



Pine Forge Academy Foundation, Inc.

GUIDELINES FOR ESTABLISHING AN ENDOWMENT FUND

The PFA Foundation was conceived and established in 2003 by PFA alumni and friends. The Foundation is a way to revolutionize charitable giving on behalf of Pine Forge Academy ("PFA"). For the first time in the history of PFA, there is a separate entity focused solely on raising funds to ensure the financial soundness of PFA. Our board is committed to creating the Foundation as a model for charitable giving for educating and enhancing the level of charitable giving for Seventh-day Adventists and public and private supporters of PFA.

Created, pioneered and nurtured by the National Pine Forge Academy Alumni Association, the PFA School Board of Trustees, and the Allegheny West Conference of Seventh-day Adventists, the PFA Foundation will invest the gifts it receives and use the earnings to make grants and scholarships to students, faculty and staff and for capital improvements. Each year, we will award dollars to programs and projects that improve, strengthen and enhance all of our strategic priorities at PFA which advance the mission of PFA.

We are organized to ensure that anyone who gives a gift, in any amount, can be confident that their dollars will work for the students, faculty and staff of PFA, not only today, but forever.

Establishing a fund at the PFA Foundation is simple. We offer a variety of services and expertise to help you carry out your charitable giving goals. Our staff, along with our charitable giving and planned giving advisors, can assist with gift planning and grant-making. We can help ensure your family's tradition of giving back to PFA. When you establish a fund with the PFA Foundation, we will be your partner in philanthropy.

Types of Funds

Named Fund: *Unrestricted, Restricted for a Special Field of Interest or to a Particular Group or Individual (Individual, Group, Organization or Board Designated)*

You may create a Named Fund with a minimum gift of \$10,000 (no maximum) to carry out your charitable legacy forever.

There is a minimum amount of \$250 to open the account, which must reach \$10,000 within five years before the Foundation will disburse from the fund. Your gift can be unrestricted, restricted (designated to a particular purpose or requirements), or directed to a field of interest.

Donor- Advised Fund

Many people like to use the Foundation as a conduit for their charitable giving and establish a Donor-Advised Fund with a minimum of \$10,000 (no maximum). When you create a Donor-Advised

Fund, you may make grant recommendations for gifts from the fund you establish. Please see the additional information about these funds on the next page.

Scholarship Fund

Often, people establish scholarship funds – either for current students in PFA or for those who wish to continue education in college, or even later in life for faculty and staff development -- to memorialize a loved one or honor a special person. With a minimum of a \$10,000 gift (no maximum), you can name the guidelines for candidate selection, requirements and use of the award. No funds will be distributed until the fund is fully endowed. You can open the fund with a \$250 initial investment. It must reach \$10,000 within five years or the remaining balance laps and it put into an unrestricted operating account.

Donors, Contributions and Tax Considerations

Eligible Donors

We accept gifts from individuals, companies, organizations, trusts and estates. Multiple donors may pool their gifts into a single fund within the Foundation.

Donor Contribution (s)

Cash, mutual fund shares, stocks, bonds and other securities, including certain restricted stock, stock of closely-held businesses and readily marketable real estate

are eligible for contribution to the Foundation.

Amount of Charitable Income Tax Deduction

You are eligible to take an itemized deduction for your contribution to a public charity on the date that the contribution is made, subject to the following IRS limitations. All donors are encouraged to consult their legal or tax advisor regarding their personal situation.

Cash

You may deduct the amount of the cash contribution the Foundation accepts, subject to IRS deduction limitations. See "Deduction Limitations" below.

Publicly Traded Securities

For publicly traded securities held for more than one year, your deduction is the mean of the high and low prices reported on the date the contribution is made. For mutual fund shares held for more than one year, your deduction is based on the closing price on the date the contribution is made. For securities or mutual fund shares held for one year or less, your deduction is generally limited to your cost basis.

Securities That Are Not Public Traded

In general, for securities that are not public traded and have been held for more than one year, you will be required to provide the IRS with a qualified independent appraisal for any such contributed property for which you claim a deduction of more than \$5,000. For securities held for one year or less, the deduction is generally limited to your cost basis.

Deduction Limitations

You are eligible for an itemized deduction for cash contributions to the Foundation in an amount up to 50 percent of your adjusted gross income ("AGI") in the tax year in which the contribution is made.

Deductions for contributions of appreciated securities held for more than one year are limited to 30 percent of AGI. Any excess amount *may be carried forward* and deducted over the following five-year period after the year of the contribution. Your deduction may be subject to certain other limitations.

Estate Planning

Your gift to the Foundation, and any earnings related to your gift, are not included in your taxable estate and are not subject to probate administration. Gifts to the Foundation are exempt from federal gift tax and federal estate tax.

Testamentary Gifts and Gifts from Trusts

A fund at the Foundation can be named the beneficiary of a bequest of cash or securities, including mutual fund shares, Individual Retirement Account (IRS) and other retirement assets. In addition, the Foundation may be named the beneficiary of a charitable remainder trust, charitable lead trust or life insurance policy. Please call us for suggested language for gifts through bequests, charitable remainder trusts, charitable lead trusts, IRS and life insurance. You should seek tax and legal advice in setting up any testamentary gift or trust. We will provide you and your attorney or advisor confidential consultation at no cost.

Tax Treatment of Fund Income and of Grants Made to Qualified Organizations

Income that accrues to your fund is income of the Foundation. It is not taxable income to you nor is it available as a charitable deduction. Income will be reflected in the value of the fund by the Foundation.

