

# Donor Advised Funds

## A Handbook for Fund Advisors

The Boston Foundation 

GRANT MAKING

CHARITABLE ASSET MANAGEMENT

SYSTEMIC CHANGE





# Welcome

Welcome to the Boston Foundation:

On behalf of the staff and Board of Directors of the Boston Foundation, I am delighted you are joining 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 New England, 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, we invite you to participate in the full life of our foundation. We offer a wide range of opportunities to discuss philanthropy and the pressing issues facing our city and region. You will be invited to workshops, public forums, social events, and site visits.

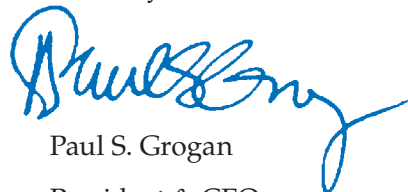
Our knowledgeable staff is ready to connect you with charities near and far, share their varied expertise, and help you measure the real impact of your giving. The Boston Foundation can also help you incorporate charitable giving into your estate planning and with succession planning for your Donor Advised Fund.

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 617-338-1700 and ask to speak with someone in Donor Services.

We look forward to working with you.

Sincerely,



Paul S. Grogan

President & CEO

The first part of the document discusses the importance of maintaining accurate records in a business setting. It highlights how proper record-keeping can help in decision-making, legal compliance, and financial management. The text emphasizes that records should be organized, up-to-date, and easily accessible to relevant personnel.

Next, the document addresses the challenges of data management in the digital age. With the increasing volume of data generated by various sources, businesses face the task of storing, securing, and analyzing this information effectively. The text suggests implementing robust data management systems and protocols to ensure data integrity and security.

The third section focuses on the role of technology in streamlining business operations. It explores how automation and digital tools can reduce manual errors, improve efficiency, and enhance customer service. The document encourages businesses to invest in technology that aligns with their strategic goals and operational needs.

Finally, the document concludes by emphasizing the importance of continuous learning and adaptation. In a rapidly changing business environment, organizations must stay updated on the latest trends and technologies to remain competitive. The text encourages a culture of innovation and learning, where employees are encouraged to acquire new skills and knowledge.

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# About the Boston Foundation

Established in 1915 by a father-son pair of enlightened trust officers, the Boston Foundation was one of the first and today is one of the largest community foundations in the country. Its mission is building and sustaining a vital and prosperous city and region, where justice and opportunity are extended to everyone. We fulfill this mission in three principal ways:

## I. Civic Leader

We use data and research to drive community conversations around key issues, and mobilize business, civic, community and public sector leaders to create systemic change. This work is supported largely through our Civic Leadership Fund, an annual fund of more than \$1.5 million per year. In the last three years alone, we and our donors have contributed to major reforms of municipal healthcare, K-12 education, and the community college system.

## II. Manager of Charitable Assets

We manage more than 900 separate funds that have been established by hundreds of donors—individuals, corporations, funders—making grants of \$70 to \$90 million per year. The bulk of these funds are pooled and invested together in our Fund for the 21st Century. The result is a permanent resource for the community with the flexibility to respond to changing times.

## III. Grant Maker and Supporter of Nonprofits

The Boston Foundation and our donors make millions of dollars in grants every year to thousands of nonprofit organizations in Greater Boston and, through Donor Advised Funds, across the country and the world. With the resources of our Permanent Fund for Boston, the Foundation's local grant making and special initiatives are designed to improve community life in areas that are deemed crucial to the future competitiveness of Greater Boston and the region.

## Governance and Staff

The Foundation is overseen by a 20-member Board of Directors, selected to represent diverse interests within the community, and has more than 90 staff members who work closely with donors, grantees, civic leaders, and community residents to have a positive impact on Greater Boston. The staff includes professionals in the areas of grant making, philanthropy, communications, finance and administration.

For more information about the Boston Foundation visit our website at [www.tbf.org](http://www.tbf.org).

