

Donor Advised Funds

A HANDBOOK FOR FUND ADVISORS



The Boston Foundation 

WELCOME

Welcome to the Boston Foundation,

On behalf of our staff and Board of Directors, I am honored that you have chosen to join our community of passionate, committed donors. We look forward to working with you on a plan to meet your philanthropic goals.

Whether you are focused here in Greater Boston, in other parts of the United States, or around the globe, we will help you hold your charitable dollars accountable for real results.

As an advisor to a Donor Advised Fund, you are invited to participate in the full life of our Foundation, including our civic leadership, which is central to our work in the community.

Through it, we offer a wide range of opportunities to discuss philanthropy and the pressing issues facing our city and region. You will be invited to private and public forums, social events and site visits—and be invited to share in the results of our extensive research about the issues facing our city and country. I encourage you to become deeply engaged in the life of your community foundation.

As Boston's permanent charity and civic leader, the Foundation plays a central role in working to achieve a more equitable Boston for everyone—especially historically marginalized communities—while addressing systemic inequities and creating new pathways for growth and prosperity.

Our knowledgeable staff is ready to connect you with charitable organizations near and far, share our broad expertise, and help you measure the real impact of your giving.

The Boston Foundation can also help you plan for the future purpose of your fund and incorporate charitable giving into your estate planning. This handbook is a guide to using your Donor Advised Fund. It also includes information about other ways the Boston Foundation can help you achieve your philanthropic goals. For individual assistance, please do not hesitate to call 617-338-2213 and ask to speak with someone in Donor Services.

We look forward to working with you.

Sincerely,

A handwritten signature in blue ink that reads "M. Lee Pelton". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

M. Lee Pelton
President and CEO

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ABOUT THE BOSTON FOUNDATION

Boston thrives because of the ingenuity and generosity of its people and their commitment to solving the big problems. For more than 100 years, the Boston Foundation has supported and channeled this ingenuity and generosity, extending and expanding its impact.

One of the very first “community foundations,” the Boston Foundation was created in 1915 by civic leaders with a vision. It was designed to be a remarkably wise and flexible entity that could respond to the very real needs of the times but also adapt to a changing city, led by a group of informed civic leaders representing the community. It has done just that ever since.

Our Values Statement

In everything we do, we seek to broaden participation, foster collaboration and heal racial, ethnic and community divisions.

Our Mission

As Greater Boston’s community foundation since 1915, the Boston Foundation devotes its resources to building and sustaining a vital, prosperous city and region, where justice and opportunity are extended to everyone. It fulfills this mission in three principal ways:

Making grants to nonprofit organizations and designing special funding initiatives to address this community’s critical challenges;

Working in partnership with donors to achieve high-impact philanthropy; and

Serving as a civic hub and center of information, where ideas are shared, levers for change are identified, and common agendas for the future are developed.

BRINGING PEOPLE AND RESOURCES TOGETHER TO SOLVE BOSTON’S BIG PROBLEMS

Grant Maker

The Boston Foundation and its donors make more than \$135 million in grants every year to nonprofits in the arts, education, health, jobs, the environment and housing. The list of iconic institutions that have received critical early funding include WGBH-TV, the New England Aquarium, ABCD, the Greater Boston Food Bank and City Year. The Boston Foundation was “there at the beginning” for these and more than 100 other institutions. The Foundation also helped to launch neighborhood health centers and community development organizations, leaving an indelible mark on health and affordable housing—and it played a major role in the cleanup of Boston Harbor.

Partner in Philanthropy

The Boston Foundation has more than 1,400 individual, family and company funds representing a vibrant and engaged donor community. Donors have access to our experienced staff members, who understand the issues, know how to design giving programs that have impact and are familiar with the region’s most effective nonprofits. We

offer best-in-class resources tailored to help you fulfill your aspirations and be strategic in your giving. The Philanthropic Initiative (TPI), a consulting unit of the Foundation, designs and implements customized philanthropic strategies for families, private foundations and corporations around the globe. Strategic planning and facilitation of personalized philanthropic retreats (family and/or corporate) are discounted for Boston Foundation funds.

Civic Leader

The Boston Foundation serves as a think tank and advocacy organization, publishing research into the most important issues of our time and helping to shape public policy. The Foundation routinely holds public forums that attract thousands of people every year. Through its policy work, the Foundation has helped to pass groundbreaking education reform legislation that led to \$250 million in federal funds for our state’s schools, strengthened our state’s community college system, saved hundreds of millions in municipal spending and raised more than \$50 million for cultural facilities.

USING YOUR DONOR ADVISED FUND

How to Recommend a Grant

The easiest, most efficient way for you to manage your fund is through our online portal. The portal is secure and provides access to make grant recommendations, check fund balances, see grant-making and gift history, access

and print your fund statements and more—all at your convenience. You will receive log-in credentials so that you may get started with the online portal right away.

For questions regarding online fund access call Donor Services at 617-338-2213.

A FEW THINGS YOU SHOULD KNOW BEFORE RECOMMENDING A GRANT

We have compiled the following guidelines to make the grant-making process easier for you. Please familiarize yourself with these guidelines before initiating your first grant recommendation. Your grant-making strategy may involve any number of worthy endeavors, but please note that Donor Advised Funds have some important federally mandated limitations.

