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# WELCOME TO THE CLEVELAND FOUNDATION

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Welcome to The Cleveland Foundation.

We are honored to serve as your philanthropic partner and hope this resource binder provides you with useful information about services available at the Foundation. Please feel free to contact your primary staff person (as listed on the contact page in the front pocket of this binder) with any other questions you may have.

## **MISSION & HISTORY**

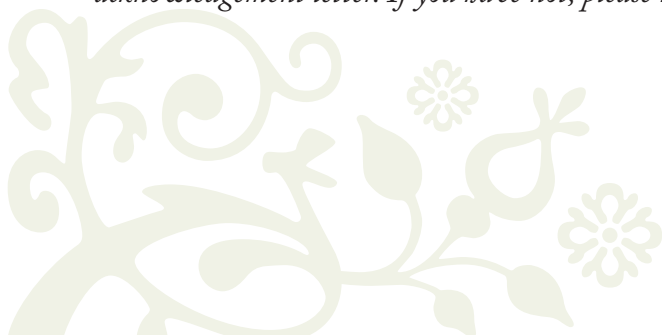
Established in 1914, The Cleveland Foundation is the oldest community foundation in the world. Our mission is to enhance the quality of life for all residents of Greater Cleveland, now and for generations to come, by building community endowment, addressing needs through grantmaking and providing leadership on key community issues.

Since receiving our first gift, the Foundation has been managing funds permanently endowed by donors for the general welfare of the community, as well as helping to serve donors in carrying out their philanthropic desires. As the region's largest grantmaking organization, the Foundation's assets are made up of more than 1200 funds of all sizes, representing individuals, families, non-profit organizations and corporations. Grant distributions from donor funds have supported hundreds of non-profit organizations throughout Northeast Ohio and the United States.

## **GOFF & LEGACY SOCIETIES**

All donors are invited to join The Cleveland Foundation's recognition societies. Membership in The Frederick Harris Goff Society is available to donors who have contributed gifts of \$10,000 or more. The Legacy Society recognizes donors who have made a planned gift or commitment in the form of bequests, trusts, life insurance, charitable gift annuities or through other provisions in their estate plans for a future gift to The Cleveland Foundation.

*You should have received an invitation to one or both of these societies with your gift acknowledgement letter. If you have not, please notify your staff contact person.*





The Cleveland Foundation helps donors fulfill their charitable interests, while simultaneously supporting important community needs through board-directed grantmaking. We welcome your questions, comments and concerns. Your primary staff contact is always available to respond to your questions via phone, email or in person. We are also available to meet with you and your family to develop a philanthropic plan and/or discuss your long-term charitable goals.

### **DONOR-ADVISED FUND GUIDELINES**

As a donor advisor, you can recommend distributions to support tax-exempt charitable organizations in Greater Cleveland and throughout the United States. Please see the section titled “Making a Grant” on page 4.

### **INVESTMENT APPROACH**

The Cleveland Foundation’s investment objective is to try to grow the principal of each fund while at the same time continuing to increase the amount available for grants to the community. We do this by adhering to a careful mix of growth and fixed income assets. Our focus is on investing in ways that promote the greater long-term return on our total assets.

The Investment Committee of the Foundation’s Board of Directors is responsible for managing and overseeing the funds by regularly monitoring all investment managers, and adhering to our overall investment policy. Foundation funds are held in perpetuity, ensuring that your gift benefits the community forever.

### **SPENDING POLICY**

The Foundation utilizes a spending policy for grantmaking. That is, the Foundation makes grants based on a designated percentage of our assets. Similarly, we encourage donors to recommend grants on an annual basis that total an amount that is equal to 6 percent of the fund’s market value as of December 31st. Unless you requested otherwise when the fund was established, you may recommend grants in excess of the spending policy. You will see the spending policy reflected on quarterly fund statements.



## LET US HELP YOU

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### FEES

Donor advised funds are subject to an annual administrative fee, as well as an investment management fee. The administrative fees are reviewed regularly and our approach is to provide efficient, cost-effective services. The current administrative fees are included in the back pocket of this binder. Investment fees are assessed by the investment manager you selected, and cover the costs of managing the investment of your fund. You will see both administrative fees and investment fees as a single, separate line item on the fund's quarterly financial statement.



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## MAKING A GRANT

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As a donor advisor, you can recommend grants to support any 501(c)(3) organization or verified charitable entity (e.g., schools, religious institutions). While you retain advisory privileges for the fund, the final determination on grantmaking rests with the Foundation's Board of Directors as required under the Internal Revenue Code.

You may recommend grants as frequently as you wish; however, we request that each grant be made for a minimum amount of \$250.

Grant recommendations may be submitted using one of the following methods:

✿ **Grant Recommendation Form**

Forms are supplied in the rear pocket of this binder may be mailed or faxed to The Cleveland Foundation at:

The Cleveland Foundation  
Attn: Grants Management  
1422 Euclid Avenue, Suite 1300  
Cleveland, OH 44115-2001

Fax: (216) 861-1729  
Phone: (216) 861-3810  
[Grantsmgmt@clevefdn.org](mailto:Grantsmgmt@clevefdn.org)

✿ **Online Grantmaking**

Donors may access the fund information online through the Foundation's donor website. A copy of your password and user identification information is located in the front pocket of this manual, as well as guidelines for troubleshooting and accessing fund information online.





