

# Donor Advised Fund Handbook

## ***Overview of the Community Foundation of Greater Greensboro***

Started by local business and civic leaders in 1983, the Community Foundation of Greater Greensboro (“CFGG”) is a tax-exempt public charity dedicated to inspiring philanthropy and strengthening the community for present and future generations. We work with individuals, families, and organizations to achieve their charitable objectives. We are the only organization in Greensboro focused on building permanent assets for the long-term benefit of the community, allowing us to address community needs as they emerge and evolve over time.

CFGG is staffed by a team of professionals who are experts not only in managing funds, but also in helping donors determine how they can make the greatest community impact. In addition, we’re guided by a broad-based board of directors who bring their own unique backgrounds and perspectives to the work we do. Together, we manage \$215 million in assets in 670 charitable funds and distribute more than \$25 million in gifts annually to worthy organizations in Greensboro and across the country.

CFGG is a member of the Council on Foundations and meet rigorous national standards for operational quality, donor services, and accountability.

# ***What is a Donor Advised Fund?***

***A charitable fund that benefits  
the community and you***

If you have diverse philanthropic interests, a Donor Advised Fund offers significant benefits and is an excellent way to carry out your charitable wishes. Donor Advised Funds provide for the continuing involvement of donors through recommendations for the recipient, amount, and timing of grants from a fund that they establish at the Foundation.

## **Benefits of a Community Foundation Donor Advised Fund include:**

- An immediate charitable income tax deduction for your contributions to the fund
- No capital gains taxes on gifts of appreciated, long-term securities
- An opportunity to support favorite local charities, as well as any other 501(c)(3) charities in the United States
- Flexibility to time gift recommendations to charities – now or in the future
- Recognition or anonymity – as you wish
- Professional staff to assist you at any time
- Educational opportunities concerning community issues
- Involving family in your philanthropy by naming them as successor advisors
- No tax record keeping, administrative burdens or expenses – we handle the paperwork
- Professional investment management
- Choice of investment manager
- Long-term and short-term investment options, including a Social Impact Fund option

***“A Donor Advised Fund is a great alternative to a private foundation”***

A Community Foundation Donor Advised Fund offers many of the advantages of a private foundation without the initial set-up costs, ongoing excise taxes and administrative expenses. Your gift to a Community Foundation Donor Advised Fund receives more advantageous tax treatment, as well as reduced expenses and burdens, because the Community Foundation is a public charity. With a Community Foundation Donor Advised Fund you can maximize your tax savings and simplify your charitable giving.

**Comparison of Key Features**

**CFGG Donor Advised Fund**

No set-up fees

No specific annual distribution requirement

No excise taxes

**Income tax deductions**

Cash: Up to 60% of adjusted gross income

Appreciated, long-term securities: Fair market value up to 30% of adjusted gross income

Long-term real estate and closely held securities: Deductible at cost basis

Donor may choose to remain anonymous

**Private Foundation**

Substantial set-up costs (legal, accounting, filing fees)

5% annual distribution requirement

Excise taxes (typically 2% of annual income)

**Income tax deductions**

Cash: Up to 30% of adjusted gross income

Appreciated, long-term securities: Fair market value up to 20% of adjusted gross income

Long-term real estate and closely held securities: Fair market value up to 30% of adjusted gross income

Tax return is public record (Form PF 990)

In addition, the Community Foundation can offer individuals creating large funds the option of becoming a supporting organization. Supporting organizations are separate public charities, with their own governing boards, which obtain their public charity status from the community foundation with which they are affiliated.

***“A Donor Advised Fund at CFGG offers me personalized services and local knowledge.”***

Occasionally, a donor asks us why they should open a donor advised fund at CFGG instead of a commercial provider. Here are some key advantages to opening your fund with CFGG.

## **Comparison of Key Features**

### **CFGG Donor Advised Fund Fund**

Counseling on where your money can do the most good, based on your goals and interests

Deep local knowledge across wide variety of evolving or emerging community issues

Opportunity to become more engaged with local community through membership on CFGG committees and boards

Invitation to donor events including networking and educational activities

Fees support programs that benefit the community through CFGG

### **Commercial Donor Advised**

Limited, if any, philanthropic advice; grantmaking transactional requests

Limited, if any, local presence; grants accepted through national office

Grantmaking only

No donor events

Fees support financial parent's national foundation

## ***How do I open a Donor Advised Fund?***

### **Establishing a Donor Advised Fund at the Community Foundation of Greater Greensboro is simple.**

- Review your charitable giving plans with your financial and legal advisors. They, together with the Foundation staff, can assist you in determining the best type of gift, the most appropriate asset to donate, and the best investment option for your goals.
- Name the fund. You may give your fund any name you wish. Many of the Foundation's funds were established in memory of, or in honor of, a family member.
- Select the best asset for funding your donation. A fund can be established with a minimum contribution of \$10,000. Additional gifts of any amount can be added to a fund once it has been established either through lifetime donations or a will.
- Choose your investment option: Main Pool, Social Impact Fund Pool, Balanced Pool, Cash Equivalent.
- Complete the fund agreement form. The Foundation staff will assist you in completing the agreement form. (Sample forms are enclosed.)

