

# Giving Guidelines

## The Boston Foundation

INNOVATION.

INFORMATION.

IMPACT.

**INVOLVEMENT.**

# GIVING GUIDELINES

**This Giving Guidelines publication describes the various funds of the Boston Foundation, as well as important policies, procedures and benefits associated with establishing and maintaining a charitable fund.**

All gifts are subject to the Boston Foundation's Giving Guidelines as may be amended from time to time at the Foundation's sole discretion. Call the Development Office at 617-338-1218 or go to [www.tbf.org](http://www.tbf.org) for the most current version.

## The Benefits of Partnering with The Boston Foundation

- Simplicity and speed in opening and maintaining a fund;
- Maximum tax benefits;
- Online grantmaking and fund services;
- Investment expertise and competitive investment returns;
- Personalized philanthropic and donor services through a dedicated Philanthropic and Donor Services staff;
- Access to experts in all of the major areas of community life in Greater Boston, and invitations to Understanding Boston forums – informational sessions highlighting key issues of interest in Greater Boston;
- A full range of planned and legacy giving opportunities; and
- Connection to an 'extended family' of donors and civic leaders who are dedicated to making Greater Boston as strong as it can be.

## GIFT ACCEPTANCE POLICIES

### Eligibility

Individuals, families, trusts, estates, private foundations, other nonprofits and business entities are eligible to make a gift or establish a fund at the Boston Foundation.

### Contributions are Irrevocable

All outright gift contributions given to the Boston Foundation become an asset of the Boston Foundation and are irrevocable as a tax deductible gift. The Boston Foundation reserves the right to review and approve all contributions.

### Cash Gifts

Cash gifts must be in U.S. dollars and delivered by check or wire. Checks should be made payable to Boston Foundation, Inc. with the specific fund name listed on the memo line. Alternatively, contact the Foundation for wiring instructions.

## Securities

Please call the Development Office for assistance with the following gifts.

**Publicly traded securities** Publicly traded stocks and bonds can be transferred by wire or delivered in certificate form.

**Mutual funds** Mutual fund shares are also accepted.

**Restricted securities** Gifts of Rule 144 Stock are reviewed by the Development staff at the Boston Foundation prior to acceptance.

**Closely Held or Founders Stock** Gifts of closely-held stock are reviewed on a case-by-case basis.

## Real Estate

Gifts of real estate can be accepted. Residential, corporate and undeveloped land held more than one year are reviewed by the Boston Foundation on a case by case basis prior to acceptance to ensure that certain conditions are met.

## Gift Acknowledgement

All gifts will be acknowledged in accordance with Internal Revenue Code requirements. Generally, the IRS requires taxpayers to complete and file a Form 8283 with their federal income tax return for gifts of property valued at \$5,000 or more. It is the donor's responsibility to get an appraisal for all gifts other than cash and marketable securities for tax deduction purposes.

## Gift Acceptance Fees

Any costs incurred to evaluate, acquire, or sell a complex gift asset, such as real estate, partnership interest, or closely held stock, will reduce the net proceeds credited to the beneficiary fund. See fee schedule on pages 8 and 9.

## Additional Contributions

Once a fund is established, a donor may make additional contributions at any time. There is no minimum requirement for additional contributions.

## Third Party Contributions

Individuals other than the founding donor may make contributions to any charitable fund at the Boston Foundation. Checks should be made out to Boston Foundation, Inc. with the specific fund name listed on the memo line. All contributors will receive a gift acknowledgement confirming the tax deductibility of their gift.

## Donor Fundraising

The Boston Foundation maintains rigorous donor fundraising policies in accordance with IRS guidelines and the Massachusetts Division of Public Charities. Please contact the Foundation for a complete list and prior to any third party solicitations.

## CHARITABLE FUND OPTIONS

### Community Fund

The Boston Foundation's grantmaking in Greater Boston is funded primarily through the Community Fund. The Foundation manages a competitive grantmaking process, distributing grants to nonprofit organizations that are addressing the most important contemporary issues. Areas currently funded include: Arts & Culture, Civic Engagement, Education/Out-of-School Time, Health and Human Services, Housing and Community Development, Urban Environment and Workforce Development. The Foundation also identifies trends affecting Greater Boston's well-being and creates special initiatives to address them. More information on the grantmaking process may be found in the Foundation's annual report and on its website at [www.tbf.org](http://www.tbf.org). Contributions to a Community Legacy Fund may be named for an individual or family and are invested in the Fund for the 21st Century. Gifts for immediate grantmaking are also welcome. See fee schedule on pages 8 and 9 for costs associated with the Fund.