Eligible Grantees

You **can** recommend a grant to any of the following:

- 501(c)(3) public charities*, schools, municipalities, government entities and religious organizations anywhere in the United States (this includes the U.S. arm of any international organization)
- Private operating foundations (if the private foundation was not established by the fund advisor or a family member)
- Any other component fund of the Boston Foundation (e.g. Civic Leadership Fund)

Prohibited Grantees

You **cannot** recommend a grant to any of the following:

- Non-501(c)(3) organizations
- Individuals or for the benefit of an individual
- Any entity if the purpose is not charitable
- Any entity to satisfy legally binding pledges of the donor, advisor, or related parties (see page 6)
- Any entity from which the donor, advisor or related parties will receive more than incidental benefits (see page 6)

- Any entity for the purpose of supporting a political campaign
- Private non-operating foundations
- The fund's donor, advisor or related parties in the form of a direct grant, loan, compensation, or similar payment

* Please note: a very small number of 501(c)(3) public charities are ineligible for grants from Donor Advised Fund due to IRS regulations. Our staff will be happy to assist you with any questions on this matter.

International Grants

Grants may be recommended to international organizations that use a Boston Foundation-approved fiscal sponsor within the United States (for example, Charities Aid Foundation or Give2Asia). For all other international organizations, the Foundation may be able to conduct an equivalency determination as a qualifying process (for an additional fee) to enable grants to be made from your Donor Advised Fund.

YEAR-END ALERT:

Many advisors recommend grants at the end of the calendar year. To ensure the organization(s) you wish to support receives your grant(s) prior to December 31, please submit recommendations to the Boston Foundation before the second Friday in December.

A WORD ABOUT PLEDGES AND BENEFITS

PLEDGES

Occasionally, fund holders wish to use their Donor Advised Funds to fulfill a legally enforceable pledge made to an organization. However, the IRS does not allow Donor Advised Funds to be used for this purpose. The donor is then legally responsible for fulfilling that commitment. From the perspective of the IRS, using a Donor Advised Fund to satisfy a legally enforceable commitment results in an impermissible benefit—it's as if the donor were using the fund to satisfy a personal debt, such as paying a credit card bill or making a mortgage payment.

MATERIAL AND INCIDENTAL BENEFITS

Because donors receive charitable tax deductions for all gifts to a Donor Advised Fund, the IRS does not allow additional material benefits, such as free admission to grantee events, a discount at its retail shops, or a table at a benefit or fundraiser for the organization. Allowable incidental benefits, however, can include coffee mugs, key chains, newsletters, snacks, etc. (if the value does not exceed the IRS regulations of \$75 per person*) or anything that would not reduce the charitable benefit received. Donors may not claim an income tax charitable contribution deduction for grants paid from Donor Advised Funds; this is because the original contribution into the fund is tax-deductible at the time of the donation.

OUR DONOR SERVICES STAFF ARE HAPPY TO ANSWER YOUR QUESTIONS ABOUT PLEDGES OR MATERIAL BENEFITS IN CONNECTION WITH DONOR ADVISED FUNDS. PLEASE CONTACT US AT 617-338-2213.

* At time of printing in April 2019

RECOMMENDING A GRANT

The minimum grant recommendation is \$250. Once we receive your recommendation, we will:

- Verify that the organization is an eligible grantee (see page 5);
- Contact the organization, if necessary, for documentation or additional information about its mission, operation and purpose;
- Review any matters of concern with you.

Anonymity

With each grant recommendation, you have a choice as to how you and your fund are identified in the communication that accompanies the grant payment sent to the grantee organization.

1. Fund and Advisor Named—The communication to the grantee organization will contain the name of your fund and your name
2. Fund and Advisor Anonymous—The communication to the grantee organization will not identify your fund or you as advisor
3. Fund Named, Advisor Anonymous—The communication to the grantee organization will name the fund, but will not identify you as advisor
4. Fund Anonymous, Advisor Named—The communication to the grantee organization will not name the fund, but will identify you as advisor

These options are listed when you make a grant in the online portal. A sample grant award letter may be viewed on page 8.

Multi-Year Installment Grants and Events

Due to IRS regulations, advisors may not recommend grants to fulfill legally enforceable pledge obligations (see page 6). We are happy to put your grant on a payment plan subject to the availability of funds. When the grant is initially approved by the Boston Foundation, the entire grant amount will be applied against your fund balance.

If you are requesting to recommend a grant to support an event, please indicate whether or not you will be attending. Due to IRS regulations, separate attendance tickets must be purchased outside of the Donor Advised Fund, if a recommendation supports an event or sponsorship.

Grant Payment Schedule

The Board of Directors has authorized grants to be approved on a weekly basis. In practice this means that grant suggestions received by Friday of any given week are paid, pending authorization, on or before Friday of the following week. Grants are paid by check or Electronic Funds Transfer (EFT).

Acknowledgements

In the interest of our donors' privacy, the Boston Foundation does not share your personal information with grantee organizations unless you give us explicit permission to do so. Gift acknowledgements from grantees are not typically forwarded to donors by the Foundation.