Donor Funds and Investment Pools

The fund you establish is an asset of the Foundation which will maintain an accounting of your contribution, income earned by the fund and the Foundation's grants to qualified charitable organizations.

Investment Management Selection

The Foundation's Board of Directors has appointed investment managers. Your fund will be managed according to the investment performance standards of the Foundation's investment policy approved by the Board. The performance will be reviewed regularly by PFA Foundation Investment Subcommittee.

Our investment management advisor is:

- Merrill Lynch

An investment manager has the authority to invest the fund assets in securities and other investments. The Foundation's Investment Subcommittee decides, in consultation with the investment manager, the allocation of assets by investment managers and reviews investment performance.

Donor-Advised Fund Guidelines

Advised funds offer you an opportunity to support and participate in the Foundation's many charitable activities for PFA. You may also include

your children as fund advisors under certain circumstances.

Internal Revenue Service Regulations

All foundations must follow IRS regulations regarding the management of donor-advised funds. These regulations stipulate that a donor may not retain control over his or her donation. To satisfy these regulations, the Foundation will exercise asset management of the fund. Donors advise the Foundation on grant recommendations during their lifetimes. In compliance with IRS regulations, the Foundation's Board of Directors retains the right to make final determinations with respect to distributions from the fund. The PFA Foundation has seven priority program areas: new building construction, existing buildings renovations, academic program enhancement, faculty development, college endowments, technology infrastructure upgrades and private and public strategic partnerships. Foundation awards to these types of initiatives are intended to fall within our broad strategic objectives and priority program areas.

IRS Regulations prohibit grants or awards from any foundation's funds to be used to pay dues for an individual's membership in an organization, to discharge or satisfy legally enforceable obligations or personal pledges which have been made by the donor or a family member, or for any other purpose from which the individual will receive any personal benefit. Examples include ticket or tale purchases to a fund raising dinner, greens fees for a charity golf tournament, or pledges made by the donor for contributions to a charitable organization.

Grant or Award Recommendations

Donor recommendations for grants, scholarships or other awards are made *in writing* at any time throughout the school year to our Board of Directors and may be made for general support of PFA for capital or operating board-approved program or activity. Examples include student financial assistance, faculty stipends for certifications or extra training, capital projects and renovations throughout the campus, books and supplies, and other needs. The Foundation requests minimum recommendations of \$250; and they can be made as often as needed. However, all requests must be initiated by either the PFA School Administration or the affiliated organizations, i.e., National PFA Alumni Association or other board-approved organization. The Foundation will not consider requests from individuals. All requests must be in writing. *Requests not in writing will not be considered.*

When we receive recommendations from advised fund donors, our Endowments and Scholarships Committee will carefully consider the donor's request and determine if the request is a bona fide charitable request recognized by the IRS. If the requestor fails to provide the information required by the Foundation, the Foundation may be prohibited from awarding the grant or award.

It is our desire for donors to assist us in our mission to benefit the students, faculty and staff at Pine Forge Academy. However, we recognize that there may be other initiatives important to you outside of the PFA family. We will assist you in support of those needs through the fund you establish or with your planned giving and

estate planning services using our expert advisors.

The Foundation handles the grant recommendation process and issues checks to the appropriate parties in the name of the donor-advised fund. A letter specifically stating the name of the fund from which the grant is made in addition to the purpose of the grant accompanies all grant or gift checks. Grants can also be made anonymously if the donor desires.

A copy of each grant (award) letter is sent to the donor. When the award is made of \$2500 or more, the recipient is asked to complete an evaluation form. We believe that is also important to review an award after it has been made.

If you establish a donor-advised fund, you are welcome to consult with our staff about distributions from the fund. We anticipate that you will develop a working relationship with members of our staff and our planned giving and investment advisors. From time to time, we will consult with you about specific proposals we receive that we consider deserving of your support. Those proposals will be in the fields of interest you have identified, where we expect that some of these proposals will be funded through advised funds. We will keep you and our other advisors informed about fund activities through briefings, ongoing information communications, our quarterly flash bulletins, the web site and our periodic financial reports.

Advisory Rights

Only you, your spouse and other advisors designated by you at the fund inception may advise on distributions from your fund. The advisory relationship terminates with

your death or that of the appointed advisors. The fund then becomes a permanent endowment fund, as you stipulate when the fund is established. The fund will meet your charitable interests in perpetuity. Pour-over gifts from your or family members' estates to the endowment fund will also perpetuate the fund's purposes.

General Operating Expenses and Charges to Donor Funds

Foundation funds are subject to minimum set-up and annual maintenance fees in effect for each fiscal year. These fees are reviewed annually, as it is the Board's intention to keep costs to a minimum and always below market rates.

Legacy Society

If you have planned a future gift to our PFA Foundation through

a bequest, trust, pooled income fund, life insurance policy or charitable gift annuity, you are eligible for membership in the **PFA Foundation's Legacy Society**, to commemorate your commitment to benefiting others through planned giving. We want to recognize those who use planned giving as a vehicle to give to encourage others to use this important tool for ensuring the future of PFA.

FOR MORE INFORMATION ON THE PINE FORGE ACADEMY FOUNDATION,

Call our Office and Ask for Assistance from our

"Leaving A Legacy Planned Giving Center" Team of Advisors:

(301) 446-1018 Or Email Us: info@pfafoundation.org

PINE FORGE ACADEMY FOUNDATION INC.

540 EAST 105TH STREET, SUITE 208

CLEVELAND, OHIO 44108

PHONE: (216) 851-1018 ~ FAX: (216) 851-1020