### Field of Interest Fund

Through a named Field of Interest Fund, donors can focus their gift within an area that is meaningful to them, such as public education or arts and culture, or a specific geographic area. Donors benefit from the Foundation's grantmaking expertise to apply the gift where it can make the most impact. Field of Interest Funds are invested in the Fund for the 21st Century. Gifts for immediate grantmaking use are also welcome. Please contact the Development office for more information. See fee schedule on pages 8 and 9 for costs associated with Field of Interest Funds.

### Designated Fund

Donors who wish to dedicate an endowed gift to benefit a specific 501(c)(3) public charity can do so through a named Designated Fund. Distributions from a Designated Fund are made in perpetuity in accordance with the Foundation's Spending Rule as outlined on page 9, or spent down by a fixed dollar amount. Designated Funds are invested in the Fund for the 21st Century. Please contact the Development office for suggestions on structuring your Fund for greatest impact. See fee schedule on pages 8 and 9 for the costs associated with Designated Funds.

### Donor Advised Fund

Donor Advised Funds can simplify giving to any nonprofit 501(c)(3) public charity through an initial tax-deductible gift of \$10,000 or more. Additional charitable contributions can be added at any time for any amount. Donors may then recommend minimum grants of \$250 to any qualifying Internal Revenue Code Section 501(c)(3) public charity at their convenience. Donors may choose to have the assets invested in either—Fund for the 21st Century or a Money Market Fund. See pages 7 through 9 for more information on the investment options and fees associated with a Donor Advised Fund.

## The Civic Leadership Fund

Contributions to the Civic Leadership Fund support the Boston Foundation's efforts to stimulate collective action on issues affecting Greater Boston. These funds allow the Foundation to commission research, host events to encourage public discourse on key issues and, when appropriate, form task forces to create action plans for change.

## Scholarship Funds

While the Boston Foundation does not provide scholarship administration, gifts for scholarships can be processed through a few different types of funds. Contact the Foundation's Director of Development for more information.

## PLANNED AND LEGACY GIVING

Donors can make gifts to benefit any type of fund through a full range of planned and legacy gifts. Planned gifts offered through the Foundation include charitable remainder trusts, charitable lead trusts and charitable gift annuities. Donors wishing to leave a charitable legacy may make gifts through bequests, beneficiary designations of IRA and retirement assets and gifts of life insurance policies. To learn more, please see the *Guide to Creative Planned Giving* or contact the Foundation's Director of Estate and Gift Planning.

## DONOR ADVISED FUND ADMINISTRATION

### Fund Advisor

Upon establishing a Donor Advised Fund, the primary donor will name one or more fund advisors authorized to access information regarding a the fund and make grant recommendations. A primary donor is automatically a fund advisor unless otherwise indicated in writing by the primary donor.

### Appointment of Additional and Successor Advisors

The Foundation permits an unlimited number of advisors or successor advisors to a fund. Requests to appoint additional advisors, successor advisors, or changes in advisors must be communicated to the Foundation in writing. In the event the fund advisor is deceased, unwilling or unable to serve, or no successor advisor has been named, the balance of the fund will be moved to the Community Fund, Greater Boston's endowment.

### Grants from Advised Funds

#### Making Grant Recommendations

Grants of \$250 or more may be recommended to a qualified 501(c)(3) public charity or operating foundation in the United States (see page 6 for International grants). Grant recommendations are processed within five to seven business days of receipt, provided that the Foundation has received, or has in its files, all necessary documentation from the organization. Grants will be designated for general operating support unless otherwise noted. Grant recommendations are submitted online through Advisor Xpress using a secure ID and password supplied by the Foundation. An unlimited number

of grant suggestions can be made, and Advisor Xpress provides access to a list of previously approved grants to facilitate grant resubmissions. Alternatively, donors may fax or mail a Grant Suggestion form to the Foundation. Donors receive confirmation via email or mail that grant suggestions have been approved and paid.