SAMPLE GRANT AWARD LETTER
(for checks)



A2018-1234

Dear Friends:

We are delighted to present you with a grant from the FUND NAME, a Donor Advised Fund of the Boston Foundation. Please note the following details about the grant:

Grant amount: \$10,000.00
Purpose: GRANT PURPOSE
Recommended by: ADVISOR NAME

When making a public announcement about this grant, we would appreciate if you would recognize the support from the above named Fund at the Boston Foundation unless indicated otherwise in the grant purpose. In the interest of our donors' privacy, we do not disclose their contact information unless specifically requested by the donor; rather, we have asked our donors to contact you directly if they would like to be on your mailing list. You may choose to thank them but please do not issue a tax receipt to either the Boston Foundation or the recommending donor(s) for this grant. If you have any questions, please call 617-338-2213.

We offer our congratulations to you and our best wishes for continued success in your work.

Sincerely,
Fund Administration

By accepting this grant, your organization certifies to the Boston Foundation that:

- 1) this grant may not be used to satisfy the payment of a pledge or other personal or corporate financial obligation on behalf of the above-referenced Fund advisor(s); and
- 2) no goods or services (memberships, tickets to events, benefits of a personal or corporate nature, etc.) will be provided to any individuals or entities as a condition of this grant.

SAMPLE GRANT AWARD EMAIL
(for electronic funds transfers)



A2019-4608

We are delighted to inform you that the Boston Foundation has initiated an electronic payment of a Donor Advised Fund grant from an Anonymous Fund. Please note the following details about the grant:

Grant amount:	\$10,000.00
For Grantee:	GRANTEE NAME
Bank Account Information:	PAYEE NAME
Account Number:	xxxxxxxx
Purpose:	GRANT PURPOSE
Recommended by:	ADVISOR NAME

You should expect to receive credit for this payment in your bank account in two to four business days.

When making any public announcement about this grant, we would appreciate it if you would recognize the support from the above named Fund at the Boston Foundation unless indicated otherwise in the grant purpose. In the interest of our donors' privacy, we do not disclose their contact information; rather, we have asked our donors to contact you directly if they would like to be on your mailing list. You may choose to thank them but please do not issue a tax receipt to either the Boston Foundation or the recommending donor(s) for this grant. If you have any questions, please contact the Fund Administration Office at 617-338-2213 or FundAdmin@tbf.org.

We offer our congratulations to you and our best wishes for continued success in your work.

Sincerely,

Fund Administration
The Boston Foundation
75 Arlington Street
Boston, MA 02116

By accepting this grant your organization certifies to the Boston Foundation that:

- 1) this grant may not be used to satisfy the payment of a pledge or other personal or corporate financial obligation on behalf of the above-referenced Fund Advisor(s); and
- 2) no goods or services (memberships, tickets to events, benefits of a personal or corporate nature, etc.) will be provided to any individuals or entities as a condition of this grant.

ADDING TO YOUR FUND

You may add to your Donor Advised Fund at any time. There is no minimum requirement for additional contributions. We accept most types of gifts, including cash, publicly traded and restricted stock, IRAs, whole life insurance policies, real estate and other non-cash assets including limited partnerships, C-Corp and S-Corp stock, and tangible personal property.

Making additional gifts to your Donor Advised Fund may provide income tax benefits. The Boston Foundation also offers a variety of planned giving vehicles (see page 17).

To make an additional gift other than cash or for cash wire instructions, please contact us at 617-338-2213 or email DonorServices@tbf.org. Letting us know to expect your gift ensures that we credit your fund properly and helps you receive the maximum tax benefit.

Many fund holders want to give through their Donor Advised Fund during their lifetimes, and direct some or all of their estate to their fund at the Foundation (see page

YEAR-END ALERT:

Many donors make gifts to their funds at the end of the calendar year. Gifts mailed to the Foundation need to be postmarked by December 31 in order to be recorded for that tax year. To ensure that stock gifts are received into the Foundation's account before December 31, please allow up to three weeks to process stock gifts in December.

17). To discuss plans for the future purpose of your fund, please call Donor Services at 617-338-2213.

Credit Card Donations

Please visit www.tbf.org to make a donation with your credit card. Please note that credit card transaction fees will apply.



Non-cash Assets

When non-cash assets are transferred to a Donor Advised Fund properly, they can be gifted without incurring capital gains taxes, allowing 100 percent of the proceeds to be given to charitable purposes. Please note that the timing of your gift can have a substantial impact on your personal tax situation, so it is important to contact us as early as possible in the process. If you are gifting appreciated assets, it is important that the gift be completed before entering into a binding sales agreement. We advise you to seek your own legal, tax and financial advice in connection with gift and planning matters. The Boston Foundation and its staff do not provide legal, tax or financial advice.

Fundraising by Donors and Fund Advisors

The Boston Foundation maintains rigorous donor fundraising policies in accordance with IRS guidelines and the Massachusetts Division of Public Charities. The Foundation must approve all fundraising efforts by donors or fund advisors prior to any third-party solicitations. Please contact us for a copy of our complete fundraising policy.

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, except for cash and marketable securities, 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. 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 situation.

Gift Acceptance Fees

Any costs incurred to evaluate, acquire, or sell a non-cash gift asset, such as real estate, partnership interest, or closely-held stock, will reduce the net proceeds credited to the beneficiary fund.

