

# The Greater PineBelt Community Foundation

## ADDENDA to the Fund Agreement

- A. Description of Funds Managed at The Greater PineBelt Community Foundation
- B. Donor Advised Fund – Successor Information
- C. Donor Advised Fund – Future Planning
- D. Terms and Conditions

### Addendum A

#### Description of Funds Managed at The Greater PineBelt Community Foundation

##### NEW FUNDS

###### Donor Advised Fund

Donor Advised Funds (DAFs) are a convenient and flexible tool for individuals, families, businesses, or groups who want to create a legacy and participate in recommending grants, for specific charitable purposes, from the Fund they established. A DAF is an excellent vehicle for individuals who haven't decided on a specific charity, or who wish to preserve flexibility for future years. Donors create the irrevocable fund, receive a tax deduction for the year the gift is given to the Foundation, and have a reasonable time to make a recommendation regarding disbursement from the Fund. Disbursements are restricted to churches, schools, non-profits and government entities. The Fund is owned by the Foundation and administered by its Staff. The Foundation has the legal responsibility to make distributions from the Fund, but the Foundation will consult with the Donors regarding distributions and take their wishes into consideration. This is why it is called a Donor "Advised" Fund. You give the Foundation advice as to when and where you'd like to see the funds disbursed.

###### Donor Designated Fund

Donors establishing a Designated Fund in their name may choose, at the time the fund is established, that distributions from the fund be made to one or more designated Section 501(c)(3) public charities (i.e., not private foundations). Donors indicate the qualifying charitable recipient(s) they wish to receive distributions from the fund. For example, you could choose to have your Fund be disbursed annually to your church, Habitat for Humanity, and Christian Services. The Foundation would divide the income among these three charitable organizations. If we determine that your designated beneficiary is not eligible or ceases to exist, Donors will be notified and will have the opportunity to amend your Fund Agreement. If that is not possible, we will use make disbursements in a way that honors the Donor's original intent.

###### Field of Interest Fund

Donors may choose to establish a Field of Interest Fund in their name, requiring the PineBelt Foundation to make distributions from the Fund to nonprofit organizations to further a specific charitable purpose which you identify when the Fund is established. For example, you might direct the Foundation to disburse funds to

organizations that protect animals or provide relief to parents of children with learning disabilities. When you choose this type of Fund, you identify the need or the problem and leave the decisions about the use of the gift to the judgment and discretion of the PineBelt Foundation's Board of Directors, relying on their experience and knowledge of community needs and understanding as to which needs are most pressing within your stated field of interest. Please indicate the interest areas (e.g., arts, health, animal welfare, education, etc.) and/or a geographic area(s) that you would like to support. Grants made from these funds are accompanied by a letter identifying the name of the fund(s) used to support the grant.

### **Agency Fund**

An Agency Fund is a fund established by a qualified non-profit organization naming itself as the sole beneficiary. For example, the Domestic Abuse Shelter can establish a Fund naming itself as the sole beneficiary. The Fund, and all money given to the Fund, is the exclusive property of the Foundation and the Foundation has the responsibility and control over the Fund, and the income derived from it. The Board of Directors of the Foundation understands that the stated purpose of an Agency Fund is to benefit the charitable work of the Agency establishing the Fund and will (subject to applicable law and regulations) endeavor to make distributions in accordance with the Agency's designation.

Ordinarily, an Agency Fund is a long-term (perpetual) fund owned and managed by the PineBelt Foundation on behalf of a qualified nonprofit organization. The nonprofit organization receives annual distributions as set forth in the fund agreement. The Fund is owned by the PineBelt Foundation on behalf of the nonprofit agency. Examples of this type of fund include: ARC (Hattiesburg & Laurel) and DREAM.

Strictly for accounting purposes (See Financial Accounting Standards Board # 136), Agency Funds held by the Foundation may be reflected on the Foundation's books as a liability (and an asset on the books of the donor). This does not alter the fact that the funds are legally the property of the Foundation.

### **Scholarship Fund**

Donors may establish a Scholarship Fund for the purpose of making grants to individuals to be used exclusively for tuition and fees at educational institutions consistent with the PineBelt Foundation's "Scholarship Guidelines and Procedures." All grants are paid directly to the qualifying institution. The fund's purpose must be approved by the PineBelt Foundation's Funds Acceptance Committee.