# Using Your Donor Advised Fund

## How to Recommend a Grant

Grants from your Donor Advised Fund may be recommended in several ways:

### Online

The easiest, most efficient way for advised fund holders to manage their funds is through **Advisor Xpress**, our secure website portal that provides access to frequently used functions. You can make grant recommendations, check fund balances, see grant-making and gift history, search The Giving Common (our innovative, Web-based research platform that provides comprehensive and current information about more than 800 Massachusetts nonprofits), access and print your fund statements, and more—all at your convenience. Along with this handbook, you will receive log-in credentials that include a personal user name and password so that you may get started with Advisor Xpress right away at [www.tbf.org/community-center](http://www.tbf.org/community-center).

For questions regarding online access to your Fund, call Donor Services at 617-338-2686.

### E-mail

Send details of the grant you wish to recommend (name of organization, amount and purpose) to [grants@tbf.org](mailto:grants@tbf.org) or directly to your dedicated Donor Services liaison. If you are recommending multiple grants, please send them to us as a list in an Excel spreadsheet. We can provide you with a spreadsheet template for this purpose if requested.

### Paper

An official **Grant Suggestion Form** is included in this packet and may also be downloaded from the [tbf.org](http://tbf.org) website. You may fax it to 617-338-1604 or mail to the attention of Fund Administration at the Boston Foundation, 75 Arlington Street, Boston, MA 02116.



# 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 you make a grant recommendation. Your grant-making strategy may involve any number of worthy endeavors, but please note that 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 advised fund holder or his/her family)
- 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 or 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 8)
- Any entity from which the donor, advisor or related parties will receive more than incidental benefits (see page 8)
- 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 due to IRS regulations concerning Donor Advised Funds. Our Fund Administration team will be happy to assist you with any questions.

## International Grants

Grants may be recommended to international organizations that use a Foundation-approved fiscal sponsor within the United States (for example, Charities Aid International or Give2Asia). For all other international organizations, the Boston 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 calendar year-end. To make sure that 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 want to use their Donor Advised Funds to fulfill an enforceable pledge made to an organization. However, the IRS does not allow Donor Advised Funds to be used for this purpose. What constitutes an enforceable pledge? It occurs when a donor makes a financial commitment in writing to an organization s/he wishes to support. The donor is then legally responsible for fulfilling that commitment. From the perspective of the IRS, however, using a Donor Advised Fund to satisfy that 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.

By ensuring that fund holders, family members of fund holders, and entities controlled by fund holders do not use Donor Advised Fund grants to satisfy their enforceable pledges, the Foundation protects you from paying IRS-imposed excise taxes equal to 125 percent of the benefit received (i.e., the pledged amount). For example, a fund holder makes a legally binding pledge of \$500 to XYZ College by signing a pledge card, and then requests that the Foundation satisfy that pledge by making a grant from his or her Donor Advised Fund. If the Foundation were to make that grant, the fund holder would be subject to a \$625 excise tax. The Boston Foundation could also be subject to a variety of excise taxes related to the grant.

To avoid this issue, you may set up multiyear grants from your Donor Advised Fund payable to the organization of your choosing. Once you have arranged this with the Boston Foundation, we will be happy to notify the organization of the Foundation's commitment on your behalf.

### 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 \$72 per person\*) or anything that would not reduce the charitable benefit received.

**Our Donor Services staff is happy to answer your questions  
about pledges or material benefits in connection with Donor Advised Funds.  
Please feel free to contact us at 617-338-2686.**

\* As of January 2014

# Recommending a Grant

The minimum grant recommendation is \$250. Advisor Xpress, our online donor tool (see page 6), is the easiest and most effective way to submit your grant recommendation.

Once we receive your recommendation, we will:

- Verify that the organization is an eligible grantee (see page 7);
- 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, as advisor, and your fund are identified in the communication that accompanies the grant payment sent to the grantee organization.

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

These options are listed on the Grant Suggestion form and online. A sample grant award letter may be viewed on page 10.

## Multiyear Installment Grants

Due to IRS regulations, advisors may not recommend grants to fulfill pledge obligations (see page 8). Please contact the Foundation in advance of signing any pledge agreement with a charity. 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.