Private Foundations

It is easy and convenient to consolidate a private foundation into a Donor Advised Fund. Advantages include: anonymity, unlimited generations of successor advisors, consolidation of administrative costs, and preferred charitable deductibility of additional gifts. To discuss private foundation conversion or consolidation, please contact Donor Services at 617-338-2213.

Third-Party Contributions

Anyone may make contributions to any charitable fund at the Boston Foundation. Checks should be made out to the Boston Foundation with the specific fund name listed on the memo line. All who make contributions in excess of \$250 will receive a gift acknowledgement for confirmation of the tax deductibility of their gift. In the case of Memorial Funds, the name of the donor and the amount of the gift will not be released together to the founding fund advisor.

THE BOSTON FOUNDATION'S PRIVACY POLICY

The Boston Foundation deeply values its relationship of trust with its donors and fund advisors.

The Foundation's Privacy Policy governs the maintenance of personal data and provides that the Foundation will not sell, trade or exchange information about its donors or fund advisors, and will honor the wishes of those who prefer to remain anonymous in all communications materials.

The full policy is available at:
www.tbf.org/privacy.aspx.

INVESTMENT MANAGEMENT OF DONOR ADVISED FUNDS

Your impact begins the moment you set up a donor advised fund at the Boston Foundation.

Since 1915, the Boston Foundation has been the trusted repository and steward of this city and region's philanthropic capital. Our guiding investment philosophy is to promote the judicious stewardship of funds entrusted to us for the benefit of our community. We currently manage \$1.8 billion in charitable assets and are a long-term investor seeking the highest total return on assets consistent with prudent investment practices. We aspire to be at the leading edge of the charitable impact investing movement and are proud to provide best-in-class options to the donor advised fund program.

We recognize that you have varied time horizons, risk tolerances and other criteria that influence your investment recommendations. To meet these diverse needs, **the Boston Foundation offers five options with the ability to allocate investment across some or all options.** All options retain good liquidity that allows deployment of grants dollars to support our community.

IMPACT POOL

Do you want your philanthropy to have a profound effect beyond the grants you recommend? One way is to consider how your philanthropic assets are invested.

This socially responsible investment pool allows donors to grow their future grantmaking balance while also generating positive social impact on a global scale and an eye toward supporting our local community. The diversified Impact Pool aims for market rate returns that reflect a competitive and balanced mix of socially responsible investments. These investments support companies with strong corporate governance and shareholder advocacy, while reducing exposure to industries involved in fossil fuels, alcohol, tobacco, gambling, and weapon manufacturing. The Impact Pool also features private investments that create affordable housing and green energy infrastructure. As it produces returns to support your grantmaking, it also generates positive social impact on a global scale.

Asset mix: 90% equity-type risk, 10% fixed income.

BALANCED PLUS POOL

The Boston Foundation has been entrusted to carry out the philanthropic legacy of hundreds of generous families. This is why we ensure that our discretionary endowment, the Fund for Boston's Future, benefits from long-term capital appreciation and fuels community impact: best in class equities managers, hedge funds, private equity investments, and real estate. All donor advised funds can invest in this pool alongside the Foundation's endowed funds.

Asset Mix: 90% equity-type risk, 10% fixed income.

SHORT-TERM POOL

Invested in U.S. Treasury bills and money market funds, this option is appropriate for those who want no equity market exposure.

Asset Mix: 100% in money-market mutual funds and U.S. government treasury bills.

Your Wealth Management Advisor

Do you have a trusted wealth manager you would like to handle the investment of your fund? Let us know. Select new funds only (minimums required).

Customizing Your Investments

As a true private foundation alternative, our team can facilitate custom investment allocations (minimums required).

HOW YOUR FUND SUPPORTS OUR WORK

The Boston Foundation's annual operating budget is supported in large part by the fees we receive from managing our assets in Donor Advised Funds, enabling the Foundation to have a powerful impact in Greater Boston. The revenue generated from support fees cover the cost of the Foundation's core services, which include philanthropic advising, nonprofit capacity building, grant making, gift and grant processing, investment and charitable asset management, planned giving services, new fund development, civic leadership activities and communications.

The Boston Foundation is a comprehensive resource for philanthropists focused on Greater Boston and beyond. We can help you understand the most pressing issues facing our community and point you to where your grants can make a difference. We can help you find organizations that are doing outstanding and innovative work. We spearhead statewide initiatives and keep you informed about important public policy issues. We connect you with like-minded philanthropists and help you signal others to build the community's charitable capital.

In short, we go far beyond transacting grants and managing your charitable investment wisely. Our "business" is helping philanthropists like you have lasting and meaningful impact in Greater Boston and the world.

Support Fee

A support fee is assessed quarterly and is calculated on the average daily balance of the most recent preceding quarter.

Investment Oversight Fee

Funds invested in the Balanced Plus Pool, Balanced Pool, Short-term Pool or Impact Pool incur the costs related to third-party investment management and consulting and bank custodian services. The fee is a blended rate based on the asset values and the current fees charged by our underlying investment managers and custodians, and the returns are net of those fees. In addition, the Foundation assesses a modest fee for its own oversight.

