



## **What you need to know about making donations to Component Funds at BCF**

Representatives of corporate or private foundations, charitable giving committees and private individuals, support a wide range of community programmes. But sometimes, good and creative charitable work only requires people with passion and commitment – and a modest infrastructure.

The Bermuda Community Foundation (BCF) supports unincorporated associations and community groups to deliver their projects or programmes through a component fund structure. The establishment of a Programme or Campaign Fund at BCF (“Fund”) means that a working group or committee has agreed to use the BCF to hold and administer funds for a specific purpose under the larger umbrella of BCF.

Donors can contribute to a Fund at BCF to ensure that their gifts are being used exactly as they intended, with reduced overhead costs due to the shared infrastructure afforded by BCF and its founding investors.

### **5 Frequently Asked Questions**

#### **1) What is a programme or campaign fund?**

- The BCF serves as a fiscal sponsor to local programmes and projects to support small and/or emerging organisations whose work is innovative and their impact is or could be significant.
- A Programme or Campaign Fund (“Fund”) at BCF is essentially a ‘fiscal sponsorship’ arrangement between BCF, the establishing fund committee (who become known as the “Fund Advisory Committee”) and donors to the Fund.
- When a donor makes a gift to BCF, the gift is tagged and further credited to the Fund to enable the organizing group to deliver on the goals for which the Fund was established.
- This component fund arrangement at community foundations is a tried and tested mechanism that is proven to reduce nonprofit infrastructure, ease giving and increase grant-making. But, the community foundation concept itself, is relatively new to Bermuda. However, the first community foundation just turned 100 years old, and there are now more than 1800 of them worldwide.

#### **2) Why is this service an important resource to the nonprofit sector?**

- Rather than set up a whole new charity, investment strategy and infrastructure, the fund structure at BCF provides support to unincorporated associations or community groups.
- By serving as a fiscal sponsor, particularly to emerging, marginalized or other community groups that aren’t ready to be stand-alone organisations, or to groups whose work does not warrant a stand-alone entity, BCF enables groups to focus on that which they are really passionate -- without having to build out infrastructure that may not be needed.

- At times, it may even make sense for the fiscal sponsorship arrangement to stay in place ad infinitum. The committee's limited time and resources are better spent on their mission and the fees they pay to BCF as a sponsor, are less than what they would have to pay for administrative staff to deal with the complexities that come with being a separate registered charity.

### 3) Is BCF accredited? Is it a member of a nonprofit network or group?

- The BCF is a nonprofit member of the Centre on Philanthropy and by extension, this membership covers its component Funds. However, it must be noted that this type of membership is available to any and all in the community – an individual or a nonprofit need only sign up and pay a nominal fee to access any of the stated benefits, i.e. training.
- The most important indicator of charitable good governance is **accreditation**. BCF is now accredited by the UK CF for Community Foundations. BCF has received QA3 accreditation through the prestigious of Community Foundations United Kingdom, which is an intense and rigorous quality assurance scheme that ensures that its governance and programmes meet global community-foundation best practice standards.

### 4) How do we donate to a Bermuda registered charity or Fund via the Friends of BCF?

- The Friends of BCF is a US registered public 501(c)(3) organisation that facilitates donations from individuals or corporations who pay taxes to the US. The donor (individuals or companies) may donate funds to a Fund at BCF or to a Bermuda registered charity. Through their role as a fiscal sponsor, the Friends of BCF ensures that US taxpayers are able to make tax deductible charitable gifts.
- US Taxpayers may donate to the Friends of BCF by completing a 'Gift Intention Form' ("GIFs" help BCF tag incoming funds so that we can attribute the donation to the correct recipient) explaining which registered charity or programme fund they would like the Friends of BCF to support. Once the Friends of BCF deems the gift appropriate, the funds are then donated directly to the Bermuda registered charity or to the BCF for further credit to a Fund, less bank and administration fees. The campaign/programme fund or charity receives the donation along with information about who the donation is from so that they may acknowledge the gift appropriately. The Friends of BCF sends a thank you letter to the US Taxpayer, which serves as their tax receipt.
- Donations of all payment types (credit card, wire, bank transfer) are assessed a 5% administration fee plus any fees related to foreign currency purchasing tax or cheques.
- Regretfully, if an ultimate beneficiary is not a registered charity or established as a BCF Fund, neither Friends of BCF nor BCF may process it.\*\*