## **EXISTING FUNDS**

### **The Pine Belt Community Fund**

Donors may wish to contribute to The *Pine Belt Fund (unrestricted)*, which broadly supports the well-being and vitality of the Pine Belt area. Gifts to this Fund will be determined by the PineBelt Foundation's Board of Directors, from time to time, taking into account which needs are most pressing and which recipients are most likely to succeed. Grants made from these funds are accompanied by a letter identifying the name of the Fund(s) used to support the grant.

### **The PineBelt Community Foundation's Endowment Fund**

To keep our administrative costs low, the Foundation encourages donors to contribute to this Fund. We are hoping that it will grow substantially over the next few years so that, in time, most of our operating expenses will be covered by distributions from the income generated by this Fund.

### **The PineBelt Community Foundation's Partner's Fund**

This is a drawdown fund that helps defray operating expenses. Every year over 100 community leaders and businesses in the Pinebelt region contribute the following:

- Benefactor \$750 - (individuals)
- Ambassador - \$1,500 (minimum Corporate Partner Level)
- Patron - \$2,500
- Leader - \$5,000
- Innovator - \$10,000
- Visionary - \$25,000

Partners are recognized in our publicity and their gifts are crucial to our success. These funds are not invested. They are spent annually which allows us to keep our administrative charges lower. Please consider becoming a Partner.

**Other Funds Managed by the PineBelt Community Foundation**

The Foundation currently manages over 150 Funds. Most of them are open to contributions by donors like you. Any of our Funds would be pleased with a donation to their fund. Please ask and we will be happy to provide details of our various funds.

**Addendum B**  
**Donor Advised Fund – Successor Information**

***SUCCESSOR INFORMATION- FOR DONOR ADVISED FUNDS***

**Advisor(s) and Successors**

Donors establishing a **Donor Advised Fund** may designate individuals who will serve as advisors to the fund who are authorized to make recommendations to the PineBelt Foundation regarding grant distributions from the fund. Donors may designate themselves or third-parties as advisors. The PineBelt Foundation may rely on the advice of designated advisors unless and until their authority as an advisor has been revoked in writing received by the PineBelt Foundation. All named advisors have equal rights to recommend grant distributions from the fund, but if two or more advisors are designated, a fund chairperson must also be identified. The PineBelt Foundation will not make any distribution to satisfy a pledge or other obligations of a Donor or Donor Advisor. All distributions from Donor Advised Funds must comply with The PineBelt Foundation's operating procedures for Donor Advised Funds (no private benefit to any donor, donor advisor or related party).

In the absence of any designated advisor or successor advisor, the PineBelt Foundation shall determine the amount of any distribution with consideration given to the original intent of the donor.

One or more successor advisors may be authorized to recommend grants from the Fund in the event the advisor(s) named above dies, resigns or is otherwise unable to act in this capacity. Donors establishing a Donor Advised Fund have the option of authorizing the successor advisor(s) to designate his or her successor in the event the successor advisor(s) dies, resigns or is otherwise unable to act in this capacity. Once designated, a successor advisor's status can only be revoked by the donor(s) establishing the fund, by the authorized individual who designated such successor advisor to serve as his or her successor or by the advisor him/herself. All successor advisors have equal rights to recommend grant distributions from the fund. In cases of two or more successor advisors, a single successor chairperson must be identified.

Please indicate the name(s) of the successor advisor(s) below, identify a successor chairperson and indicate whether you authorize the successor advisor(s) to designate his or her successor. Please attach additional sheets as necessary. If you do not want all advisors to receive semi-annual reports, please specify this in the comments section below. Otherwise, the PineBelt Foundation will make available semi-annual fund status reports and standard mailings to all advisors.

**Successor Advisor 1: This advisor will serve as chairperson for this fund.**

Name: \_\_\_\_\_

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Business Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Email: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Relationship to Donor(s): \_\_\_\_\_

Comments:

- I/We have informed the successor advisors of my/our succession plan.*
- I/We would like the successor advisors to receive mailings from the PineBelt Foundation.*

**Successor Advisor 2 (if Successor # 1 is unable to act):**

Name: \_\_\_\_\_

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Business Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Email: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Relationship to Donor(s): \_\_\_\_\_

Comments:

- I/We have informed the successor advisors of my/our succession plan.*
- I/We would like the successor advisors to receive mailings from the PineBelt Foundation.*

Would you like the successor advisor(s) to have the authority to designate his or her successor in the event the successor advisor(s) dies, resigns or is otherwise unable to act in this capacity? If so, all requests to designate future successor advisors must be communicated to the PineBelt Foundation in writing by the authorized successor advisor.