ANNUAL CAMPAIGN FOR THE BOSTON FOUNDATION'S CIVIC LEADERSHIP

Many Donor Advised Fund holders choose to make an annual contribution to our campaign for Civic Leadership. This crucial support makes the Foundation's dynamic work possible.

See page 16 for more information.



FOR MORE FINANCIAL AND INVESTMENT INFORMATION, PLEASE VISIT

<https://www.tbf.org/who-we-are/financial-information>

OR CALL DONOR SERVICES AT 617-338-2213.

MAKING THE MOST OF YOUR FUND

In addition to managing the administrative details of your fund, the Foundation provides you with many opportunities to learn, lead and grow as a philanthropist.

Working with Us

The Boston Foundation has an entire team that is dedicated to working closely with donors to make their philanthropy as effective and fulfilling as possible. As a Donor Advised Fund holder, you have a dedicated liaison who is always happy to discuss your giving goals. We can help you identify and evaluate nonprofit organizations and programs, connect you with other fund holders who share your philanthropic interests, create a plan that involves your family in your grant making, and help you plan for the future purpose of your Donor Advised Fund. With the added resources of The Philanthropic Initiative, an internationally-recognized advisory group that is an operating unit of the Boston Foundation, we can help you define a focus for your giving, create a mission statement or build a grants management program.

Connecting with Others

When donors choose to do their giving through the Boston Foundation, they are joining a community committed to making a real difference in Boston and beyond. Here are some of the ways we help our donors stay engaged and inspired:

SOCIAL AND LEARNING EVENTS: Philanthropy is serious work, but it is also about building new relationships, seeing new places and exploring new ideas. The Foundation hosts a series of events that are designed to introduce donors to each other and to encourage networking and information sharing, as well as to provide technical information to improve your giving.

SITE VISITS: Visiting nonprofit organizations you are (or may consider) funding, as well as the neighborhoods they serve, is an excellent way to gather information about the organizations and see their work in action. It also enables you to evaluate a potential grant more effectively, and enhance your own understanding of the community and how you and the organizations you fund can best serve its needs. The Boston Foundation can arrange site visits with potential grantees, as well as advise you on questions

to ask staff and board members. The Foundation also organizes periodic group visits exclusively for donors and fund advisors.

DONOR PARTNERSHIPS: Creating a better future for our community is work best done when we all have a voice. The Foundation has established funds in partnership with donors or committees in pursuit of particular, essential goals. These partnerships include the Equality Fund, dedicated to making high-impact grants to nonprofits serving the diverse lesbian, gay, bisexual, transgender and queer (LGBTQ) community; the Latino Legacy Fund, formed to advance the socioeconomic status of Latinos and enhance the leadership capacity of the entire Latino community; and the King Boston Fund, which supports the development and creation of a major permanent memorial to Dr. Martin Luther King, Jr. and Coretta Scott King.



Learning Together

As a part of the Boston Foundation community, you have access to some of the brightest minds in the nonprofit and public sectors as well as to a myriad of informational resources to guide and inspire your giving:

EXPERT STAFF: Our Donor Services staff are here to facilitate conversations between our donors and grant-making program staff. Wherever you are in your philanthropic journey, our team is here to help. Whether you are an experienced philanthropist looking to go deeper or you are just getting started, we offer an abundance of services that may be easily tailored to suit your needs.

FORUMS AND EVENTS: Donors are invited to attend public forums at the Foundation where thought leaders, key stakeholders and decision makers gather for information and insight from the authors of research reports and from experienced practitioners in the community.

SYSTEMIC CHANGE: By working with the Boston Foundation, you will be part of a dynamic community of change makers. Through our advocacy and policy leadership, the Foundation has helped to leverage hundreds of millions of dollars in federal and state funds, pass new legislation on K-12 education, realize savings in municipal financing, provide crucial funds for cultural facilities and more.

RESEARCH: Boston Indicators is an internationally recognized research center at the Boston Foundation. It analyzes key indicators of well-being and researches promising ideas for making our city more prosperous, equitable and just while offering new ways to understand Boston and its neighborhoods in a regional, national and global context. Housed at the Boston Foundation, its findings are available through published reports and its award-winning website at www.bostonindicators.org.

INFORMATION: The Boston Foundation created and maintains The Giving Common (www.givingcommon.org) an online database and information clearinghouse for more than 1,000 nonprofits that are making a difference in areas you care about. The Giving Common is a valuable resource for performing due diligence and making well-informed, strategic decisions.

Making an Impact

Our Donor Services staff, in partnership with The Philanthropic Initiative, can help you develop and articulate a philanthropic mission and giving goals, and help you to prioritize those goals to achieve maximum impact in the community. We have a variety of resources available to help address your questions, and our staff is skilled in handling specific needs and concerns.

FAMILY PHILANTHROPY: Involving your family in your philanthropy offers you the opportunity to pass on your philanthropic values, come together for meaningful activities and discussions, learn more about each other as individuals, and develop a common vision. It also enables you to address social needs in a way that draws upon the strengths of all family members. Without the guidance of experienced professionals, however, articulating and implementing a plan for your family's giving can be challenging. We are here to help. We routinely work one-on-one with donors and their families to develop and implement philanthropic plans or organize "learning and doing" events. Our expertise is supporting donors so that they have a personally meaningful, fulfilling experience with philanthropy at every stage of their journey.

