

A Guide for Donor-Advisors



How to Partner in Philanthropy to benefit our Community's greatest needs.

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Welcome!

Thank you for your confidence and trust in choosing to establish your Donor-advised fund with the San Luis Obispo County Community Foundation. Your fund allows you to take a personal approach to giving in partnership with the Community Foundation.

We are continually increasing the amount of Donor-advised permanently endowed funds by partnering with like-minded, philanthropic members of our community. The proceeds from these endowed funds support the needs of people in San Luis Obispo County and elsewhere.

By creating an advised fund, you join a community of Donors who are actively involved with the Community Foundation's work through their funds. All of our Donor- advisors have a wealth of first-hand knowledge about our community's needs, and we encourage you to share your observations about specific charitable needs that may be of interest to you and possibly other Donor-advisors. Likewise, Community Foundation staff may share ideas about projects or organizations that we feel may be of interest to you.

The purpose of this handbook is to help familiarize you with the process of grant making, provide you with a reference about Community Foundation services, and to offer resources to help you enhance and expand your philanthropic goals.

Of course, we expect you to come and speak with us at any time. We welcome the opportunity to spend time with you and/or your representatives to help match your philanthropic goals in ways that will best maximize your impact in our community.

Thanks for joining us. Together, we are turning *Passion into Action!*

Barry VanderKelen
Executive Director



Mission

The San Luis Obispo County Community Foundation is a public trust established to assist donors in building an enduring source of charitable funds to meet the changing needs and interests of the community.



Vision

As residents of San Luis Obispo County, we are a thriving, engaged society that is responsible for ourselves and for one another, for our diverse communities, and for maintaining the beauty, productivity, and sustainability of our environment.



Goals

- Grant funds to support nonprofits in San Luis Obispo County.
- Gather funds by helping residents of the County achieve their philanthropic goals.
- Grow funds in order to build enduring sources of support for the evolving needs in the County



Governance

The Community Foundation is governed by an independent, 15-member Board of Directors with diverse backgrounds and expertise, coupled with insights about important county-wide community issues.



Our Commitment to You

Donor Service excellence is our daily goal. The following outlines what you can expect from your partnership with us.

- As a public foundation, the Community Foundation is structured to offer you maximum tax benefits for donations of stocks, real estate, life insurance, retirement assets, wills, bequests, and charitable trusts, depending on your financial circumstances.
- We take a leadership role by working closely with local non-profit organizations to establish a broad portfolio of collaborative partnerships and initiatives that are available for your review to help maximize your charitable intentions.
- We partner with a variety of donors, agencies, and nonprofit organizations to establish funds to keep the Community Foundation strong.
- Your suggested grants from your Fund afford you the convenience of having just one receipt for your gift to the Community Foundation rather than multiple receipts from multiple nonprofits.
- We maintain precise and well-managed records of your Fund that are always available for your review.
- Your Fund provides a positive alternative to establishing a private foundation, which is more costly, requires elaborate tax reporting and has other government restrictions.
- Your Fund helps build a permanent fund that directly benefits the needs in our community.
- You receive regular reports and easy access to information about our progress and impact in the community.
- You always have the opportunity for regular conversations about your Fund or other Community Foundation services with our staff.



Foundation Services

The Community Foundation provides resources to help you and your family turn your philanthropic passion into community action.

- Events to meet other Community Foundation Donors.
- Access to presentations by experts working in the nonprofit sector.
- Semi-annual Fund financial statements tracking the activity of your advised fund.
- Expertise in working with gifts of real estate and other appreciated assets.
- Expertise in deferred gifts such as charitable remainder trusts, charitable lead trusts, and bequests.



Family Philanthropy

We encourage having children involved in a tradition of philanthropy. Experience indicates that educating children through shared philanthropic activities instills a legacy of charitable commitment.

Your Donor- advised fund allows you and your children to encourage and support the community values that meet your interests. When the time is right for your family, our staff can meet with you to help develop a value statement and establish a set of goals that will help guide your current and future grant making.



Grant Making Consultation

San Luis Obispo County Community Foundation staff is available to meet with you to discuss your grant making strategies and options. Consultation is done in person, by phone, or via e-mail. (*see contact information on page 16*)

Services include:

- Helping you formulate a giving strategy that is right for you, along with providing information about issues facing our local community.