- Yes, I/we authorize the successor advisor(s) named above to designate his or her successor. Thereafter, all future successor advisors may designate their successors at any time. This must be in writing and delivered to the PineBelt Foundation.*
- No, in the event the successor advisor(s) named above dies, resigns or is otherwise unable to act in this capacity, I/we recommend that the fund's balance be used as selected under "Future Planning" discussed in Addendum C.*

## Addendum C

### Donor Advised Fund – Future Planning

#### ***Future Planning for Donor Advised Funds***

Donors establishing a Donor Advised Fund have the option to determine a future plan for the fund, in the event the advisor(s) to this fund dies, resigns or is otherwise unable to act in this capacity. Please select an option below.

Establish a **Scholarship Fund** with the balance (*min. \$10,000*) \$ \_\_\_\_\_

**Fund name:** \_\_\_\_\_

Establish a **Field of Interest Fund** with the balance (*min. \$10,000*): \$ \_\_\_\_\_

**Fund name:** \_\_\_\_\_

*Identify a particular area of interest(s):* \_\_\_\_\_

\_\_\_\_\_

Establish a **Donor Designated Fund** to support the following nonprofit organization(s) of my choice (*min. \$10,000\**):

**Fund name:** \_\_\_\_\_

*List the organization of choice (must be a non-profit, church or school):*

\_\_\_\_\_

\_\_\_\_\_

Transfer the fund's balance to the PineBelt Foundations **Pine Belt Community Fund** (an unrestricted Fund that broadly supports organizations who work to improve the well-being and vitality of the PineBelt area and its residents).

Transfer the fund's balance to the PineBelt Foundation's **Partners of the PineBelt Foundation Fund** (a Fund that is critically important to help the PineBelt Foundation fulfill its mission which is to build better communities through philanthropy).

Transfer the fund's balance to the **PineBelt Foundation's Endowment Fund** (a permanent Fund supports the PineBelt Community Foundation's operating budget. This Fund allows us to do more and keep our administrative fees low).

*If none of the above options is chosen, and there is no successor advisor, the proceeds of the fund will be contributed to The Pinebelt Fund or the Foundation's Endowment Fund, or as determined by the Board of Directors, and shall be administered accordingly.*

## Addendum D

### Fund Terms and Conditions

**Charitable Purposes and Restrictions.** Funds and assets of the Foundation may only be used for the “charitable purposes” described in the Articles of Incorporation of the Foundation as educational, scientific, literary, public or other purposes permitted to be carried on by organizations described in Section 170 (c) (1) and 170 (c) (2) of the Internal Revenue Code of 1954, as amended, and corresponding provisions of future revenue laws.

Accordingly, every Fund shall only be used in furtherance of the Foundation’s charitable purposes. The Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified organizations if in the sole judgment of the Foundation’s Board of Directors (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 community or area served.

**Tax Status of Funds.** All Funds established at The Greater PineBelt Community Foundation (the PineBelt Foundation) are component funds of The PineBelt Foundation, a Section 501(c)(3) public charity. Accordingly, all contributions to the PineBelt Foundation’s donor Funds are treated for tax purposes as gifts to a Section 501(c)(3) public charity and are tax deductible to the extent allowed by law, subject to individual and corporate limitations.

**Variance Power.** All donor funds established at the PineBelt Foundation are subject to the PineBelt Foundation’s “variance power.”

To ensure that the Foundation qualifies as a community foundation under applicable federal laws and regulations, it is expressly understood and agreed that The Greater Pinebelt Community Foundation shall have, with respect to each and every fund that it creates, administers, or manages, all powers of modification or removal of purposes of the Fund as specified in Section 1.170A-9(e)(11)(v)(B) of the Treasury regulations, as amended. This regulation protects the Fund from obsolescence and is essential to the proper functioning of a community foundation. Should, in the sole discretion of the Board of Directors of the Foundation, the purposes for which the Fund was created ever become unnecessary, incapable of fulfillment, undesirable, impractical, obsolete, inconsistent with the charitable needs of the community or area served, or no longer adapted to the needs of the community, it is the Board's responsibility to use the Fund for purposes which most nearly approximate, in the good faith opinion of the Board, the original purpose of the Fund, or if such is not practicable, such other charitable purpose deemed appropriate by the Board.