Grant checks sent to the organizations are accompanied by a transmittal letter indicating the name of the fund and fund advisor's name(s). Approved grants are typically mailed to non-profit organizations within 5 to 7 working days of receipt of recommendation.

After you submit a grant recommendation, Foundation staff carefully reviews your request and conducts due diligence to determine that the organization is a bona fide charitable organization as recognized by the Internal Revenue Service (IRS). For those organizations with which we are unfamiliar, staff will gather information on their purpose, governance, exempt organization and financial status. If a recommended organization fails to provide this information or meet IRS requirements, IRS rules prohibit the Board of Directors from awarding a grant.

#### **GRANT CONSIDERATIONS**

As a donor, you are prohibited from receiving a personal benefit from a grant that you have suggested. Federal laws impose penalties on the person making a disallowed grant recommendation or receiving the benefit from a grant, and on the Foundation. Examples of personal benefits include:

- ✿ Receipt of tickets for an event
- ✿ A table at an event (unless purchased and donated back to the non-profit)
- ✿ Memberships
- ✿ Greens fees for a charity golf tournament
- ✿ Satisfaction of a personal pledge of the donor



## MAKING A GRANT

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Nurture

New federally mandated rules make grants to any entity other than a 501(c)(3) charity problematic. As a result, effective January 1, 2007, we can no longer permit grants to or for:

- ✿ Lobbying
- ✿ Foreign organizations
- ✿ Private foundations (other than operating foundations)
- ✿ Type III supporting organizations (if not 'functionally integrated')

The law now prohibits any payment to donors, fund advisors, family members, and “controlled entities” – all of which are called “disqualified persons.”

A controlled entity includes any company in which the donors, fund advisors, and their family members together hold a 35 percent interest.

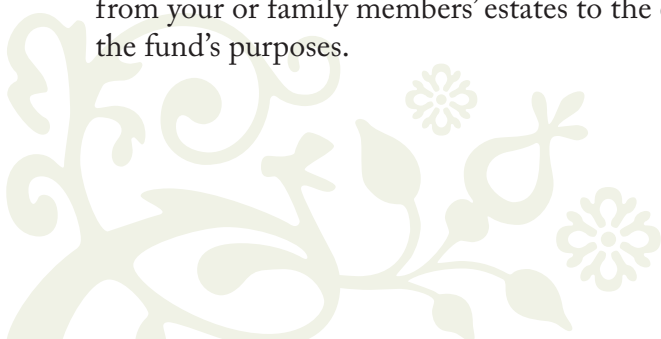
### CONNECTING TO COMMUNITY NEEDS

By partnering with The Cleveland Foundation, you have access to the knowledge and insight of our staff. We are your resource regarding information about specific organizations, broader community needs and/or current grantmaking priorities of The Cleveland Foundation.

In addition to suggesting opportunities that match your philanthropic interests, you will be invited to quarterly information sessions to learn about community needs. We encourage you to participate in these sessions, called *Donor Conversations*, as your interest and schedule permit. You will also receive *Donor Connections*, a newsletter with grantmaking suggestions, with your quarterly fund financial statements.

### ADVISORY RIGHTS

Only you, your spouse and other advisors designated at fund inception may advise on distributions from the fund. The advisory relationship terminates with your death or that of the appointed advisors. The fund then becomes a permanent endowment fund, as you stipulated when the fund was established. Pour-over gifts from your or family members' estates to the endowment fund will also perpetuate the fund's purposes.







*Grow*

## BUILDING YOUR FUND

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You can make an additional gift to the fund at any time. Our staff can provide you and your financial/tax advisor with information on how you can use the following asset to make outright and planned gifts:

- ✿ Cash
- ✿ Marketable securities
- ✿ Retirement plans and IRAs
- ✿ Savings bonds
- ✿ Partnership interests
- ✿ Real property
- ✿ Tangible personal property

Financial statements will be made available to you either online or by mail on a quarterly basis. You should receive your statements in mid-February, mid-May, mid-August and mid-November.





**Fund Activity Statement For**  
**SAMPLE Fund**  
 January 1, 2005 Through December 31, 2006

**Financial Activity**

Dividends and interest income from assets in which your fund is invested

<b>Additions:</b>			
Gifts & Contributions		69,277.34	
Investment Income		479.64	
Appreciation	Realized and unrealized gains due to changes in market value of the assets in which your fund is invested	-229.51	
Other Income		0	
<b>Total Additions</b>			<b>69,527.47</b>

Transfers from other Foundation funds to your fund or unused grants money from prior years that is returned to your fund

<b>Disbursements:</b>			
Grants/Program Expenses		68,600.00	
Fees	Administrative and investment fees charged to your fund	397	
Other Expenses		0	
<b>Total Disbursements</b>			<b>68,997.00</b>

Fundraising expenses, transfers from your fund to another Foundation fund, legal expenses or insurance premiums paid