- Opportunities to learn the fundamentals of grant making.
- Researching specific local non-profits at your request, and recommending organizations according to your interest.
- Providing regular reports identifying organizations working in areas of interest to you.
- Soliciting proposal ideas from local non-profits that fit with your charitable interests.
- Advising on types of support, from funding a capital project to endowing a program.
- Connecting you to urgent needs in the community.



Grant Making Opportunities: Partnering with the Community Foundation

We offer options for your consideration that respond to local needs.

- ***General Grants Cycle***
Our *General Grant Cycle* funds 501(c) 3 non-profit organizations working to improve the quality of life for San Luis Obispo County residents. Past grants have supported new and established organizations representing a broad spectrum, from human services and the environment to the arts and education.

Ways to support our General Grants cycle include:

Support the Program Broadly: You may choose to support our General Grant Cycle with a direct contribution to the Community Foundation's ***Community Needs Fund***.

Choose specific Programs: You can choose from a broad portfolio of General Grant proposals to decide what will accomplish your charitable goals. Or, you can review summaries of General Grant proposals that have been recommended by our Grants Committee to be funded and the recommended level of funding. You have the opportunity to offer support beyond our Grant Committee's recommended funding level for any proposal. Our Director of Grants and Programs can assist you with this process.

- ***Pooled Fund***
Our Board of Directors, in concert with the community, periodically identifies an opportunity where a committed source of money and leadership will make a significant difference to an issue facing our community. We partner with Donors who have advised funds with similar interests to build a pooled fund within the structure of the Community Foundation to concentrate on that issue.
- ***Leadership Fund***
Each year, individuals, foundations and corporations throughout San Luis Obispo County contribute to the Community Foundation's Leadership Fund, which supports a portion of our operations and allows us to be actively involved in many areas of San Luis Obispo County. Gifts to the Leadership Fund help keep our fund fees to a minimum and demonstrate a county-wide base of support for the Community Foundation's mission. Contributions to our Leadership Fund can be made through your advised fund as grants to the Community Foundation.



Common Types of Grants

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

Operating or general support

An operating grant provides support for the day-to-day costs of running a nonprofit organization.

Unrestricted

An unrestricted grant allows the nonprofit to use the dollars to support the organization where the need is greatest.

Program

A program grant supports a specific activity or program.

Challenge or matching

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

Seed

A seed grant helps to jump start a new organization, a new project, or launch a capital campaign.

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.

Endowment

Some nonprofit organizations have endowment funds. The endowment fund is a permanent annual source of income for the operating or project expenses of the organization.

**Your Role in your Donor Advised Fund**

As an active partner in our charitable work, you play a critical role in helping to enrich life in San Luis Obispo County through philanthropy. We suggest that an effective giving plan is the result of embracing the following responsibilities for your Fund:

- Annually evaluate your philanthropic goals.
- Learn how the Community Foundation can help you address our community's issues and needs.
- Choose the best organizations to accomplish your Fund's goals, and ask Community Foundation staff if you need assistance.
- Meet with Community Foundation staff when your charitable interests change.
- Abide by the following grant making guidelines:
 - ✓ Grantees must be non-profit organizations registered under section 501(c)3 of the Internal Revenue Code or retain a fiscal agent registered under section 501(c)3 of the Internal Revenue Code. (Community Foundation staff can assist with verification.)
 - ✓ Grants to pre-designated individuals are not allowable, and this restriction includes scholarship awards.
 - ✓ Although the Foundation's focus is San Luis Obispo County, grants can be made to organizations throughout the United States. Granting to organizations outside of the United States is reviewed on a case by case basis.

