Foundation Services Overview
Full Service, Customized Offerings Provided by Greater Houston Community Foundation

While the Greater Houston Community Foundation is most well known for providing Donor Advised Funds, we offer other services to assist hundreds of generous people in the city grow effective philanthropy. One of the suite of services available are Private Foundation Services, designed for people who have their own private foundations.

Private Foundation Services is led by Rebecca Hove, GHCF’s Director of Strategic Philanthropy. The Foundation Services area provides comprehensive strategic and administration work for private foundations, or partners with the foundation staff and board. Nationally, only 23% of private foundations have paid staff, so many private foundations use all of the services we provide. All too often, the joy of running a private or corporate foundation is overshadowed by all the operational facets (e.g., reviewing and summarizing grant requests, scheduling meetings, taking minutes of the meetings, preparing award and declination letters, maintaining a database of grantees, etc.). GHCF relieves our clients of this burden so they may concentrate on fulfilling their foundation’s main aims.

Our fee-based services include:

**Board Meeting Coordination and Support**
- Set the board meeting date, time and location; send notices
- Prepare board meeting agenda and schedules; send board meeting books prior to meeting
- Handle communications prior to board meetings and at the meetings
- Act as recording secretary; prepare the minutes of the meeting
- Monitor term limits of the board members and officers
- Board training
- New board member orientation

**Grant-Management and Administration**
- Review grant requests and verify tax-exempt status
- Prepare grant summaries for board analysis and recommendation
- Process denial and award letters
- Process grant payments
- Maintain a ledger of all grant awards; track grants for reporting purposes: grants paid year-to-date and pending grant commitments
- Collect and act upon foundation mail
- Field foundation phone calls

**Recordkeeping and Reporting**
- Secure management of records
- Establish and maintain grantee files
- Report on historical grants, activity and proposed giving
- Follow up on end-of-grant reports and present follow-up reports

**Strategic Design and Focus**
- Measurement and evaluation of grant results
- Facilitate strategic planning sessions with foundation board
- Determine mission, vision, focus, grant guidelines and funding strategies
- Identify key areas of impact and ways to increase impact
- Research current trends in key areas of interest and historical grant patterns
- Arrange site visits to nonprofits
- Convene dialogues on important community issues
- Collaborate with other donors interested in same key focus areas
- Board and/or organizational successor planning

**Accounting and Tax Preparation**
- Ensure stewardship of funds
- Manage day-to-day financial operations
- Interface with existing providers such as accountants and investment professionals
- Prepare financial reports and legal notices
- Ensure tax return (990-PF) is managed and filed
- Coordinate annual audits

*The Foundation Services area offers full service solutions to private foundations or partners with the foundation staff and board, so they can focus on their most critical work.*
People who have private foundations sometimes open a Donor Advised Fund in addition to their foundation. There are many advantages to having both. For example:

Financial Flexibility

- Enhanced Tax Benefit for Hard to Value Assets - Donors might have real estate, limited partnership interests and/or closely-held stock they wish to contribute during life, but if given to a private foundation, the deduction would be limited to the donor’s cost basis. If given to a community foundation, the deduction is based on the market value.

- 5% Payout Solution - To meet the 5% IRS payout requirement, private foundations establish a donor advised fund at the Community Foundation and then make the appropriate qualifying distribution to that fund. This provides more time and flexibility for the private foundation’s grantmaking.

- Excise Tax Planning - The private foundation must pay an excise tax on realized gains and earned investment income when it sells capital assets (up to 2% of net income subject to a reduction to 1%). To reduce the excise tax from 2% to 1%, private foundations may contribute additional qualifying distributions to their donor advised fund at the Community Foundation. Those funds are then available for future charitable use.

- Enhanced Tax Benefits - Donors with existing private foundations sometimes find they need to utilize a public charity’s beneficial adjusted gross income limitation. The charitable contribution limit is 50% for public charities vs. 30% for private foundations for cash; and 30% for public charities vs. 20% for private foundations for qualified appreciated assets. Under both limitations, there is a six-year period to use the full deduction.

Grantmaking Solutions

- Access to Grantmaking Advice - The GHCF staff has grantmaking expertise and knowledge of the nonprofit community that enables them to give objective and strategic philanthropic advice. Strategic giving requires familiarity with the local community. GHCF staff can assist with in-depth research of community and national resources or nonprofits, plus provide grant evaluations and recommendations.

- Involving Family Members - Parents with existing private foundations may establish donor advised funds for their children to increase their involvement, training and ownership. This is especially helpful to increase the involvement of children living away from home. The donor advised fund can be used to pass along the values of giving and engage the next generation.

- Succession Planning - Founders of private foundations state that concerns about succession planning were eased by terminating some portion, or all, of their private foundation to a donor advised fund at the Community Foundation. GHCF staff can ensure the preservation of donor intent and the family legacy in perpetuity.

- Increased Grantmaking Flexibility - Sometimes the regulations of a private foundation restrict giving toward social events. A donor advised fund provides the flexibility to contribute the deductible portion for tickets or tables at charity events from the fund.

- Keeping Grantmaking Private - Information about private foundations is public information and readily available. When private foundations wish to make anonymous grants or grants outside their primary focus areas, many use a donor advised fund at the Community Foundation to accomplish this.

- Nonprofit Endowment Funds - For private foundations that make grants for nonprofit endowments, there are typically a number of concerns. A permanent designated fund at a community foundation generally solves issues such as retaining the option to change beneficiaries, easing investment concerns, and protecting assets.

Contact us for more information:

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