## 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 either by check or through the Automated Clearing House (ACH) for electronic payment.

## Acknowledgments

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.

S A M P L E   G R A N T   A W A R D   L E T T E R



A2009-0035

It is a pleasure to present a \$1,000 grant to ORGANIZATION NAME, to be used for PURPOSE. If you are not able to fulfill this purpose, please contact the Fund Administration Office at 617-338-2213. This grant was made at the recommendation of a fund advisor through a Donor Advised Fund at the Boston Foundation.

**Fund Advisor:**    John Doe

**Fund Name:**        John Doe Fund

Please note that it is not necessary to send the Boston Foundation any tax receipt or acknowledgement letter and we kindly ask that you do not send us any general mailings unless requested. In the interest of our donors' privacy, we do not disclose donor contact information, and have asked our donors to contact you directly if they would like to be on your mailing list.

The Boston Foundation wishes you continued success.

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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.

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.

SAMPLE GRANT AWARD E-MAIL  
(for electronic funds transfers)

**From:** Payments  
**Sent:** DATE  
**To:** ORGANIZATION E-MAIL  
**Subject:** Details Regarding Electronic Payment

Advised Grant: GRANT ID

On DATE the Boston Foundation initiated an electronic payment in the amount of AMOUNT to ORGANIZATION to be used GRANT PURPOSE. If you are not able to fulfill this purpose, please contact the Fund Administration Office at 617-338-2213 or [FundAdmin@tbf.org](mailto:FundAdmin@tbf.org).

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.

This grant was made at the recommendation of a fund advisor through a Donor Advised Fund at the Boston Foundation as follows:

Fund Advisor: FUND ADVISOR  
Fund Name: FUND NAME

This payment was made based upon the bank and account information that you have previously provided to us:

Bank Account: ACCOUNT NAME  
Your Account Number: xxxx1111

Please note that it is not necessary to send the Boston Foundation any tax receipt or acknowledgment letter and we kindly ask that you do not send us any general mailings unless requested. In the interest of our donors' privacy, we do not disclose donor contact information, and have asked our donors to contact you directly if they would like to be on your mailing list.

You should expect to receive credit for this payment in your bank account in two to four business days. If you do not receive this payment, or if you have any other questions, please contact the Fund Administration Office at 617-338-2213 or [FundAdmin@tbf.org](mailto:FundAdmin@tbf.org).

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.

The Boston Foundation wishes you continued success.

The Boston Foundation, Inc.  
75 Arlington Street, 10th Floor  
Boston, MA 02116

## 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.

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 charity. 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.

To make an additional gift by check and for cash wire instructions, please contact Fund Administration for instructions at 617-338-2213 or e-mail [fundadmin@tbf.org](mailto:fundadmin@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 advised fund holders want not only to give through their Donor Advised Fund during their lifetimes, but to direct some or all of their estate to their fund at the Foundation (see page 20). To discuss a succession plan for your fund, please call Donor Services at 617-338-2686.

### Credit Card Donations

Please visit [www.tbf.org](http://www.tbf.org) to make a donation with your credit card. Please note that credit card transaction fees will apply.

### 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 the complete fundraising policy.

**Year-end Alert:** Many donors make gifts to their funds at calendar year-end. 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 brokerage account before December 31, please allow up to three weeks to process stock gifts in December.

### Fund Minimum

There is a \$10,000 minimum to maintain an active grant-making Donor Advised Fund at the Boston Foundation. When the balance falls below this level, donors are required to replenish their fund prior to making additional grants.

## Gift Acknowledgment

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 complex 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 terminating or consolidating a private foundation, please contact our Development Office at 617-338-1218.

## Third-Party Contributions

Anyone 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 in excess of \$75 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 Confidentiality 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](http://www.tbf.org/privacy).