### **Anonymity**

All gifts to the Boston Foundation are reported to the IRS in aggregate, therefore, personal financial information is not accessible through public online resources generated from IRS Form 990 data. Additionally, the Foundation offers three levels of anonymity selected by the donor through the grantmaking grant recommendation process. Donors may indicate a preference for broader anonymity when setting up a Donor Advised Fund.

### **Grant Limitations**

The Foundation must verify that all organizations recommended for grants are classified as a public charity under Section 501(c)(3) of the Internal Revenue Code and, if needed, will request documentation from the organization. Additionally, the Foundation checks for any information that might raise questions about the organization's commitment to public accountability, and/or commitment to diversity and equal opportunity, and contact the organization if additional information about its mission and purpose is needed. In the event that a matter of concern should surface, the Foundation will advise the donor.

The IRS does not permit grants for memberships, sponsorships, tickets, or for the fulfillment of a donor's pledges. Grants may not provide a benefit to the donor or any specific individual. Any grant that provides personal benefit will jeopardize the tax status of the fund. As a matter of policy, the Foundation does not permit grants to private, non-operating foundations.

### **International Grants**

Grants to international organizations with U.S. 501(c)(3) status are subject to the Foundation's standard due diligence procedure, and may require the assistance of a Third party agency and incur additional fees. Grants to international organizations without U.S. 501(c)(3) status may also be possible after completing an alternate qualifying process through a third party agency for additional fees. Contact the Development Office for more information.

### **Online Fund Services/Advisor Xpress**

Fund information is available online through Advisor Xpress, a secure site that donors and fund advisors may access with a personalized user ID and password. Advisor Xpress can be accessed through the [www.tbf.org](http://www.tbf.org) homepage, and offers:

- Online grant suggestions
- Contribution history
- Grant history
- Quarterly status reports and quarterly market values
- Funding opportunities
- Family Philanthropy Knowledge Center
- Calendar of events
- Forms

## Low Balance Funds

The Foundation periodically reviews low balance funds and contacts the fund advisor to offer assistance and suggestions. Funds are considered low balance if under the Foundation's \$10,000 minimum balance.

## Low Activity Funds

The Foundation encourages fund advisors to retain an active role in their Donor Advised Fund. In order to carry out its mandate of consistently distributing charitable dollars to the community, the Foundation periodically reviews the grantmaking activity of Donor Advised Funds. Donors who plan to postpone grantmaking within their fund for a period of time should advise the Foundation of their intent.

# FUND REPORTING

## Quarterly Statements

Fund Statements are sent to advisors of Donor Advised Funds, Designated Funds and Field of Interest Funds on a quarterly basis online or by mail. Statements provide an overview of the past quarter's activity, including contributions to and grants from the Fund, and the Fund's ending balance. Enclosed with each statement is the Quarterly Investment Summary detailing the Foundation's recent investment performance.

## Investment Management

Contributions to the Community Fund, a Field of Interest Fund, or a Designated Fund are invested in the Fund for the 21st Century unless marked for immediate use. Advisors to Donor Advised Funds have the option to invest in the Fund for the 21st Century or a Money Market Fund, recommended for shorter giving horizons. An investment option may only be selected at the time the gift is made to the Boston Foundation. *Note: The Boston Foundation is not a licensed legal, tax or financial advisor. Please work with your professional advisor to determine the best investment strategy for your needs.*

### Fund for the 21st Century

The Fund for the 21st Century, the Foundation's primary investment option, is a multi-manager portfolio broadly diversified across asset classes and investment styles and is structured to seek returns in excess of the targeted spending policy, costs and inflation. The Fund is designed to maximize available assets for current grantmaking, while increasing the endowment to benefit future generations. The guiding philosophy of the Fund's management at all times is to promote the prudent stewardship of gifts entrusted to the Boston Foundation for the benefit of the community of donors and charitable organizations served. Investment oversight is closely monitored by the Foundation's Chief Investment Officer and the Board of Directors' Investment Committee.

Alternative investments represent a significant percent of the Fund's holdings. Some alternative investment products are used for their non-correlation to other major markets or to enhance the predictability of returns, and thus lower the overall risk of the portfolio. Performance for Fund for the 21st Century is measured against

a policy benchmark that is a weighted composite of all investment managers. For the portfolio's most recent manager allocation, asset allocation and performance, see the Quarterly Investment Summary inside the back pocket of the "Your Partner In Philanthropy" kit, go to [www.tbf.org](http://www.tbf.org), or call the Development Office.