- ✓ Grants may pay for general operating support, a specific project, purchase, program, or a capital campaign.
- ✓ Grants may not be used to pay for memberships, benefit tickets, auction items, or other instances that create personal benefit. The penalty, which is 125% of the amount of the benefit, can be imposed on the person who recommends the grant or the person who receives the benefit. Fund managers who approve the grant are subject to a penalty of 10% if they knew the distribution would result in the benefit.
- ✓ Donor advised funds cannot be used to commit or fulfill a fundraising pledge. You can suggest that an organization receives multi-year support. We can help you structure a multi-year grant from your Fund.
- ✓ The Community Foundation recommends that grants be for at least \$250.00.
- ✓ Grants are generally made from income, not principal, unless otherwise noted in your Fund Agreement. If you wish to treat your Fund as an endowment, the Community Foundation's current policy allows using a maximum of 4.5% of the fund's value for annual grant making. We calculate that number for you annually.
- ✓ Due to the irrevocable terms of your Fund agreement, you may suggest, not direct, the distribution and the timing of the distribution of funds to charities that you name.
- ✓ Donor- advisors, and related parties, are prohibited from receiving grants, loans, compensation or similar payments (including expense reimbursements) from their fund.
- ✓ Grants cannot be made if they improperly discriminate as to race, gender, marital status, sexual preference, age, disability, creed or ethnicity.
- ✓ Grants cannot support lobbying or political activities.

If you have any questions about our Community Foundation's grant making guidelines, please do not hesitate to contact our staff at 805-543-2323.



The Grant Making Process

Step One: You recommend a Grant

You, or your designated advisor for your fund, may recommend a grant from your Fund to the Community Foundation at any time, as long as there is money available in the fund for grant making. Some advisors choose to make recommendations annually, while others offer their suggestions semi-annually or quarterly.

To begin the grant making process, you provide a written recommendation to the Community Foundation's Board of Directors. You do this by completing a **Donor Suggestion Form** (*see attachment*). You can photocopy the attached form, print it from our website, www.slocf.org, by selecting the Donor's tab, where you will then find the **Donor Suggestion Form** in the right column, or you are welcome to phone us to request copies at 805-543-2323.

You can recommend that grants be made anonymously by withholding the name of the Fund, the Advisor, or both. You may also request that the Fund name not appear in the Community Foundation's newsletter/annual report, whether grants are anonymous or not.

Our Director of Grants and Programs can provide assistance in identifying suitable grantee organizations that are working on community issues of interest to you.

Step Two: Grant Review

Grant recommendations are considered for approval by the Director of Grants and Programs and the Executive Director as **Donor Suggestion Forms** are received at the Community Foundation. We independently ensure that all of the grants that are approved fulfill the charitable needs of the community, are made to qualified 501(c) 3 organizations, and are consistent with the Community Foundation's charitable purpose and mission. Should any reason arise that will not allow a suggested grant to be awarded, our staff will contact you. By modifying your suggestion, we may be able to still make the grant.

Step Three: Due Diligence and Approval Process

Community Foundation staff verifies that each recommended grantee is organized and operated for charitable purposes within the meaning of Section 501(c) 3 of the Internal Revenue Code. When 501(c) 3 verification and financial and program information for a recommended grantee has been completed, the grant is awarded. All grants are reviewed and approved by our Board of Directors. Suggested grants of \$25,000.00 or more require additional review by our Board. If timing is an issue, please consult with Community Foundation staff prior to submitting a suggestion form.

Step Four: Grant Award and the final step of Due Diligence Process

Grant award letters, checks, and due diligence forms are mailed, according to your recommendation, as soon as possible or on the 15th or last day of the month (whichever is closer to your request date). Each grantee is mailed a due diligence form that provides specific status information about their organization for the Community Foundation. The form is completed by an appropriate representative and returned to us for your Fund's file. This ensures that we have the proper documentation about each grantee's status, and completes our due diligence process.

Step Five: Acknowledgement

Grant recipients may send thank-you letters to you, unless you request anonymity. Returned due diligence forms, receipts and acknowledgement letters addressed to the Community Foundation are held in your Fund file and are available to you upon request. Letters from Grant recipients are a courtesy and are not needed for tax reasons. Any applicable tax deductions are based on when the assets are received by the Community Foundation. A notification form will be mailed to you from the Community Foundation reporting that the grant had been made accordingly. Copies of the award announcement letters to grantees are included.



How to Add to Your Fund

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.