# How We Manage Your Fund

## Investment Options

When you establish a Donor Advised Fund at the Boston Foundation, your gift is pooled with other funds and invested in our Fund for the 21st Century. This Fund is broadly diversified across a number of asset classes. The guiding philosophy of the Fund's management at all times is to promote the prudent stewardship of funds entrusted to the Boston Foundation for the benefit of the community of donors and charitable organizations we serve. Visit our website at [www.tbf.org](http://www.tbf.org) for a list of current asset allocation targets and investment managers.

We recognize that donors have different time horizons, risk tolerances and other criteria that influence their choice of how the Foundation should invest their fund. To meet these needs, the Boston Foundation offers three separate investment pools within the Fund for the 21st Century. These three pools allow donors to select the option that best matches the time horizon of their charitable giving plans. Donors may also customize their asset allocation by investing among all three pools.

**Balanced Plus Pool:** This is our most diversified pool and is expected to produce the highest return of our investment options over the long term. Accordingly, the Boston Foundation invests its endowment, the Permanent Fund for Boston, in the Balanced Plus Pool, which is managed by about 40 expert investment-management firms. About 20 percent of the equity portion of the Balanced Plus Pool is allocated to private partnerships in private equity, venture capital, real estate, timber and energy. This asset mix is expected to produce the highest long-term investment return. Asset Mix: 90 percent equity-type risk, 10 percent fixed income.

**Balanced Pool:** This pool is managed by about 20 expert investment-management firms. This asset allocation is expected to produce a slightly lower investment return than that of the Balanced Plus Pool due to the lack of investments in private partnerships. It may be most appropriate for those who want a higher allocation to fixed income investments and do not want exposure to illiquid private partnerships. Asset Mix: 75 percent equity-type risk, 25 percent fixed income.

**Short-term Pool:** The Short-term Pool is invested in money-market funds and U.S. Treasury bills. This option is appropriate for those who do not want equity-market exposure. Asset Mix: 100 percent money-market mutual funds and U.S. Treasury bills.

**Socially Responsible Investments:** The Boston Foundation also offers four mutual fund options that utilize Socially Responsible Investment (SRI) criteria. Please call your Donor Services liaison or 617-338-2686 to learn more.



## Investment Committee

Our Investment Committee, made up of Boston Foundation board members, is responsible for the overall management of invested funds held by the Foundation, most of which are placed in the Fund for the 21st Century. Committee members meet at least four times a year, as well as in response to developments in the capital markets and other investment demands, such as portfolio rebalancing and manager-related decisions. They are also responsible for selecting, monitoring and terminating investment managers and consultants, and reviewing long-term performance relative to the Fund's investment objectives. The Foundation also employs a Chief Investment Officer and uses the services of an outside investment consulting firm.

## Reporting

A quarterly fund statement is available to you online through Advisor Xpress ([www.tbf.org/registration](http://www.tbf.org/registration)), the Foundation's online Donor Services portal. This statement will show the balance of your fund and will detail the previous quarter's activity including all contributions to and grants from your fund. If your fund is invested in the Fund for the 21st Century, you also will receive a quarterly update on its performance. If you prefer to receive your statement via mail, please notify Fund Administration at [FundAdmin@tbf.org](mailto:FundAdmin@tbf.org) or call 617-338-2133.

**For more financial and investment information, please visit [www.tbf.org/about/financial-information](http://www.tbf.org/about/financial-information) or call Donor Services at 617-338-2686.**

## 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 the assets in Donor Advised Funds, enabling the Foundation to have a powerful impact in Greater Boston. The revenue generated from supporting fees covers 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 let you know 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 other like-minded philanthropists and help you encourage 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.

### Supporting Fee

For a fund invested in one of the Fund for the 21st Century pools, an administrative fee is assessed quarterly and is calculated on the average daily balance of the most recent preceding quarter.

As of January 2014, the supporting fee was calculated as follows:

- 1.0 percent of fund balance up to \$500,000 (minimum annual fee of \$500)
- .75 percent of fund balance between \$500,000 and \$5 million
- .50 percent of fund balance between \$5 million and \$10 million
- .25 percent of fund balance between \$10 million and \$25 million
- .10 percent of fund balance between \$25 million and \$50 million
- No fee on portion of fund balance over \$50 million

### Investment Fee

Funds invested in the Balanced Plus Pool, Balanced Pool, Short-term Pool or Socially Responsible Investment options 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. Additionally, the Boston Foundation charges 0.15 percent for investment oversight.

