. It is our goal to make your participation in the work of the Foundation as rewarding as possible.

What Happens Next?

By creating an advised fund, you have joined a community of donors actively involved with the Foundation's work. We realize that each of fund advisor has a wealth of first-hand knowledge of their community's needs. The Foundation hopes that you will share your observations about specific charitable needs that may be of interest to you or other fund advisors. Likewise, staff may share with you projects or organizations that we feel may interest you.

The Foundation will seek grant recommendations from you four times a year. A packet of information (*The Advocate*) is mailed to you prior to each board of directors meeting, which includes a fund financial statement, a *Fund Advisor Suggestion Form*, and information about opportunities to make a difference.

We ask that you submit a completed *Fund Advisor Suggestion Form* for suggested grants. A deadline for submitting those recommendations will be noted. Foundation staff will be available to work with you or persons designated by you to identify non-profit organizations that meet your charitable goals. Foundation staff is also available to provide information and undertake research regarding organizations you would like to know more about before recommending them as grant recipients.

Once we have received your grant recommendations, we check each organization to make sure it is a qualified non-profit organization. We contact organizations that are either new to the Foundation or from whom we haven't recently heard to request a copy of a recent annual report, board list, program descriptions, marketing materials, and documentation of tax-exempt status.

Please remember that distributions or grants from advised funds cannot be used to fulfill a pledge you made to a charity or other written commitments you made to a charitable organization. Also, distributions from advised funds may not be used to support a charity that will provide a benefit to you, such as a fund-raising event where you would receive dinner or the like. If you are unsure as to whether a distribution from the fund in which you serve as advisor would constitute a benefit, please call the Foundation office.

All grant recommendations are presented to the Foundation's board of directors/distribution committee. It has the responsibility of reviewing and approving all grants made by the Foundation. Once the grants have been approved, checks and grant award letters are mailed to the recipient organizations. The grant award letter includes the name of your advised fund, how the grant money is to be used, and a fund contact name and address so that the organization can personally thank you.

Some fund advisors have an occasional wish to remain anonymous to the recipient organization. If you want a particular grant or distribution to remain anonymous, please let us know when you submit your grant recommendations. The thank you letter can be sent to you in care of The PCF.

Our Commitment to You

In our effort to build community we have set the following standards for serving our donors. We pledge to:

- Maintain a prudent investment program;
- Provide clear and accurate information about the fund you established;

- Respond to your inquiries and correspondence promptly;
- Understand the emerging needs of Portsmouth and surrounding communities;
- Engage new generations of philanthropists;
- Offer fund advisors opportunities to partner with other donors;
- Recognize the community spirit of our donors.

The Role of the Fund Advisor

As an active partner in the work of the Foundation, you play a critical role in enriching the lives of people in our community through philanthropy. We suggest that an effective giving plan is the result of fund advisors embracing the following responsibilities for the fund they establish:

- Annually evaluate your own philanthropic goals;
- Find out how the Foundation can help you in addressing your community's issues and needs;
- Seek out the best organizations to accomplish your fund's goals;
- Talk with foundation staff when your charitable interests change;
- Review the funding packet materials sent by the Foundation. Ask for additional grant suggestions if the ones included do not reflect your interests.

Frequently Asked Questions

How often and when may I make distributions from the fund?

The Foundation will seek grant recommendations from you four times a year. All recommendations are submitted to The Foundation's board of directors/distribution committee for review and action. The board of directors meets four times a year: February, May, August, November.

How will I know how much I have available in the fund to make recommendations for grants?

About 4 to 6 weeks prior to a board of directors meeting, you will receive what we call an advisor packet. The packet will contain a fund financial statement showing fund previous balance, total distributions, total contributions, interest earned, and current balance.

What kind of organizations may I recommend for grants?

You may recommend non-profit public charities, schools, and government programs. Grants may not be directed to a Type III Supporting Organization.

May I recommend a grant to an individual?

No. According to IRS regulations, The Foundation may make distributions only to qualifying public charities. The Foundation staff checks all organizations for documentation of non-profit status.

May I recommend grants to organizations outside of Portsmouth?

Yes, if the organization's mission falls within the guiding principles of the Foundation. The Foundation makes international grants, if the nonprofit organization has a recipient U.S. entity. On the whole, we do request that at least 50% of your recommended grants go to Hampton Roads non-profits.

How often should I recommend grants from the advised fund?

We encourage you to recommend grants from your fund on a regular basis. Some advisors choose to do this annually, while others offer their suggestions semi-annually or quarterly.