*Grant recommendations may be made for the entire balance of a **nonpermanent donor advised fund**.*

*Grant recommendations may be made from the annual payout (a percentage of the principal) in an **endowed donor advised fund**. This annual payout is based on the Foundation's payout policy and the payout percent set annually by the Foundation's Board of Directors.*

- Transfer the assets. Appreciated securities can be transferred electronically from your financial institution to the Foundation's financial custodian; the Foundation staff will assist you in this transfer. Instructions for gifts of securities enclosed. Or, you may write a check to the Community Foundation of Greater Greensboro.

# *Donor-Advised Fund Guidelines*

## **GRANT GUIDELINES**

- The minimum grant recommendation is \$100.
- Grant recommendations must be submitted in writing or through the Foundation's online portal or by submitting a hard copy of the Grant Recommendation form.
- Advisors may recommend grants to the Foundation from their fund(s) that are consistent with the IRS guidelines for charitable contributions.
- The Foundation will consider and evaluate all donor recommendations, but recommendations will be solely advisory, and the Foundation is not bound by them.
- Grants may be approved for organizations classified as 509(a)(1) or 509(a)(2) public charities under Section 501(c)(3) of the Internal Revenue Code. Private foundations and supporting organizations are generally ineligible.
- Grants are paid weekly, but the Foundation's guarantee is that if a grant recommendation is received by the 15th of the month it will be paid out by the 30th, and vice versa.

## **GRANT RECOMMENDATIONS CANNOT BE APPROVED FOR THE FOLLOWING**

- If donors, fund advisors, related parties, or designees are entitled to material benefits from the organization such as athletic booster club benefits, dinners, or other special events.
- Grants, loans, compensation, or similar payments to donors, fund advisors, or related parties.
- Pledges or legally binding financial obligations made by donors, fund advisors, or related parties.
- Political campaigns or lobbying activities.
- To support a specific person or family, including assistance with scholarships, humanitarian efforts, bills, or to assist specific persons following a catastrophic event, accident, or injury.
- To support organizations that attack or malign individuals or groups of individuals on the basis of their having certain characteristics, including, but not limited to, race, color, religion, sex, national origin, sexual orientation, and/or organizations with policies or practices that do not align with the Foundation's mission and core values.

## ***FAQ's for Administering Your Fund***

### **How do I recommend a grant?**

We have an easy-to-use online portal that will be set up for you when you open a fund with us. (We also provide an easy-to-use form that can be mailed or faxed if that is your preference.) Your recommendation should be for grants of at least \$100 to a tax-exempt charitable organization for general support or for a specific program or activity.

### **Are there any restrictions?**

Yes. In accordance with IRS regulations, grants from donor advised funds may not be used to satisfy a *legally irrevocable* personal pledge or obligation of the donor, and no goods and services may be given to you by the recipient organization in consideration of a grant.

### **If a charitable organization asks for a pledge and I prefer to give from my Fund, how do I notify the organization?**

While distributions from donor advised funds may not legally fulfill pledges, you may recommend grants to those charitable organizations. To accomplish this, please use the "This is not a pledge" stickers enclosed in this packet to put on the pledge cards and return to the charitable organization. Then fill out the form recommending a grant to that organization and send it to the Foundation.

### **How are grant recommendations processed?**

One of the benefits of having a donor advised fund is the assurance that your grant will always be given to qualified charities. When we receive your recommendations, the charitable organizations are contacted to obtain the documents needed to ensure the tax-deductible eligibility and to ensure that your grant will be used toward the purpose you intended. If any information is uncovered which might lead staff to question a grant recommendation, it will immediately be brought to your attention.

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

You may make recommendations at any time. Grant recommendations and distributions from your fund are considered twice a month.

### **What kind of organizations may I recommend for grants?**

You may recommend nonprofit public charities, schools, religious organizations, and government programs. They must be exempt under Section 501(c)(3) and 170(b)(A) of the Internal Revenue Code.