### Money Market Fund

The Boston Foundation also offers a Money Market option for Donor Advised Funds with shorter giving horizons.

### Grantmaking Account

In order to maintain adequate liquidity for grantmaking, an amount equal to the Foundation's Spending Rule (see page 9) is transferred out of the Fund's principal account and into the Fund's cash account on a quarterly basis.

### Socially Responsible Proxy Voting

The Boston Foundation promotes its values of access, equity, diversity, fairness and respect by exercising its right to strategic proxy voting for all investments. In addition, the Foundation focuses its proxy voting on a number of key issues that are important to donors and the Greater Boston community, including the environment and good corporate governance.

## FUND EXPENSES

Each fund will be allocated a portion of the Boston Foundation's administrative and an investment expenses as set forth below.

### Administrative Expenses

Administrative expenses are deducted in four quarterly installments based on the Fund's principal balance on December 31 of the previous year. Fees are reviewed annually by the Boston Foundation's Board of Directors, and are subject to change in the sole discretion of the Boston Foundation. Notice of any changes in the fee structure will be given prior to implementation. Contact the Foundation for confirmation of the most current fees.

#### Donor Advised Fund:

|                          |                    |
|--------------------------|--------------------|
| \$10,000 to \$499,999    | 1% (\$500 minimum) |
| \$500,000 to \$4,999,999 | .75%               |
| \$5,000,000 and above    | .50%               |

Administrative expenses for Donor Advised Funds cover due diligence procedures, the receipt and acknowledgement of contributions, processing and payment of grants, and compliance with federal and state reporting requirements. Fees also support online fund access through Advisor Xpress and a number of publications and events.

#### Community Fund or Field of Interest Fund: 1%

Administrative expenses cover costs associated with the Foundation's rigorous grant application process, such as the vetting of organizations by the Foundation's Program staff, consultations with applicant organizations, and related costs. While this fee is set annually, it has historically ranged between 1 and 1.52%.

**Designated Fund:** .50%

Administrative expenses cover an annual due diligence process, grantee notification, check processing and quarterly reports.

### Investment Expenses

The Boston Foundation has negotiated competitive fees from investment managers not typically available to individual investors. Funds are responsible for an allocable portion of these fees as investment expenses. Such expenses are charged directly to the earnings, with net earnings credited to the fund. Investment fees are subject to change in the sole discretion of the Boston Foundation.

*For current investment expense, contact the Director of Development or go to [www.tbf.org](http://www.tbf.org).*

### Additional Expenses

#### Pass-through Fee

Funds that grant out the entire fund balance within 12 months of being established will incur an additional 1% charge to cover administrative costs.

#### Complex Gift Fee

Gift assets that require special review and attention, such as real estate, limited partnership interests, or closely-held stock may incur an additional gift acceptance fee. Contact the Boston Foundation's Director of Development for more information.

## TAX AND LEGAL IMPLICATIONS

### Tax Status

All funds at the Boston Foundation are component funds and assets of the Boston Foundation, Inc., and, as such, any contribution to a component fund is automatically treated as a gift to public charity.

### Tax Implications

As a public charity under Sections 501(c)(3) and 170(b)(1)(a) of the Internal Revenue Code, initial and subsequent contributions made to the Boston Foundation currently receive the maximum charitable deduction permitted under state and federal law. Each gift to the Boston Foundation is acknowledged with a receipt confirming the date of the gift for the donor's tax records. *Note: The Boston Foundation is not a licensed tax advisor. Donors should work with their financial, tax or legal professional to determine the best charitable giving strategy for their needs.*

## Spending Rule

The Boston Foundation uses a Spending Rule policy to determine the amount available for annual grantmaking from the Community Fund, Field of Interest Funds and Designated Funds. The Community Fund and Field of Interest Funds currently use a rate of 6%, while Designated Funds use 5.4%. Donor Advised Funds are not required to adhere to the Spending Rule. Call the Director of Development for a detailed description of how the Spending Rule is calculated.