Variance power gives the PineBelt Foundation the authority to modify any donor recommendation or condition on distributions from a Fund for any specified charitable purpose or to any specified charitable organization if, in the sole judgment of the PineBelt Foundation, such recommendation or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

**Distributions.** The PineBelt Foundation anticipates distributions from Funds annually. Donors may, at the time they create a fund, recommend that the fund be managed as a permanent endowment or be paid out in accordance with its spending policy or be paid out over a specified period of time. Donors may also specify that no distributions be made until the fund reaches a certain dollar amount. Specific terms and conditions should be outlined by the donor at the time of establishment of a fund as approved by the PineBelt Foundation. All distributions from donor Funds are subject to the PineBelt Foundation’s variance power, as noted above. If a Donor Advised or Donor Designated Fund fails to grow to \$10,000 over the agreed period of time, or if the fair

market value of a fund drops below \$10,000 for a period of 90 days, the Foundation shall notify the Donor of this and the Donor shall have 90 days to bring the fund into compliance. If the Donor fails or chooses not to increase the fund, the Foundation shall have the right to close the fund and transfer the remaining assets into The PineBelt Community Fund or the Foundation's Endowment Fund, or at the discretion of the Board of Directors. Notice of this will be given the Donor.

**Spending Policy.** PineBelt Foundation anticipates distributions from each endowed Fund at least annually. The current spending policy, as determined by the PineBelt Foundation's Board of Trustees, is 4% of the net asset value. In determining the annual distribution amount to be paid from endowed Funds, the Foundation's Board of Trustees may consider the expected total return on the fund's investments, the desirability of maintaining the value of those funds and any other factors that it deems relevant. The PineBelt Foundation reserves the right to spend the entire amount of any fund, if by the terms of the donor gift agreement; the PineBelt Foundation determines that such expenditures better satisfy the donor's intentions than a limitation on expenditures.

**Restrictions on Grants from Funds.**

Distributions from funds established at the PineBelt Foundation will be made only if they are consistent with the PineBelt Foundation's charitable purposes and satisfy community needs identified by the PineBelt Foundation. Fund distributions will not be made for memberships, pledges, sponsorships, tickets or for any purpose that would otherwise provide a benefit to donors, donor advisors or related parties. Distributions may not involve loans, compensation, expense reimbursements or similar payments to donors, donor advisors or related parties. Distributions from donor funds may not be made to any specific individual (other than from approved "scholarship funds") or to participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

**Investment of Assets.** All assets contributed to Funds established at the PineBelt Foundation will be managed in the appropriate pool of the PineBelt Foundation's investments, unless otherwise directed by the PineBelt Foundation. All outside investment managers shall be provided with a copy of and must agree to adhere to the PineBelt Foundation's "Statement of Investment Objectives and Policy" as a condition of continued service in such capacity. The PineBelt Foundation reserves the right to replace any outside investment manager in its sole discretion. Minimum fund values are required for investment of assets outside of the general fund.

**Fees.** Donor funds established at the PineBelt Foundation are subject to administrative and investment fees. A list of fees is available upon request. The PineBelt Foundation reserves the right to change its fee structure.

**Solicitation Policy.** Donors who wish to solicit contributions for a fund at the PineBelt Foundation must receive advance approval from the PineBelt Foundation. Please refer to the "Public Fundraising for Component Funds" policy. Specifically, when component funds conduct fundraising activities and solicitations on behalf of the component funds at the PineBelt Foundation, for tax and liability purposes, such fundraising is being done on behalf of the PineBelt Foundation. All uses of the PineBelt Foundation's name in advertising and promotion must be approved in advance by the PineBelt Foundation. All fundraising materials should make it clear, where applicable, that funds are being raised on behalf of rather than by PineBelt Foundation.

**Conflict of Terms.** In the event of an inconsistency between these terms and conditions, and any terms and conditions appearing elsewhere in connection with any fund, these terms and conditions as interpreted by the PineBelt Foundation shall govern, and the PineBelt Foundation reserves the right to take any actions at any time which, in its discretion, it deems reasonably necessary or desirable for the proper administration of any Fund.

**Terms Applicable to Donor Advised Funds Characteristics of Donor Advised Funds.**



Donors establishing Donor Advised Funds are encouraged to make recommendations regarding distributions from the fund for specific charitable purposes or to one or more charitable organizations. In addition to the “Restrictions on Grants from Funds” section above, distributions from Donor Advised Funds will be made only if they are consistent with the PineBelt Foundation’s “Operating Procedures for Donor Advised Funds,” as may be amended from time to time.