Adding to Your Fund Through Fundraising: The San Luis Obispo County Community Foundation is required to report to numerous governing authorities on public fundraising activities conducted in its name, and must ensure that all solicitations on its behalf or in its name comply with applicable laws. Any charitable solicitation, fundraising campaign, printed material, electronic communication, press release or other public reference to the San Luis Obispo County Community Foundation requires review and prior approval by the Community Foundation. Please contact our Executive Director for assistance.

Adding to Your Fund Through Matching Gifts: Your employer may have a program that matches gifts to charitable organizations. To maximize your contribution to the Community Foundation, please obtain a matching gift form from your employer, complete the appropriate donor section, obtain your company's acknowledgement and acceptance of the match, and send it to the Community Foundation for completion.

The Community Foundation may not fit every company's matching gift guidelines. If in doubt, please send us your matching form and we will pursue the matter with your employer. Some companies have certain restrictions when matching gifts to an individual advised fund. The Community Foundation will work with your employer to ensure proper compliance. Please contact our Executive Director with any questions.



Year End Giving

If you want to make an addition to your Fund in December, and plan to make the addition a stock gift, please let us know. The Foundation may have an account with your broker which makes the process very easy.

First, complete a **Stock Transfer Form** (*see attachment*). You can photocopy the attached form, print it from our website, www.sloccef.org by selecting the Donor's tab, where you will then find the **Stock Transfer Form** in the right column, or you can phone us to request copies at 805-543-2323.

If the timing of your year-end gift is of concern to you, be sure to:

- Ask us for the Community Foundation's account number from your broker's firm.
- Include our account number in your stock transfer letter to your broker.
- Send us a copy of your letter.

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

- *Through your advised Fund:* Submit your grant recommendations by December 10th. The Community Foundation staff will review the recommendations, and permissible grants will be paid by December 31st.
- *Through your year-end gift:* At the time of a year-end gift to the Community Foundation, you can designate all or a portion of that gift to be distributed to nonprofit organizations. Please include a list of organizations.



Fund Management Fees

Investment and Management Fee Policy

The Community Foundation's Board of Directors is responsible for stewarding all of the assets of the Foundation. The Board created the Finance & Investment Committee to implement investment policies, and to monitor the performance of the endowment investments. The Committee retains the consulting services of Golden Gate Institutional Consulting, an office of UBS, who has numerous Community Foundation clients. Each endowed fund is assessed an annualized fee, assessed quarterly, to offset the cost of administrative and investment services. Each year the Board reviews all fee schedules and makes adjustments when prudent to do so. The fees that are assessed are based on the market value of the funds.



Education & Events

Donor Education Events

The Community Foundation occasionally hosts Donor education events on current community issues and philanthropic approaches. Topics such as Family Philanthropy and funding for specific areas of interest are explored together with other Donors, philanthropists, community members and local experts. Look for invitations to these educational events on our website, via mail and e-mail. We welcome suggestions about events you think might be of interest to you and other Donors.

Site Visits

The Community Foundation arranges site visits each year with local nonprofit organizations who are recipients of Community Foundation grants. In addition to seeing programs in action, we meet with nonprofit leaders to talk about how they are working to improve the quality of life in San Luis Obispo County. Contact our Director of Grants and Programs if there is a specific organization or type of organization you would like to visit.

Other Community Philanthropic Events

The Community Foundation often teams with other community groups and philanthropic organizations to co-sponsor events that may be of interest to our Donors. Please see a listing of these events on our website www.slocf.org.



Frequently Asked Questions

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

As often as you like as long as the Fund produces grantable income. If you are uncertain of the available balance of your Fund, please contact the Community Foundation office.

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

Each February and July, you receive a Fund Statement that includes a fund financial statement detailing the activity of your Fund including the available amount for grant recommendations. To obtain the most up-to-date information, please contact the Community Foundation office prior to submitting your **Donor Suggestion Form**. (*see attached form*)

What kind of organizations may I recommend for grants?

You may recommend non-profit public charities, schools, religious organizations, and government programs.

May I recommend a grant to an individual?

No. According to IRS regulations, the Community Foundation may make distributions only to qualified public charities. Community Foundation staff checks for documentation about designated organizations that demonstrates their nonprofit status.

May I recommend grants to organizations outside of San Luis Obispo County?