## Control of Assets/Material Restrictions

In order for a contribution to be treated as a charitable gift, the IRS requires that the Boston Foundation retain ultimate control over investments, administration, and granting activity. Additionally, the IRS requires all such funds be free of material restrictions imposed by donors in a manner consistent with the requirements of Section 1.507-2 of the Treasury Regulations.

## Variance Power

All contributions to the Boston Foundation are subject to the Boston Foundation's variance power, as stated in the Article 4.7 of the Articles of Organization, which gives the Boston Foundation the right to redirect the use of any fund in the event the governing Board determines that, over time, the distributions from an endowed fund have become unnecessary or incapable of fulfillment due to the changing needs of the community. For example, a fund set up early in the 20th century for research and treatment of tuberculosis, no longer considered a threat to public health, might be redirected to a current medical need in the community.

## Transfers

Neither party to a fund may transfer or assign a fund or its obligations to a third party without the prior written consent of the other party. The advised function of any fund cannot be assigned except as specifically provided above.

## Disputes

The fund agreements between donors and the Boston Foundation are governed by the laws of the Commonwealth of Massachusetts without regard to its conflicts of law principles. Venue for any disputes arising out of or in connection with a fund shall be sited in the federal or state courts of Massachusetts.

## Conflict of Terms

In the event of an inconsistency between the terms and conditions in these Guidelines and any terms and conditions appearing elsewhere in connection with any component fund, these terms and conditions as interpreted by the Foundation shall govern, and the Foundation reserves the right to take any actions at any time which, in its discretion, it deems reasonably necessary or desirable for the proper administration of any component fund.

## OPENING A FUND

Whether you are an experienced philanthropist or just beginning to explore the world of charitable giving, you can establish a fund quickly and easily today by:

- Deciding which fund option works best for you, in consultation with the Boston Foundation’s Development staff, at 617-338-1700, and your professional advisor;
- Completing and submitting the short contribution form in the back pocket of the “Your Partner in Philanthropy” kit; and
- Following simple instructions for transferring cash or appreciated assets to the Boston Foundation.

Once the fund is established you will:

- Receive a welcoming call from Philanthropic and Donor Services to begin your partnership with the Boston Foundation;
- Qualify for an immediate income tax deduction—with additional deductions each time you add to your fund;
- Receive online or printed statements for your fund; and
- Be part of a growing and dynamic community of individuals, families and companies that have chosen the Boston Foundation to be their partner in philanthropy.

### Contact us

For assistance, please call the Foundation at 617-338-1700, or one of the contacts listed below:

#### New or prospective donors and professional advisors:

Director of Development 617-338-1218 *New gifts, funds, and general information*  
Director of Estate and Gift Planning 617-338-4268 *Planned and legacy gifts*

#### Current donors and professional advisors:

Fund Administration Officer 617-338-2679 *Additional gifts, transactions, grants*  
Philanthropic and Donor Services 617-338-2683 *Advisor Xpress, philanthropic advising*

### Online Philanthropic Resources

|   |  |
|---|--|
| The Boston Foundation                   | <a href="http://www.tbf.org">www.tbf.org</a>                           |
| The Council on Foundations              | <a href="http://www.cof.org">www.cof.org</a>                           |
| The Foundation Center                   | <a href="http://www.fdncenter.org">www.fdncenter.org</a>               |
| The Giving Forum                        | <a href="http://www.givingforum.org">www.givingforum.org</a>           |
| National Center for Family Philanthropy | <a href="http://www.ncfp.org">www.ncfp.org</a>                         |
| Associated Grant Makers                 | <a href="http://www.agmconnect.org">www.agmconnect.org</a>             |
| Association of Small Foundations        | <a href="http://www.smallfoundations.org">www.smallfoundations.org</a> |

## About the Boston Foundation

The Boston Foundation, Greater Boston's community foundation, is one of the oldest and largest community foundations in the nation, with an endowment of more than \$700 million. The Foundation and its donors make more than \$50 million in grants to nonprofit organizations every year. The Foundation is made up of some 850 separate charitable funds established by donors either for the general benefit of the community or for special purposes. The Foundation also serves as a major civic leader, provider of information, convener and sponsor of special initiatives designed to address the community's and region's most pressing challenges.

**For more about the Foundation, visit [www.tbf.org](http://www.tbf.org).**