**Role of Advisors.** The PineBelt Foundation welcomes the involvement and recommendations of its donors with respect to distributions from Donor Advised Funds, but such recommendations are advisory only and are in no way binding upon the PineBelt Foundation. In evaluating recommendations for distributions from Donor Advised Funds, the PineBelt Foundation staff investigates all prospective grant recipients to ensure that they are organized and operated for charitable purposes typically as described in Section 170(b)(1)(A) of the Internal Revenue Code and as amended; reviews the recommended grantee’s financial and program information; and evaluates the advice of donors against the standards and criteria set forth in the PineBelt Foundation’s “Policies and General Operating Guidelines” to ensure that such advice is consistent with specific charitable needs identified by the PineBelt Foundation as deserving of support and complies with all applicable federal tax requirements. In all cases of two or more advisors, the advisors shall appoint a chairperson and all communications concerning grant recommendations to and from the PineBelt Foundation will be through the chairperson. In any case where multiple advisors make conflicting recommendations regarding distributions from the fund that cannot be promptly resolved, the PineBelt Foundation may independently initiate distributions from the fund. In addition, if the advisor(s) fails to make a standing distribution recommendation, or fails to make any distribution recommendations for two consecutive years, the PineBelt Foundation will contact the advisor(s) to discuss this situation (see “Inactive Funds” section for more details).

**Appointment of Additional Advisors.** All requests to appoint additional advisors and successor advisors to an advised fund must be communicated to the PineBelt Foundation in writing by the donor(s) establishing the Fund or by the authorized successor advisor(s). If upon the death, resignation or incapacity of an Advised Fund’s donor(s), the PineBelt Foundation has not received in writing the names of an additional advisor(s) or successor advisor(s) to the fund or a recommended future plan for the fund, the PineBelt Foundation will use the fund’s balance to support The PineBelt Foundation’s “Pine Belt Fund,” an unrestricted fund that is used for general grantmaking purposes or as determined by the Board of Directors.

*Donor Advised Funds established by corporations, rather than by individuals, are often advised by an appointed committee with a process for selecting new members. Any changes in advisors to the Fund must be made in writing by an officer or authorized representative of the corporation that established the fund.*

**Scholarship Funds.** Donors may establish a fund for the purpose of making grants to be used exclusively for tuition and fees at educational institutions. All scholarship funds shall be administered by the PineBelt Foundation in accordance with its “Scholarship Guidelines and Procedures” as may be amended from time to time and applicable federal tax laws.

**Inactive Funds.** In order to carry out its policy of consistently distributing charitable dollars to the community, the PineBelt Foundation will review periodically the grantmaking activity of every Fund. If a fund has failed to make distributions commensurate in size with the PineBelt Foundation’s spending policy over a two year period, the PineBelt Foundation will contact the advisor(s) to discuss this situation. At that time, the advisor(s) will be given the following options to continue the fund:

- *Provide a plan for funding a specific a charitable project that requires an accumulation of resources for more than a two-year period.*
- *Resume making ongoing grant recommendations.*

If the advisor(s) do not have a plan for funding a specific project and do not want to make ongoing grant recommendations, then the advisor(s) will be given the following options:

- *Recommend that the balance of the fund be granted to one or more Section 501(c)(3) public charities of their choice.*
- *Recommend that the balance of the fund be used to support The Pinebelt Fund, the Foundation's Partner's Fund, or the Foundation's Endowment Fund, or at the discretion of the Board of Directors.*

In the event that the advisor(s) cannot be located or is (are) unresponsive, the balance of the Fund will be used to support The PineBelt Foundation's Friends of the Community Fund.

**Fund Ownership:** This Fund shall be the property of The PineBelt Foundation owned by it in its normal corporate capacity. In such capacity, The PineBelt Foundation shall have the ultimate authority and control of all property of the Fund, and any associated income derived for the charitable purpose of the PineBelt Foundation. Anything herein to the contrary notwithstanding, the Agreement shall be subject to and governed by the articles of incorporation and bylaws of the PineBelt Foundation, as from time to time amended; and the Fund hereby created shall be held and managed, and the income or principle, or both, used in all respects in accordance with the term of the governing instruments of the PineBelt Foundation, as amended from time to time, and resolutions and procedures adopted by the Board of Directors of the PineBelt Foundation under the authority of its governing instruments.