Net Increase/(Decrease) to Net Assets	530.47
Beginning Net Assets:	4,056.00

Ending Net Assets:	4,586.47
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**Amount Available for Spending in 2006**

Grants approved but not yet distributed

Beginning Balance:	Amount available to spend based on your agreement's spending policy, plus any unspent amounts ("carryover") from a prior year	1,275.00
Grants Paid:		0
Grants Outstanding:		1,000.00
Balance Available:		275

Remaining amount available for spending in the current year

**Grant Activity**

**Grants Paid:**

Organization	Date Paid	Amount
Nature Center at Shaker Lakes	3/3/05	\$5,000
<b>The Musical Arts Society</b>	3/3/05	\$2,500
<b>Cleveland Zoological Society</b>	3/3/05	\$67,600
<b>North Coast Community Homes</b>	3/3/05	\$7,500
<b>Total Grants Paid</b>		<b>68,600.00</b>

**Grants Outstanding:**

Organization	Date Authorized	Amount
<b>International Partners in Mission</b>	12/16/05	1,000



## FREQUENTLY ASKED QUESTIONS

**1. Who should I contact if I have questions?**

*Please see the business card of your staff contact person in the front pocket of this binder or contact the Gift Planning and Donor Relations Department at 216-861-3810 or 1-877-554-5054 (toll-free).*

**2. What is the Goff and Legacy Society?**

*The Goff and Legacy Society are recognition societies. Please turn to the “Overview” section of this binder for an explanation of both societies.*

**3. Is there a fee or cost associated with joining the Goff Society?**

*No fees or costs are associated with joining the Goff Society.*

**4. Can I make additional gifts to the fund?**

*You can make additional gifts, outright or planned, to the fund at any time.*

**5. Can I include the fund in my estate plans?**

*Of course, and we’d be happy to discuss how you can include the Foundation in your estate plans.*

**6. Are there fees assessed against the fund?**

*Yes. Each fund will be charged an administrative fee and investment fee. (see page 3)*

**7. What is the difference between appreciation and interest income?**

*Please go to “Building the Fund” section of this binder for a sample financial statement.*

**8. What is the spending policy?**

*The Foundation currently recommends an annual spending policy of 6% of the fund’s market value as of December 31st.*





## FREQUENTLY ASKED QUESTIONS

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- 9. When can I begin to recommend grants?**  
*You can recommend grants once your fund reaches \$10,000. We ask that you recommend grants of \$250 or higher.*
- 10. How do I recommend grants?**  
*Guidelines for making a grant can be found in the “Making a Grant” section of this binder.*
- 11. Can I recommend grants outside of Greater Cleveland?**  
*Yes, you can recommend grants to recognized charitable organizations throughout the United States.*
- 12. Can I recommend a grant to a Cleveland Foundation initiative?**  
*Yes, donor advised grants to support Cleveland Foundation initiatives are permitted. Descriptions of some Cleveland Foundation initiatives can be found on the Foundation’s website at [www.clevelandfoundation.org](http://www.clevelandfoundation.org).*
- 13. Can I include my children or spouse in grantmaking?**  
*We encourage families to discuss their charitable interests together. However, only the donor and/or donor advisor indicated in the fund agreement can officially make a grant recommendation.*
- 14. How can The Foundation help identify non-profits that I can support?**  
*Your staff contact person is eager to serve as a resource for any questions you may have regarding priority community needs and/or non-profit organizations in the region. We can provide you with suggestions for non-profit organizations and/or projects that match your interests.*
- 15. Are there limits to the Grant that I can recommend?**  
*Please see the “Grant Considerations” description within the “Making a Grant” section of this binder.*





## FREQUENTLY ASKED QUESTIONS

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**16. Can I make international grants?**

*Grants can only be made to United States-based tax-exempt organizations. Many international organizations have U.S. affiliates, to which you may be able to recommend a grant distribution.*

**17. Can I add to the fund and make grants via the Internet?**

*Additions to the fund, and grant recommendations, can be made via the web. Please see the instruction sheet in the back pocket of this binder for additional instructions.*

**18. What is Donor Connections?**

*Donor Connections is a quarterly publication that highlights local non-profit organizations and their current needs.*

**19. What are Donor Conversations?**

*Donor Conversations are quarterly information briefings offered to donors on topics related to philanthropy and community needs.*

**20. What is Giving Voice?**

*Giving Voice is a publication for our donors that includes articles on philanthropy, tax and financial information, Cleveland Foundation initiatives, and community leadership.*





## FREQUENTLY ASKED QUESTIONS

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### 21. TAX QUESTIONS

#### a. What are the rules for tax deductibility for any additional gifts?

*The deductibility of an additional gift will depend on the type of asset that you use, and the length of time that you hold it before you give it to the Foundation. Foundation staff can provide you with deductibility information, however we encourage you to consult your tax advisor for specific information on how the tax laws apply in your specific circumstances.*

#### b. What are the tax implications of making a grant from a donor advised fund?

*Recommending a grant will have no impact on your personal tax situation because you received a tax deduction when the fund was established.*