# 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 You

The Boston Foundation has an entire department 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 Donor Services advisor 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 consider the future of your Donor Advised Fund. We can also provide answers to technical questions about pledges, fiscal sponsors, challenge or matching grants, planned gifts and more. With the added resources of The Philanthropic Initiative, we can help you define a focus for your giving, create a mission statement or build a grants-management program.

**Donor Services:** Wherever you are in your philanthropic journey, our Donor Services team is here to help. Whether you are an experienced philanthropist looking to go deeper or someone who is just getting started, we offer an abundance of services that may be easily tailored to suit your needs. Below are some of the many ways our community of donors can take advantage of the Boston Foundation.

## Connecting with Others

When you choose to do your giving through the Boston Foundation, you are joining a community of donors who are committed to making a real difference in Boston and beyond. Here are some of the ways we help you stay engaged and be 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, encourage networking and information sharing and offer technical information to maximize grant making.

**Site visits:** Visiting a nonprofit organization you are or may consider funding, as well as the neighborhoods it serves, is an excellent way to gather data about the organization and see its work in action. It also enables you to evaluate a potential grantee more effectively, enhance your own understanding of the community and learn how you and the organizations you fund can best serve its needs. We can arrange site visits with potential grantees as well as advise you on questions to ask staff and board members and other issues to consider.

**Experience Boston:** Whatever your passion, Experience Boston events offer the opportunity to explore these sectors in person, on the ground, in real time. To inform local giving, we arrange visits to organizations in Greater Boston so donors can meet the people who are working together to make their neighborhoods and this region vibrant and thriving.

## Learning Together

As a part of the Boston Foundation, 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:** Donor Services staff members are delighted to facilitate conversations between our donors and grant-making program staff, made up of experts in all areas of community life.

**Understanding Boston:** We commission and publish original research on issues affecting Boston and the region. Donors are always invited to attend the public forums where thought leaders, key stakeholders and decision makers gather for information and insight from the authors of the research reports.

**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, we have 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.

**The Boston Indicators Project:** This internationally recognized project provides high-quality, objective data across 10 sectors, offering new ways to understand Boston and its neighborhoods in a regional, national and global context. Its findings are available through biannual reports and its award-winning website at [www.bostonindicators.org](http://www.bostonindicators.org).

**The Giving Common:** The Boston Foundation created and maintains [www.givingcommon.org](http://www.givingcommon.org), an online database and information clearinghouse for more than 800 nonprofit organizations in Massachusetts. This is an invaluable resource that allows you to search for nonprofits that are making a difference in areas you care about, perform due diligence and make 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, as well as prioritize those objectives to achieve maximum impact in the community. We have a variety of written materials available to help address your questions, and our staff is skilled in handling specific needs and concerns.

**Family Philanthropy:** Involving your family 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 any stage of their journey.

**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.

**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 stemming youth violence to helping inner-city students complete college.

**Succession Planning:** Effective philanthropy requires thoughtful planning, including decisions related to the future 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.

**Impact Investing:** Our staff is available to share their expertise and help you create innovative strategies such as Program Related Investments.

**Customized Strategic Philanthropy:** In partnership with The Philanthropic Initiative (TPI), an internationally-recognized consulting 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. Please call your Donor Services liaison if you would like an introductory consultation.

## Supporting the Boston Foundation

**Civic Leadership Fund:** The Foundation uses data and research to drive community conversations around key issues and mobilize business, civic, community and public sector leaders for change. We support this work through our crucial annual fund of more than \$1.5 million per year that helps us tackle some of our region's most serious challenges through a wide range of activities.

**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.

**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.

# Planning for the Future 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 about which they care.

Such planning, of course, begins with an introspective look at your motivations and the development of some 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 want to support? Have you thought about incorporating charitable giving into your overall estate plans?