**May I recommend a grant to an individual?**

No. According to IRS regulations, the Foundation may make distributions only to qualifying public charities.

**How will you keep me informed of the fund's activity?**

Each quarter you will be able to review your statement online detailing contributions, grantmaking activity, investment performance, administrative expenses, and fund balance. Your 4th quarter statement will be mailed to you. If you use Donor Doorway to make your recommendations, you will receive a confirmation e-mail. If your grant recommendations were submitted via e-mail or USPS, you will receive a letter and a report stating the status of your recommendations. Samples of the documents are enclosed in this handbook.

**May I recommend grants to organizations outside of the Greensboro area?**

Yes. The Foundation distributes grants from its donor advised funds across the country. Grants to certain international charities may be made but may take longer to process, depending on the organization.

**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.

**How do I make an additional contribution to the fund?**

Contributions of cash, appreciated securities, both publicly traded and privately held, as well as gifts of real estate and certain other assets such as partnership shares, are eligible as contributions to your fund. We will be glad to discuss options for giving with you or your financial advisor. When you make a gift, you will receive an acknowledgment letter that you should retain for IRS gift substantiation. The Foundation also has staff with expertise in deferred giving who can assist in the charitable aspects of your estate planning. Many donor advisors have chosen to add to their fund through a bequest or trust.

**What opportunities are there to access information about programs that fit my interest area(s)?**

Throughout the year, you and other donor advisors will receive the Foundation's newsletter and will be invited to attend our informational programs and special events.

We hope you will use these programs and services to further your charitable interests. Through your donor advisor partnership with the Foundation, you can choose to learn about grantmaking opportunities from experienced professional grantmakers. Our donor services and program staff – a ready reserve of information and expertise about the nonprofit sector – are

available to research organizations you might be interested in funding or to offer recommendations on grantmaking opportunities. If you wish, they will bring to your attention prescreened proposals in your charitable interest area(s) and arrange site visits to nonprofit organizations.

### **Who do I contact with questions?**

While our entire staff is at your service, you will have one primary point of contact – Phelps Sprinkle, who is our Vice President, Development and Donor Services. His direct dial is 336-790-7798, and you may also email him at [psprinkle@cfgg.org](mailto:psprinkle@cfgg.org).

## ***Sample Grant Recipient Letter***

This is the letter the recipient (nonprofit organization) will receive, accompanied by the check

Date:

Grantee's Name  
Address  
City, State, Zip Code

Dear Sir or Madam:

The Community Foundation of Greater Greensboro has approved a grant of \$5,000.00 to Grantee's Name from the \_\_\_\_\_ Fund. The grant is designated for your Unrestricted Fund.

By accepting this grant, your organization certifies that the grant will be used solely for charitable purposes, that neither goods nor services will be provided to any party in exchange for this grant and that this grant does not satisfy any legal obligation owed to your organization.

Please note that the Community Foundation of Greater Greensboro made the grant. We provide our donors with tax receipts for contributions to the Fund. **It is not necessary for your organization to issue a tax receipt for this donation**, as the Community Foundation of Greater Greensboro is a 501(c)(3) public charity.

You may wish to express your appreciation to the donor(s) who recommended this grant at the address below:

Grantor's Name  
Address  
City, State Zip Code

We wish you continued success with your endeavors and should you have any questions, please feel free to contact Phelps Sprinkle, Vice President for Development & Donor Services.

Sincerely,

H. Walker Sanders  
President

Enclosure

# Sample Quarterly Financial Report

COMMUNITY FOUNDATION OF GREATER GREENSBORO

Quarterly Financial Report  
04/01/xx-06/30/xx

\_\_\_\_\_ Fund  
Fund # \_\_\_\_\_

	Current Quarter 04/01/xx – 06/30/xx	Fiscal Year to Date 01/01/xx – 06/30/xx
FUND BALANCE, BEGINNING OF PERIOD	\$104,786.49	\$99,911.11
INCREASE (DECREASE) IN FUND DURING PERIOD		
Contributions Received	5,000.00	10,000.00
Interests & Dividends	492.61	894.69
Increase (Decrease) in Market Value	2,145.01	7,100.40
Administration	(331.98)	(655.84)
Investment Manager Charges	(166.04)	(324.27)
Grants	(5,000.00)	(10,000.00)
NET INCREASE (DECREASE) IN FUND	2,139.60	6,714.98
FUND BALANCE, END OF PERIOD	\$106,926.09	\$106,926.09

Grants Made  
01/01/20xx-06/30/20xx

ORGANIZATION	GRANT DATE	AMOUNT
ABC Nonprofit	01/27/xx	5,000.00
XYZ Nonprofit	04/28/xx	5,000.00
	Total	10,000.00

# Sample Nonpermanent DAF Agreement

Date:

Mr. H. Walker Sanders, President  
Community Foundation of Greater Greensboro  
330 S. Greene St., Suite 100  
Greensboro, NC 27401

Dear Mr. Sanders:

Please accept this contribution of as an irrevocable gift to the Community Foundation of Greater Greensboro.