CO-INVESTMENT OPPORTUNITIES: Donors can partner with the Boston Foundation and other foundations on special initiatives designed to address the most pressing issues of the day—from workforce development to improving college completion rates.

PLANNING FOR THE FUTURE PURPOSE OF YOUR FUND: Effective philanthropy requires thoughtful planning, including decisions related to the future purpose of your Donor Advised Fund. Our Donor Services team can work with you to develop a customized plan to meet goals in the three intersecting areas of philanthropy, estate planning and family, and will help you consider creative ways of building your philanthropic legacy. More about planning for the future purpose of your fund on page 17.

IMPACT INVESTING: Our staff is available to share our expertise and work with donors to customize innovative investment strategies such as Program Related Investments (PRIs) or recoverable grants.

CONTINUED

CUSTOMIZED STRATEGIC PHILANTHROPY:

In partnership with The Philanthropic Initiative (TPI), an internationally-recognized advisory group that is housed at the Boston Foundation, we can help to make your philanthropy more strategic, effective and fulfilling.

THE PHILANTHROPIC INITIATIVE (TPI)

The Philanthropic Initiative, an internationally recognized philanthropic consulting firm, is a distinct operating unit of the Boston Foundation. Since its founding in 1989, TPI has been a pioneer in the field of strategic philanthropy and a leading provider of customized consulting to high net worth individuals, families, foundations and corporations nationally and globally.

LOCAL, NATIONAL AND INTERNATIONAL

REACH: Through our extensive network of community foundations across the country, we can help identify the most effective organizations and nonprofits close to home and throughout the United States. We can also connect donors to a network of local philanthropists engaged in international giving, such as New England International Donors (NEID).

NEW ENGLAND INTERNATIONAL DONORS (NEID):

New England International Donors is a unique peer to peer learning community of global donors, grant makers, social investors, corporations and foundations seeking to make a difference in the world. By providing opportunities to learn from peers and international experts about global development and philanthropy, NEID aims to encourage, inform and enhance funders' international giving capacity.

In Partnership with the Boston Foundation

CIVIC LEADERSHIP FUND: The Boston Foundation plays a unique role in the community by responding to need, seeding innovation and driving change. The annual campaign for Civic Leadership supports the Foundation's role as the point where knowledge, resources and influence come together for the greater good of our community. These efforts fuel the Foundation's ability to mobilize the community through reliable, data-driven information and identify effective solutions to tackle the most critical needs in our city and region.

STRATEGIC INITIATIVES: In addition to our competitive grant making, the Boston Foundation also supports and raises resources for a series of ambitious special initiatives aimed at solving the region's most serious and demanding challenges. These initiatives are developed when the Foundation, often in partnership with government, business and other funders, sets aside resources to address particular issues, frequently over a number of years.

THE PERMANENT FUND FOR BOSTON: Although it is impossible to predict Greater Boston's future challenges, we can help you create a lasting legacy that will be used to meet the region's most urgent needs in the future. The Boston Foundation has many ways that you can create a legacy gift to the Permanent Fund for Boston as part of your estate planning. We can work with you as you decide which type of gift is most suitable for you, your heirs and your philanthropic goals. Find more about the Permanent Fund for Boston on page 17.

OPEN DOOR GRANTS: In order to serve the broader needs of Greater Boston, the Boston Foundation created the Open Door Grants program—a bi-annual grant making program for nonprofit organizations in Greater Boston that are not currently aligned with the strategies, goals and approaches pursued in the Foundation's five strategic impact areas. The Open Door Grants program allows grantees to meet existing needs or test new ideas and innovations that address some of the most critical challenges and biggest opportunities facing our community.

PLANNING FOR THE FUTURE PURPOSE OF YOUR FUND

Effective philanthropy requires thoughtful planning. Many of our Donor Advised Fund holders enjoy giving through the Foundation now and are also thinking about their philanthropic legacy. Planned gifts provide a wide variety of opportunities that can help further your philanthropic goals, enhance your retirement income and also provide substantial tax savings. The Boston Foundation offers a full array of planned giving options, helping individuals and families develop lasting legacies in support of the causes you care about.

Such planning, of course, begins with an introspective look at your motivations and the development of your goals. Do you want to pass along a tradition of giving to your children or grandchildren? Do you know what specific institutions or causes you wish to support? Have you thought about incorporating charitable giving into your overall estate plans?

The Permanent Fund for Boston

The Boston Foundation's flexible philanthropic capital comes from the Permanent Fund for Boston. There are a number of ways donors choose to contribute to the Permanent Fund, ensuring that the Foundation will always be able to respond to the region's toughest challenges in the century ahead. Since 1917, this endowment has given us flexible resources which were built up over the last century, primarily through legacy gifts. Due to our generous donors, this crucial fund has given us the flexible resources to act nimbly in alleviating the most critical issues of the day, respond to basic human needs, seed innovation through grants for fresh ideas, and help to change the very systems that affect the lives of everyone in our city. We were "there at the beginning" for some of Boston's premier organizations—including the New England Aquarium, City Year, WGBH, the American Repertory Theater, and the Greater Boston Food Bank—and with your help, we will be there for the future.