### 5) Are we recognized by the BCF as donors?

The Fund Advisory Committees are responsible for the publicity of any distinct gifts to a component Fund at BCF. The Bermuda Community Foundation's products and services have been subsidised by a group of founding investors - The Atlantic Philanthropies (Chuck Feeney), whose support has been matched the Buchanan Charitable Trust and Renaissance Re and, with contributions from entities like Bloomberg Philanthropies, the XL and Hemera Foundations, Meritus Trust and pro-bono legal advice on structuring provided by Conyers Dill and Pearman – all who were committed to establishing more robust philanthropic infrastructure in Bermuda. Donor who make legacy gifts to the BCF Central Funds receive recognition alongside this group of funders, as key investors or sponsors to BCF.

**Guide to Supporting a Fund at BCF**

<b>Step 1</b>	<b>Fund Committees (Fund Advisors) identify, cultivate and solicit a prospective donor</b>		
	<b>Local Donor</b>		<b>US Taxpayer</b>
<b>Step 2</b>	Complete a <u>BCF</u> Gift Intention Form* to recommend a donation be made to the “[Name of Fund] Programme at BCF”		Complete a <u>FBCF</u> Gift Intention Form* to recommend a donation be made to “[Name of Fund] Programme at BCF”
<b>Step 3</b>	Send your donation to Bermuda Community Foundation (BCF, the local registered charity #948)		Send your donation to Friends of Bermuda Community Foundation (Friends of BCF, the U.S. registered public 501(c)(3) organisation, EIN# 38-3938349)
<b>Step 4</b>	The respective Directors of BCF or FBCF receive the gift and consider the request		
<b>Step 5</b>	Donors making gifts online via credit card receive an automatic payment notification	Donors making gifts via letter for wire transfers and cheques*** receive a gift acknowledgement letter	For all payment methods***, Friends BCF acknowledges receipt of the gift and the Directors’ decision, with an official tax receipt/letter
<b>Step 6</b>	N/A		The Directors’ decision is communicated to BCF as the fiscal sponsor for the Fund
<b>Step 7</b>			On behalf of the fund advisors of the Programme Fund at BCF, <u>BCF</u> acknowledges the pending grant, provides its banking information to FBCF, agrees to thank or recognize the donor, and to report on the use of funds
<b>Step 8</b>			Grant Funds are transferred to BCF for further credit to the Programme Fund
<b>Step 9</b>	The gift is credited to the Fund account at BCF Details become available to the Fund Advisors on Donor Central (updated monthly)		
<b>Step 10</b>	Fund Advisors may acknowledge the donors’ gifts, directly (detailed information posted)		

\* Individuals, families or groups are required to complete this form for compliance with AML / ATF regulations. Formalised foundations and companies may substitute a letter of intent on their own letterhead. Donors to Funds at BCF may ask a Fund Advisory Committee representative to complete the GIF on their behalf.

\*\*By special arrangement and in compliance with regulations established by the Bermuda Charities Commission, some not-for-profit programmes that privately solicit donations for their work, may use the FBCF or BCF structure. The requesting entity is responsible for verifying compliance with the requisite laws of Bermuda.

\*\*\*As the world moves online, cheques have become the most expensive and inefficient way to make a donation. Banks charge an additional administrative surcharge on the transaction, which is then assessed on a donor’s gift, regardless of the transaction size. Please help us drive down the costs of processing donations by promoting the use of wire transfers or credit cards.