It is my understanding that the Foundation accepts this gift and agrees that the gift shall be used to establish a nonpermanent donor advised fund known as the \_\_\_\_\_ Fund in accordance with procedures for operation of Donor Advised Funds, Nonpermanent.

I understand that the Fund will be subject to the provisions of the Charter and Bylaws of the Community Foundation, including the power reserved to the Board of Directors to modify any condition or restriction on the distribution of funds for any specified charitable purpose or to specified organizations, if in its sole judgment (without the approval of any trustee, custodian, or agent) such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Community Foundation.

The advisors to this fund are \_\_\_\_\_.

Recommendations for grants from this fund must be signed by the primary contact. The primary contact is \_\_\_\_\_.

Address: \_\_\_\_\_

Sincerely,

\_\_\_\_\_

Accepting on behalf of the Community Foundation

\_\_\_\_\_  
H. Walker Sanders  
President

## COMMUNITY FOUNDATION OF GREATER GREENSBORO GENERAL POLICIES

### **1. Mission Statement**

The Community Foundation of Greater Greensboro is a charitable organization dedicated to strengthening the community for both present and future generations. The Community Foundation promotes philanthropy, builds and maintains a permanent collection of endowment funds, and serves as a trustworthy partner and leader in shaping effective responses to community issues and opportunities.

### **2. Investments**

The Investment Committee of the Community Foundation oversees the investment of all component funds. Additions to funds which accrue investment returns are allocated a pro-rata share of income and market change beginning with the month following the date the addition was received.

### **3. Personal Benefit**

Grants and loans may be made only for charitable purposes and may not result in personal benefit to any individual (other than for charitable intent, such as a scholarship). No goods or services are to be provided in exchange for any grants, nor may grants from the Community Foundation satisfy any legal obligation of any individual.

### **4. Conflict of Interest Policy**

Staff members and volunteers of the Community Foundation will identify any affiliation with organizations or individuals which are potential recipients of grants, loans or scholarships at the time the disbursement is considered. Any person in such a conflict of interest situation will not participate in a decision-making role.

### **5. Changes to Agreements**

The Community Foundation has the authority to amend and/or change any of its specific fund agreements to remain in compliance with applicable laws and regulations. Other changes in agreements may be made in consultation with the donor.

### **6. Changes to Policies**

The Community Foundation retains the right to amend any policies in this document.

### **7. Expenses of Fund Administration**

Administrative and investment fees will be allocated to each fund in accordance with the then current fee schedule adopted by the Community Foundation. The latest fee schedule was reviewed and adopted by the Board of Directors on November 23, 2010 and is subject to change from time to time.

### **8. New Funds**

In order to fulfill its mission, the Community Foundation may develop new types of funds from time to time to meet the charitable needs of its service area.

## **DONOR ADVISED FUNDS, NONPERMANENT**

Donor Advised Funds provide for the continuing involvement of donors through recommendations for the recipient, amount, and timing of grants from a fund that they establish at the Community Foundation. Grant recommendations may be made for the entire balance of a fund. The Community Foundation provides administrative and grantmaking expertise to donors in fulfilling their charitable objectives. When the advisory relationship ends, the balance in the fund augments the Friendship Fund, or another permanent fund within the Foundation specified by the donor.

### **1. Fund Advisors**

At the time a fund is established, the donor can name the advisors to the fund. While any advisor can recommend grants, a primary contact will be named, and will be the individual who signs all grant recommendation forms and to whom correspondence regarding the fund will be directed. The Community Foundation will work with the donors to ensure their charitable objectives are met.

### **2. Submitting Grant Recommendations**

Grant requests may be submitted via the Donor Doorway portal or on forms provided by the Community Foundation. Completed forms may be returned to the Community Foundation by mail or fax.

### **3. Processing Grant Recommendations**

Staff reviews grant recommendations for compliance with policy, eligibility of grantees, and availability of funds. Recommendations are considered and acted upon in accordance with procedures defined by the Community Foundation. Grants are paid following favorable action.