May I recommend a multi-year grant from my fund?

Yes. At the time of your recommendation please indicate that the distribution is to be made in increments. We will administer the distribution and payment schedule.

Are there any restrictions?

Restrictions on the nature of grant advice are few. Individual grant recommendations of \$500 or more are strongly preferred. However, a minimum recommendation of \$100 is required in order to make the most efficient use of The Foundation's resources. Also, in accordance with Treasury Department regulations, grants awarded from The Foundation's funds may not be used to fulfill personal pledges or to pay for memberships, dues, or anything that provides a direct benefit to a donor or fund advisor. Grants may not be made to Type III Supporting Organizations (if you are unsure, call the Foundation office).

May I serve on the board of an organization and recommend a grant to it from the advised fund?

Yes, as long as you receive no personal benefit from the grant.

If I am having a fund raiser to add to the fund, may I be reimbursed by the fund?

No, the Pension Protection Act 2006 specifically prohibits reimbursement. However, a check may be made payable directly to a vendor.

If I am attending a fund raising event for a charity, can the fund pay the charitable donation portion for the ticket price?

No, the Pension Protection Act 2006 specifically prohibits this activity.

Common Types Of Grants

Here is a list of the most common types of grants made to non-profit organizations and what they typically mean to the organization.

Capital or capital campaign—A capital grant provides support for the purchase of property, the construction of a facility, remodeling / expansion of a facility or purchase of equipment.

Operating or general support—An operating grant provides support for the day-to-day costs of running the non-profit organization.

Endowment—Some non-profit organizations have endowment funds. The endowment fund is a permanent annual source of income for the operating or project expenses of the organization.

Unrestricted—An unrestricted grant allows the non-profit to use the dollars to support the organization where most needed.

Project—A project grant supports a specific activity.

Seed—A seed grant helps to jumpstart a new organization, a new project or launch a capital campaign.

Challenge or matching—A challenge or matching grant helps a nonprofit organization leverage additional dollars through a fundraising campaign.

Pooled Fund—The Foundation's board of directors, in concert with the community, periodically identifies an opportunity where a committed source of money and leadership will make significant difference in an issue facing our state. The Foundation partners with donors who have advised funds with similar interests and together build a pooled fund within the structure of the Foundation to concentrate on that issue.

The Grant Making Calendar

Outlined below is a brief description of the Foundation's annual funding cycles. The Foundation's fiscal year begins January 1 and ends December 31. During the year, fund advisors may make recommendations for grants from their advised fund. Recommendations are submitted to The Foundation's board of directors/distribution committee at the next scheduled meeting for review and action.

- January** Fiscal year begins. Advisor packets mailed.
- February** *Grant advice due February 10. Board of directors meeting last Wednesday in February.*
- March** *Grants paid by end of first week in March.*
- April** *Advisor packets mailed.*
- May** *Grants Advice due by May 10. Board of directors meeting last Wednesday in May.*
- June** *Grants paid by end of first week in June. Annual report available.*
- July** *Advisor packets mailed.*
- August** *Grant advice due August 10. Board of directors meeting last Wednesday in August.*
- September** *Grants paid by end of first week in September.*
- October** *Advisor packets mailed.
Year-End Giving appeal.
Year-End gifts advice due November 10.*
- November** *Grant advice due November 15. Board of directors meeting first Wednesday in December.*
- December** *Fiscal year ends December 31.*

The Foundation's annual report is available as well as its audited financial statements. Written request is preferred.

DONOR-INITIATED FUND RAISING

WHAT IS DONOR INITIATED FUND RAISING?

The Portsmouth Community Foundation's references to donor-initiated fund raising includes all organized fund raising activities that are undertaken by individuals, organizations, or businesses, where the funds raised are designated to support either a specific Named Fund or the general endowment of The Portsmouth Community Foundation.

In establishing a fund at The Portsmouth Community Foundation, you may wish to organize activities or solicit support for the fund. The Portsmouth Community Foundation is legally responsible for all donor-initiated fund raising undertaken on its behalf. The Foundation, as well as the donor can face serious penalties, if there is violation of laws and regulations. The Foundation Board of Directors has adopted a policy regarding fund raising activities organized by its donors and has outlined procedures to protect all concerned. In order to lend guidance and expertise, the Foundation has developed guidelines and procedures for fund raising activities on behalf of advised funds. These guidelines are designed to protect you and the Foundation. Please call the Foundation office for a copy.

