



# Pine Forge Academy Foundation, Inc.

## DISCLOSURE STATEMENT 2008

### Foundation Officers and Staff

- Melodie Mayberry-Stewart, PhD  
Board Chair & President
- Freda A. James, Vice Chair
- Louise J. Gissendaner, Treasurer
- Lawrance Martin, Assistant Treasurer
- LaMetrica Dopson, Assistant Treasurer
- Phyllis Pelote-Edmonds, Esq., Secretary
- Beverly Howard, Executive Assistant

### Foundation Board of Directors

- Debra C. Anderson (Ex Officio)
- Chaplain Barry Black, PhD
- Ed Burns
- A. Karnice Campbell-Holloway
- W. Wendell Cheatham, MD
- Marguerite Anderson Dixon, PhD
- Auldwin T. Humphrey
- Edward Pelote, MD
- Cynthia Poole-Gibson (Ex Officio)
- Alan Sampson, MD
- Carlton Sampson, MD
- Ben Swift, Esq.

### Investment Managers

Cheryl Washington, Global Private Client  
Financial Advisor  
Merrill Lynch & Co., Inc. (www.ml.com)

### Auditor Services

Michael S. Febrey, CPA, CFP  
Michael.febrey@verizon.net

### State Registration Advisors

Perlman & Perlman, LLC  
1855 W. Baseline Road, # 250  
Mesa, Arizona 85202  
480 699-8270 EXT 213 | 480 699-8271 - Fax

### IRS Tax Status and Administration

Non-profit 501c3 private foundation and must file detailed annual filing with IRS annually based on annual external audit.

### Administrative Fees:

The PFA Foundation charges a minimal one-time set up fee of \$25.00 for each fund established and an annual administrative fee of \$25.00 for each fund. The fees are established and approved by the PFA Foundation Board annually, for all donor-designated (restricted and unrestricted) endowment and scholarships funds. The Foundation board has adopted an investment policy to always remain competitive and slightly below market rates for our donors. Thus, the nominal administrative fees.

### Foundation Fee Structure Summary

PFA Foundation Inc. Fee Structure		
Type of Fund	Annual Fee (~\$Fee Range)	Minimum Opening Balance
<b>Donor Advised Endowments and Scholarship Funds</b>		
\$250 - \$24,999	\$25	\$250

\$25,000 to \$ 1 Million	80 basis points <sup>1</sup> (\$200 – \$8,000)	\$25,000
> \$ 1 Million	40 basis Points (\$4,000)	\$1,000,000
<b>Planned Gifts (Wills, Trusts, Insurance, Property, Etc.)</b>		
Charitable Gift Annuity	No Fee	\$10,000
Insurance	No Fee	\$25,000
Retained Life Insurance	No Fee	\$150,000
Bequest	No Fee	Any Size
<b>Non-Affiliated Organization Endowments</b>		
\$10,000 – \$24,999	\$50	\$10,000
\$25,000 to \$ 1 Million	140 basis points (\$350 – \$14,000)	\$25,000
> \$1 Million	40 basis points (\$4,000)	\$1,000,000
<b>Affiliated or Supporting Organizations<sup>2</sup></b>		
\$5,000 – \$24,999	65 basis points (\$32.50 – \$163)	\$5,000
\$25,000 to \$ 1 Million	55 basis points (\$138 – \$5500)	\$25,000
>\$1 Million	45 basis points (\$4500)	\$1,000,000

**Note:** Always check with the Foundation office or the web site to verify the most current fees. Benchmark = The Cleveland Foundation, oldest and second largest US community foundation, fee structure and will remain just below this benchmark.

### **Investment Manager Fees:**

<sup>1</sup> 90 basis points = 9/10 of a percent of the fund value

<sup>2</sup> This includes the PFA family or organizations as separate non-profit entities affiliated with the PFA Foundation.

The funds of the Foundation share proportionately, based on market value, in investment fees. Fees vary based upon the portfolio the fund is invested in an can range from 20 basis points (2/10 of a percentage point) to 125 basis points. The Foundation has made it a policy to assess donors “at cost only” for all investment fees. *(Note: A donor is not restricted to using our Advisors for managing their investments if they have their own advisor.)*

**PFA FOUNDATION INC.  
DISCLOSURE STATEMENT  
February 2008  
INVESTMENT POLICY SUMMARY**

### **Objectives:**

The primary investment objective is to earn an average annual total rate of return of at least 5.0 percent greater than inflation over a five-year period. For purposes of this objective, inflation is defined as the Consumer Price Index (CPI), on an annualized basis and total rate of return includes dividend and interest income plus realized and unrealized capital appreciation.

A secondary investment objective is to maintain or enhance the purchasing power of the annual income stream before allocation of trustees’ fees and administrative fees. As a result, it is expected that income will rise, when adjusted for new gifts and principal distribution, at a rate at least equal to the long-term rate of inflation as expressed by the Consumer Price Index over a five-year period. For planning purposes the expected long-term rate of inflation is assumed to be 4.0 percent.

It is recognized that the real return targets may be difficult to achieve in every five-year

period, but should be achievable in the majority of five-year periods.

**Spending Policy:**

The Foundation currently recommends a spending policy of 5% of the endowed fund's cash balance as of December 31 for short-term liquidity requirements and will require approval of the Board of Directors, based on a recommendation of the Investment Committee. However, funds may be able to invade principal to make grants, and can exceed the 6% with the approval of the Board and the appropriate benefactor, if determined as required.

**Asset Allocations:**

The PFA Foundation may use multiple investment pools and portfolios. There is one basic asset allocation strategy currently employed by the Foundation. This represents a long-term balanced portfolio with a mix of equity and income investments which optimize income and long-term growth to meet the

funding needs of PFA. It is based on the board approved Investment Policy, which was **approved on February 14, 2006**. Overall, on a broad basis, the strategy is as follows:

<u>Asset Allocation Strategy</u>	
Cash	1%
Equities	29%
Fixed Income	<u>70%</u>
	100%

Fund performance is reviewed at least quarterly and assessed at least annually. Managers are provided a three-year performance horizon so long as their portfolio activities are inline with the board-approved Investment Policy and objectives as stated by the Foundation Board.



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