### **4. Eligible Grantees**

The Community Foundation will make grants from these funds only to organizations which are exempt under Section 501(c)(3) and 170(b)(1)(A) of the Internal Revenue Code.

### **5. Minimum Grant Amount**

Grant recommendations must be a minimum of \$100.

### **6. Availability of Funds**

Grant recommendations may be made for the entire balance of a fund. Additions to funds are available for distribution in the month following the date of receipt.

### **7. Fund Reports**

The Foundation provides the donor, via its Donor Doorway site, with a quarterly report showing activity in the fund, as well as the ending balance for the quarter.

# Sample Endowed DAF Agreement

Date:

Mr. H. Walker Sanders  
President  
Community Foundation of Greater Greensboro  
330 S. Greene St., Suite 100  
Greensboro, NC 27401

Dear Mr. Sanders:

Please accept this contribution of \_\_\_\_\_ as an irrevocable gift to the Community Foundation of Greater Greensboro.

It is my understanding that the Foundation accepts this gift and agrees that the gift shall be used to establish a donor advised endowment fund known as the \_\_\_\_\_ Fund, which will be administered by the Community Foundation of Greater Greensboro under the procedures for operation of a Donor Advised Endowment Fund.

I understand that the \_\_\_\_\_ Fund will be subject to the provisions of the Charter and Bylaws of the Foundation, including the power reserved to the Board of Directors to modify any condition or restriction on the distribution of funds for any specified charitable purpose or to specified organizations, if in its sole judgment (without the approval of any trustee, custodian, or agent) such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Community Foundation.

The advisors to this fund are: \_\_\_\_\_.

Recommendations for grants from this fund must be signed by the primary contact. The primary contact is \_\_\_\_\_.

Address: \_\_\_\_\_

Sincerely,

\_\_\_\_\_  
Accepting on behalf of the Community Foundation

\_\_\_\_\_  
H. Walker Sanders  
President

# ***Delivery Instructions for Gifts of Securities to CFGG***

To ensure timely posting to your Community Foundation charitable fund, please notify our Donor Services team ([donorservices@cfgg.org](mailto:donorservices@cfgg.org)) and our Finance team ([finance@cfgg.org](mailto:finance@cfgg.org)) at the Community Foundation of stock transfers.

Deliver securities (with any restrictions cleared) through Depository Trust Company as follows:

## **Morgan Stanley account**

DTC Number: 0015  
Broker: Morgan Stanley  
Account Name: The Community Foundation of Greater Greensboro  
Account #: 651-109438-025  
Memo line: Donor's name

Contact: Chris Wagner  
Morgan Stanley, Greensboro  
(336) 271-4307 (800) 456-0456

## **Charles Schwab account**

DTC Number: 0164, Code 40  
Broker: Charles Schwab  
Account Name: The Community Foundation of Greater Greensboro  
Account #: 7501-2126  
Memo line: Donor or Fund name

Contact: Charles Schwab  
(800) 435-4000



**Office of the President**

H. Walker Sanders, President  
Patti-Angela Maney, Executive Assistant

**Operations**

Jackie O'Connell, Executive Vice President  
Keevie Martin, Manager, Employee Engagement and Operations

**Finance and Administration**

Marci Peace, Vice President, Finance  
Kathy Johnson, Senior Accountant  
LaToya Cheek, Senior Accountant

**Grants & Community Relations**

Tara M. Sandercock, Senior Vice President, Foundation and Community Relations  
David Bolton, Director, Work Force and Housing  
Kevin Lundy, Director Grants & Scholarships  
Connie Leeper, Manager, Grants & Scholarships  
Michelle Sorrells, Program Assistant

**Communications and Marketing**

Ross Harris, Director, Communications and Marketing  
Traci Poole, Digital & Communications Officer  
Effie Varitimidis, Project Coordinator

**Development & Donor Services**

Phelps Sprinkle, Vice President, Development & Donor Services  
Emily Thompson, Director, Donor Services  
Athan Lindsay, Director Community Philanthropy  
Julie Ann Cooper, Donor Services Associate  
Christine Evans, Donor Services Coordinator  
Amy Plyler, Receptionist & Development Assistant  
Jodee Ruppel, Program Coordinator - Future Fund Endowment  
Dena Maginess-Jeffrey, Program Coordinator - Women to Women Endowment  
Cheryl Stewart, Program Coordinator and Consultant - Public Art Endowment

**The Community Foundation of Greater Greensboro**

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