Foundation Programs and Services

The Portsmouth Community Foundation provides opportunities for fund advisors and their families to expand on and pursue their philanthropic goals through:

- Opportunities to learn the fundamentals of grant making;
- Events for fund advisors to meet one another;
- Presentations by experts working in the non-profit sector;
- Professional program staff to advise on grant making strategies and issues facing our state;
- Quarterly fund financial statements tracking the activity of your advised fund;
- Expertise available in working with gifts of real estate and appreciated stock;
- Expertise available in deferred gifts such as charitable remainder trusts, bequests, and charitable gift annuities;
- Family Philanthropy program.

Family Philanthropy

The Portsmouth Community Foundation has many donors who are encouraging their children to carry on their own tradition of philanthropy. Experience indicates that educating children through example and shared activities instills this legacy of commitment. Your advised fund allows you and your children to encourage and support those community values that you respect. When the time is right for your family, PCF staff can meet with you to clarify shared family values and goals.

How to Add to Your Fund

Creating a fund with The Portsmouth Community Foundation allows you to sustain a permanent legacy of philanthropy in Portsmouth, and you may add to your fund at any time. In many cases, significant tax benefits can be realized through gifts of appreciated stock or real estate. We encourage you to discuss any gift you may be considering with our staff.

Year-end Giving

Many donors like to make additions to their fund in December. If you plan to make a stock gift, please let us know. The Foundation has accounts with many brokers, and most likely has an account with your broker. If timing is of concern to you, be sure to:

1. Ask us for The PCF's account number and DTC number at your brokerage firm;
2. Include our account number and our DTC number in your letter to your broker requesting that they transfer the stock;
3. Send us a copy of your letter.

The Foundation also offers an opportunity to make year-end grants to non-profit organizations:

- **Through your advised fund.** Send in your grant recommendations by November 10. The PCF board of directors will review those recommendations. Approved grants will be paid by December 31.
- **Through your year-end gift.** At the time of a year-end gift to the Foundation, you can designate all or a portion of that gift to be distributed to non-profit organizations. Include a list of organizations with your gift.

Successor Advisors

When you established the component fund at The Portsmouth Community Foundation, you were informed that you could name successor advisors, which means that after your death or if you become incapacitated, your named successor advisors will be allowed to make suggestions for distributions from the fund just as you did. We ask that only one person serve as "Fund Advisor". You and successor advisors may form a committee to arrive at suggestions for distributions, but only one person may be the fund's Fund Advisor. If you name your children as successor advisors, we ask that you name one to serve as Fund Advisor.

Fund Management

The Foundation’s investment policies and the performance of the investment managers are reviewed at least annually by an investment committee made up of PCF board members, our investment manager, and our investment consultant. Each fund is assessed an annual fee to offset the cost of administrative services. The current annual fee for advised funds is approximately 1%, which is assessed on a four-quarter averaged market value of the funds.

The PCF Administrative Fund

Each year, individuals, foundations, and corporations throughout Portsmouth and its surrounding communities contribute to the Foundation’s Administrative Fund, which supports a portion of our operations. Gifts to the Administrative Fund help keep our fund fees to a minimum and demonstrate a base of support for the Foundation’s mission. Contributions to the Administrative Fund may be made from advised funds as grants to PCF.



Connecting Caring
People With

Community Needs



WEB SITES TO SATISFY YOUR THIRST FOR KNOWLEDGE

Council on foundations - www.cof.org

Better Business Bureau's Philanthropic Advisory Services— www.bbb.org/about/pas/html

Philanthropy News Digest— www.fdncenter.org/pnd/current/index.html

Women's Philanthropy Institute—www.women-philanthropy.org

The Chronicle of Philanthropy—www.donors.philanthropy.com

The Foundation Center - www.fdncenter.org

National Center for Family Philanthropy—www.ncfp.org (great links!)

Benefice - www.benefice.com

National Council of Nonprofit Associations—www.ncna.org

The Center for Excellence in Nonprofits—www.cen.org

Independent Sector—www.indepsec.org

FOR FURTHER ASSISTANCE

We hope that this handbook serves as a helpful guide to your advised fund with The Portsmouth Community Foundation. Please contact us for any other information we can provide. The following staff is available to assist you:

Judi E. Luffman, Executive Director
Linda Torres, Administrative Secretary

Phone: 397-5424

Fax: 397-7948

Email: office@thepcf.org

On the web at www.thepcf.org

NOTES

This page is provided for you to make notes about questions you may have for The Foundation, your attorney, or your financial advisor.



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