



# THE COMMUNITY FOUNDATION

Serving Richmond & Central Virginia

## MEMORANDUM

**To:** Chief Executive Officers and/or Board Chairs of  
Grantee Organizations of The Community Foundation, The Jenkins Foundation,  
The Garland and Agnes Taylor Gray Foundation  
**From:** Michael D. Jones, Grants Management Associate  
**Date:** March 26, 2007  
**Re:** New Legislation and Required Grant Documentation

On August 17, 2006 President Bush signed into law the Pension Protection Act of 2006, which contains charitable reform provisions that among other things affects donor advised funds. In order to comply with these provisions, TCF's Board amended its policies and due diligence procedures. We appreciate your full cooperation with these legal and policy provisions.

- **Restrictions on *quid pro quo* benefits**
  - ▶ Our policy, and federal law, strictly prohibits charitable grantees from providing *quid pro quo* benefits to either the Foundation or its donors as a result of gifts from donor advised funds. This longstanding policy was adopted to ensure the full deductibility of these contributions and to comply with federal income tax rules restricting *quid pro quo* arrangements.
- ***Quid pro quo* benefits defined**
  - ▶ *Quid pro quo* benefits are defined as any goods or services that are provided to a donor advisor, or persons related to the donor advisor, that have been assigned a monetary value by the charitable organization. Examples may include, but are not limited, to tickets to public events, seating at fundraising events, parking privileges and benefits conferred to donors based on their level of annual giving.
- **Federal penalty for violations**
  - ▶ Federal law effective July 25, 2006 imposes substantial financial penalties on donor advisors and foundation managers. Individuals who receive a *quid pro quo* benefit as a result of a gift from a donor advised fund will be taxed 125% of the amount of the entire transaction and The Community Foundation will be taxed 10% of the same amount.
- **Community Foundation action for violations**
  - ▶ If at any point we learn that your organization has provided a benefit to a donor advisor or a related party for a gift made from a donor advised fund, then your agency will no longer be eligible to receive grant funds, whether donor advised, designated or competitive, from The Community Foundation for a specified time to be determined by the Foundation's Board of Governors, in its sole judgment.
- **New annual documentation**
  - ▶ Effective immediately, we require your Chairman, President or Executive Director to sign our "Annual Statement regarding Quid Pro Quo Benefits" (attached). This statement, which will be mailed to you on an annual basis, acknowledges that you have read, and agree to adhere to our policy. The Community Foundation will continue to request supporting documentation (i.e., Board list, IRS 990, annual report) every three years in order for your organization to be eligible for grant support.

7501 Boulders View Drive  
Suite 110  
Richmond, Virginia 23225-4047

Telephone 804-330-7400  
Facsimile 804-330-5992  
Website [www.tcfichmond.org](http://www.tcfichmond.org)

Board of Governors

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*President & CEO*  
Darcy S. Oman

Please retain this document for your records.



**THE COMMUNITY FOUNDATION**

Serving Richmond & Central Virginia

**Annual Statement and Guidelines Regarding  
Donor Advised Funds and Quid Pro Quo Benefits**  
To Charitable Organizations Eligible to Receive Donor Advised Grants

**EFFECTIVE DATE:**  
**From date of receipt through December 31, 2007**

Through its Donor Advised Fund program, TCF works with a wide range of individuals, families, charitable entities and businesses whose charitable interests advance TCF's mission. Donor advisors or their designees may make recommendations concerning the distribution of the fund exclusively for charitable purposes. *While the law expressly recognizes the right of living donors to make grant suggestions from time to time, the regulations adopted by the Internal Revenue Service clearly state that TCF's governing body must exercise final discretion concerning the expenditure of such funds. IRS rules strictly prohibit the use of donor advised funds to satisfy a personal pledge, or to receive a quid pro quo benefit to the donor advisor or related parties.*

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By this letter, I acknowledge and agree to adhere to the grant policies (described above and in the attached memorandum) of The Community Foundation *Serving Richmond & Central Virginia* and its supporting organizations (The Jenkins Foundation and The Garland and Agnes Taylor Gray Foundation) and its geographic affiliates (River Counties Community Foundation, Mathews Community Foundation and Gloucester Community Foundation).

Board of Governors

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*Secretary*  
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*General Counsel*  
William L.S. Rowc

No goods or services will be provided to The Community Foundation's donor advisors or related parties as a result of a grant from TCF's donor advised funds.

I agree to use reasonable efforts to educate my staff and volunteers about these legal and policy restrictions. Should such a benefit be provided, I understand that The Community Foundation will treat our organization as ineligible for grant support in any form for a specified time to be determined by the Foundation's Board of Governors.

A. Marshall Acuff, Jr.  
Farhad Aghdami  
Joseph L. Antrim, III  
Thomas D. Byer  
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Robert P. Roper, Jr.  
John Sherman, Jr.  
E. Lee Showalter  
Fred T. Tattersall  
Jane G. Watkins

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Please print name here: \_\_\_\_\_

Organization: \_\_\_\_\_  
(please print the full name of your organization)

Email address: \_\_\_\_\_

Date: \_\_\_\_\_

*President & CEO*  
Darcy S. Oman

Please return this signed original to The Community Foundation by mail or fax (804-330-5992). Please retain the cover letter for your records. Questions may be directed to Michael D. Jones at 804-330-7400, ext.121. Thank you.