Yes, if the organization's mission falls within the guiding principles of the Community Foundation. International grants are also allowed if the nonprofit organization has a recipient U.S. entity. We do request that at least 50% of your recommended grants go to San Luis Obispo County nonprofits.

How often can I recommend grants from my advised fund?

We encourage you to recommend grants from your Fund on a regular basis, such as annually, 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.

May I name my Fund?

While an advised fund becomes part of the total assets of the Community Foundation, and is administered as such, each fund is recorded as an identifiable separate fund, and may be given any name requested by you.

Are there any restrictions?

Restrictions on the nature of grant advice are few. A minimum grant recommendation of \$250.00 is required in order to make the most efficient use of Community Foundation resources. Also, in accordance with Treasury Department regulations, grants awarded from Community Foundation 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/fund advisor.

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.



Additional Resources on Philanthropy

San Luis Obispo County Community
Foundation
www.sloccf.org

Council on Foundations
www.cof.org

Guide Star
www.guidestar.org

The Chronicle of Philanthropy
www.philanthropy.com

National Center for Family Philanthropy
www.ncfp.org

California Association of Nonprofits
www.canonprofits.org

The Non-Profit Support Center
www.supportcenter.org



Contact Us

We hope that this handbook serves as a helpful guide. For more assistance contact:

Barry VanderKelen
Executive Director
barry@sloccf.org

Janice Fong Wolf
Director of Grants and Programs
jwolf@sloccf.org

San Luis Obispo County Community Foundation
1401 Higuera Street
P.O. Box 1580
San Luis Obispo, California 93406
(805) 543-2323
info@sloccf.org

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SAN LUIS OBISPO COUNTY
 COMMUNITY
FOUNDATION

Turning Passion into Action

(805) 543-2323 [phone] (805) 543-2346 [fax]

Donor Suggestion Form

Date: _____

I would like to recommend that the Board of Directors of the San Luis Obispo County Community Foundation disburse, from the _____ Fund, a contribution to the following organization:

Contact Name: _____

Organization Name: _____

Recommendation Amount: _____

Organization's Mailing Address: _____

Unrestricted: Yes _____ No _____

Special Instructions/Restrictions: _____

Priority: ASAP _____ Next Check Period _____ No Preference _____ Other _____

I acknowledge that the above suggestions do not represent the payment of any pledge or other personal financial obligations on behalf of the donors, advisors, family members and businesses they control; nor does the undersigned expect any personal benefits from this charitable distribution.

Donor' Name (print) _____

Date _____

Donor's Signature _____

Donor's Address _____

Phone Number _____

For Office Use Only

- Available to Spend _____
- Total Fund Balance _____
- Reviewed by Finance Manager _____ Approved by Executive Director _____
 - Program Code _____ Reviewed by Program Officer _____ 501(c)(3) verification _____ Status Code _____ Entered into FIMS _____ Posted _____

SAN LUIS OBISPO COUNTY
 COMMUNITY
FOUNDATION

Turning Passion into Action

(805) 543-2323 [phone] (805) 543-2346 [fax]

Stock Transfer Form

To: Donor's (Transferring) Broker _____
Broker's Name/Address _____
Re: Client name _____ Brokerage account # _____

Please transfer _____ of _____
(# of units) (Security Description: Company name & stock or bond description)

TRADING SYMBOL OR CUSIP #: _____ via DTC to the San Luis Obispo
County Community Foundation A/C #KW-50273-MK at UBS as a charitable donation.

DTC delivery information is as follows:

UBS Financial Services
DTC #0221

For A/C: San Luis Obispo County Community Foundation A/C #KW50273-MK

Should the securities be NON-DTC eligible, please send via certified mail (return receipt
requested) and use the following delivery instructions:

UBS Financial Services
2185 N. California Blvd., Ste 400
Walnut Creek, CA 94596

For A/C: San Luis Obispo County Community Foundation A/C #KW50273-MK

**All transfers, either DTC eligible or not, must include the account name and account
number at UBS.**

A copy of this letter has been sent to the San Luis Obispo County Community Foundation for
their records. Please send me proof of delivery of the above referenced security for my own tax
recording purposes.

Thank you for your prompt attention to this matter.

(Donor's name and signature)