There are a number of options for the future of your Donor Advised Fund. You could spend it down during your lifetime, or:

Convert your Donor Advised Fund to the Permanent Fund for Boston. You may make gifts to the endowment at any time, enhancing our ability to make grants when and where the need is greatest.

Convert your Donor Advised Fund to a Named Field of Interest Fund. Field of Interest Funds are within the Permanent Fund for Boston and provide support to particular areas of community interest, such as the arts or education, or specific populations such as children or the elderly.

Convert your Donor Advised Fund to a Designated Fund. Would you like to continue to support specific organizations indefinitely? A Designated Fund lets you earmark dollars for an annual contribution in perpetuity to the organizations you care about.

Name a Successor Advisor to your Donor Advised Fund. Pass the fund on to another generation or split equally into separate funds for each of your successors. There is no limit on the number of successors or the number of generations.

Beyond your Donor Advised Fund. You may wish to fund your philanthropic legacy using resources beyond your Donor Advised Fund. The Boston Foundation accepts a wide variety of planned gifts and non-cash assets, and can discuss the giving vehicles that might make the most sense for your circumstances.

Finally, you can do a combination of the above, and you can also choose whether you would like your fund to be endowed for lasting impact, or spent down over a number of years. Please note that all succession plans must be communicated to the Foundation in writing for approval. If, upon the death of all of the original advisors, the Boston Foundation does not have a plan on file for the future purpose of your fund, the balance of your fund will be added to the Permanent Fund for Boston.

We are happy to work with you to develop a customized plan to meet your goals. For more detailed information about creative ways to build your philanthropic legacy through the Boston Foundation, please contact Donor Services at 617-338-2213.

IMPORTANT INFORMATION ABOUT YOUR FUND

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 of \$250 or over to the Boston Foundation is acknowledged with a receipt confirming the date and description 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 situation.*

Control of Assets / Material Restrictions

A fundamental concept of Donor Advised Funds is the transfer of donor control. When you make a gift to establish a fund or to add to your fund, the gift becomes the property of the Boston Foundation, which means that the Foundation has exclusive legal control over the contributed assets. Furthermore, Treasury regulations require that all component funds of community foundations be free from material restrictions (or "conditions") imposed by donors. This means that while you, as an advisor, may recommend grants, the Foundation is not legally bound by your advice. However, if a grant recommendation meets the requirements on page 5, we are most likely to approve your recommendation.

Variance Power

All contributions to the Foundation are subject to the Foundation's variance power, as stated in your fund agreement. Variance power, though rarely invoked, gives the Foundation the right to redirect the use of any fund if we determine that distributions from that fund have become unnecessary, cannot be fulfilled, or are inconsistent with the charitable needs of the community or area served by the Foundation. For example, a fund set up early in the 20th century for research and treatment of polio, no longer considered a threat to public health, might be redirected to a more pressing current medical need in the community. All funds accepted by the Foundation are subject to this variance power, and all community foundations have this policy, which allows them to remain flexible and relevant as grant making organizations far into the future.

Transfers

A party to a fund may not 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 without the approval of the Boston Foundation.

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.

FREQUENTLY ASKED QUESTIONS

Donor Advised Fund Basics

Q: How many grants may I recommend in a year?

A: You may recommend as many grants as you wish, amounting to the total of your fund balance. The minimum grant size is \$250.

Q: Who can recommend grants from the Donor Advised Fund I established?

A: Anyone 18 years or older can be named as an advisor in your Fund Agreement and recommend grants. If you would like to add an advisor to the fund, please submit a written request to the Foundation. Professional Advisors can be named with read-only access to the information available via our online portal.

Q: Why don't I receive thank you letters from nonprofits I support through my Donor Advised Fund?

A: The Boston Foundation does not disclose donor contact information to grantees unless you give us explicit permission to do so. In addition, we ask grantee organizations not to send any mail to fund advisors in care of the Boston Foundation. You are welcome to give us permission, on a grant-by-grant basis, to share your contact information with grantees. You may do this in the Comments or Special Instructions field, or in the Grant Purpose itself, in the online portal when submitting a grant recommendation. For example, "Please note that the advisor can be contacted at 123 Main Street, Boston, MA 02116." If you wish to be on the mailing lists of your grantee organizations, please contact them directly.

Q: Can I change the name of the Donor Advised Fund I established?

A: Yes, the Foundation can change the name of a fund. Please get in touch with your dedicated Donor Services liaison to submit your request in writing.

Q: Can I encourage others to give to the fund?

A: You can informally solicit family and friends; however, organized fundraising activities (e.g. events, raffles, walks, etc.) on behalf of the fund are not permitted. Please call us for further details.

Grant-making Guidelines

Q: My daughter plans to participate in a fundraising walk next month. May I sponsor her through my Donor Advised Fund?

A: No. Per IRS regulations, you may not make a grant from your Donor Advised Fund to participate in or to sponsor yourself or an immediate family member on a charitable bike ride, walk or similar activity. You may, however, support people who are not related to you on walks, rides, etc. The purpose for those grants should be, "General support of (name of organization and/or event) walk in honor of (name of participant)." Please state your relationship to the participant—friend, co-worker, etc.—in the Comments and Special Instructions field of the online portal.

Q: May I serve on the board of an organization and recommend a grant to it from my Donor Advised Fund?

A: Yes, you may make a grant to organizations in which you, your spouse or family members participate on a volunteer or board capacity. You must state in the grant purpose that you will not receive personal benefit from the grant. Likewise, by agreeing to the terms and conditions when submitting a grant request, you further certify that you will receive no benefit.

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Q: My spouse is being honored at a charity dinner and I would like to buy a table. May I do so from my Donor Advised Fund?

A: No, you may not. Under the Pension Protection Act of 2006, you may not support fundraising events for nonprofit organizations through your Donor Advised Fund if you are attending the event. Instead you will have to pay the entire ticket price directly from your own pocket. If you are not attending the event, however, you may make a grant for general operating support in honor of the program. Sponsorships can be confusing. Please call us with questions.

Q: I am a sustaining member of a museum. May I make my membership gift through my Donor Advised Fund?

A: You may make a membership gift through your Donor Advised Fund if the membership is 100% deductible and/or benefits are incidental (less than \$75 in value per the IRS). The grantee will be notified that you have confirmed the membership is 100% deductible or that benefits are incidental.

Online Portal

Q: What do I do if I forget my password or username for the online portal?

A: The homepage of the online portal has a link entitled "Lost Username/Password?" You will be prompted to enter your email address which must match the email address the Boston Foundation has on file. A link to re-set your password will then be emailed to you.

GLOSSARY OF TERMS

501(C)(3): Section of the Internal Revenue Code that designates an organization as charitable, tax-exempt, and nonprofit. Organizations qualifying under the code include religious, educational, charitable, amateur athletic, scientific, or literary groups; organizations testing for public safety; or organizations involved in the prevention of cruelty to children or animals. Most organizations seeking foundation or corporate contributions have a 501(c)(3) status. The Boston Foundation's due diligence on grants includes verifying 501(c)(3) status for all grantees.

ANNUAL CAMPAIGN FOR CIVIC LEADERSHIP:

The Boston Foundation's annual fund, dedicated to tackling our region's most serious challenges through a wide range of activities that are critical to the economic competitiveness and civic health of Greater Boston.

COMMUNITY FOUNDATION: A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution composed primarily of permanent funds established by many separate donors for the long-term diverse, charitable benefit of the residents of a defined geographic area. Typically, a community foundation serves an area no larger than a state. Community foundations provide an array of services to donors who wish to establish endowed funds without incurring the administrative and legal costs of starting independent foundations.

DESIGNATED FUND: A fund from which distributions are restricted to one or more public charities that have been named by the donor. The Boston Foundation oversees the annual grant process ensuring that the organization has not changed its legal status and that its purpose remains charitable in nature. In the event the organization ceases to operate or changes its purpose, the Boston Foundation will see that the fund is used to continue the donor's charitable objectives.

DONOR ADVISED FUND: A fund through which the donor (or person or committee designated by the donor) can advise the community foundation on charitable distributions. The recommendations are only advisory;

the governing body of the community foundation has legal control over all distributions.

ENDOWED FUND: Also known as a permanent fund, an endowed fund is intended to be kept in perpetuity and invested to generate income for charitable grants. Endowed funds are restricted to the Foundation's spending rule.

FIELD OF INTEREST FUND: A fund from which distributions are restricted to a charitable purpose specified by the donor (for example, the arts, education, or summer activities for the youth of Chelsea).

PERMANENT FUND FOR BOSTON: The Boston Foundation's largest and most flexible unrestricted fund. Through a competitive grants process, the Permanent Fund for Boston provides grants to nonprofit organizations to address current needs. In addition, through this fund the Foundation continues to address major issues that have far-reaching impact on our city and the communities we serve.

PRIVATE FOUNDATION: A foundation that receives most of its income from, and is subject to control of, an individual or other single or limited source. Also the technical IRS term for an organization which is tax-exempt under Section 501(c)(3) but does not have to meet a public support test, so therefore is classified as a private foundation under the Internal Revenue Code.

PRIVATE NON-OPERATING FOUNDATION: A private foundation that uses its income to grant out to public charitable organizations, rather than operate direct charitable services. Private non-operating foundations have a different tax status than a private operating foundation or a public charity.

PRIVATE OPERATING FOUNDATION: A private foundation (see above) that uses its income to operate a charitable activity, such as a school or camp, rather than to make grants. A private operating foundation has a different tax status from either a public charity or a private non-operating foundation.

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SPENDING RULE: Cash usage or “spending” determination made each year by the Boston Foundation’s Board of Directors aimed at both the long-term growth of endowment fund principal and also a consistent level of annual grants to charity.

UNRESTRICTED FUND: A fund that gives the Boston Foundation complete discretion to make charitable grants. The Boston Foundation’s largest unrestricted endowment fund is the Permanent Fund for Boston.

VARIANCE POWER: The ability of a community foundation to modify any restriction or condition on the distribution of funds to any specified charitable purpose or to any specified organization if, in the sole judgment of the governing body, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. All funds accepted by the Boston Foundation are subject to this variance power.

**DO YOU HAVE QUESTIONS?
WE ARE HERE TO HELP YOU.
PLEASE VISIT WWW.TBF.ORG FOR A COMPLETE
STAFF LIST OR CALL DONOR SERVICES AT
617-338-2213**

NOTES