## Leaving a Lasting Legacy

The Boston Foundation's charitable endowment is 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 crucial fund has given us the flexible resources to react nimbly to the most pressing issues of the day.

Because of our generous donors, we have been able to 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. Please contact your Donor Services liaison for more information about creative ways to build your philanthropic legacy through the Boston Foundation.

**Endow Your Donor Advised Fund.** By endowing your Donor Advised Fund, you can ensure that successive generations of your family will stay involved as advisors to the fund, and that the principal of the fund will remain intact in perpetuity.

**Support 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.

**Create a named Field of Interest Fund.** Passions are permanent but needs change. How might your legacy adapt to changing times? Field of Interest Funds support particular areas of community life, such as the arts or education, or specific populations such as children or the elderly. Grants will be made annually from the investment income of the fund in perpetuity.

**Create 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. Grants will be made annually from the investment income of the fund in perpetuity to your designated organizations.

**Planned Giving.** There are many ways to incorporate the Permanent Fund for Boston into your estate planning, including gifts by will or trust, gifts of retirement plan assets and life insurance, gifts that pay you income, and gifts that preserve assets for your heirs.

**Name a Successor Advisor.** 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.

Please note that all succession plans must be communicated to the Foundation in writing for approval. Please use the enclosed Donor Advised Fund succession plan form or download it from our website.

If, upon the death of all of the original advisors, the Boston Foundation does not have a succession plan on file for your fund, the balance of your fund will be added to the Permanent Fund for Boston, Greater Boston's endowment.

We are happy to work directly with you to develop customized plans to meet your goals. For more detailed information, please contact Donor Services at 617-338-2684.

## The Rogerson Legacy Society

In 1915, Charles E. Rogerson, who was then president of the Boston Safe Deposit and Trust Company, and his son, attorney Charles M. Rogerson, founded the Boston Foundation (under the name "Permanent Charity Fund") to encourage charitable giving in Greater Boston. By creating one of the first community foundations in the United States, the Rogersons sought to build an endowment to improve the quality of life for the people in and around Boston. Thanks to the generosity of many donors over the years, the Boston Foundation has grown to be one of the largest and most effective community foundations in the country, facilitating giving to organizations in Greater Boston and beyond.

Named for this father and son, the Rogerson Legacy Society recognizes those who have made arrangements to leave a charitable legacy in the form of a planned gift to the Foundation. If you have already included the Boston Foundation in your gift planning through a bequest, charitable trust, charitable gift annuity, life-insurance policy or retirement asset, please notify us so that we can include you in special programs and events. These gifts support the work of the Foundation and are vital to the future of Greater Boston. The Members of the Rogerson Legacy Society receive invitations to our annual meeting and other donor and education events. We will, of course, honor your request for anonymity if you so desire.

# Important Information About Your Fund

## Tax Implications

Because the Boston Foundation is a public charity under Sections 501(c)(3) and 170(b)(1)(a) of the Internal Revenue Code, initial and subsequent contributions made to its Donor Advised Funds 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 and a 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 characteristic of Donor Advised Funds is the transfer of donor control to a public charity. 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, U.S. 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 7, 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

No 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 without the written 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

**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. It should be noted that there is a \$10,000 minimum to maintain an active grant-making Donor Advised Fund. When balance falls below this level, donors are required to replenish their fund prior to making additional grants. Funds that grant out their balance within a year may incur a fee.

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

**A:** Anyone listed as a fund advisor on your Fund Agreement can recommend grants from the fund. If you would like to add an advisor to the fund, please submit a written request to the Foundation. An advisor must be 18 years of age. Professional advisors can be given read-only access to the information available via our Advisor Xpress online portal.

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

**A:** While the grant may carry with it the name of your fund, the Boston Foundation does not disclose donor contact information in grant award letters 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. Please contact organizations directly if you would like to be on their mailing list. You also 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 "Note to TBF" field in Advisor Xpress when submitting a grant request.

**Q. Can I ever change the name of the Donor Advised Fund I established?**

**A:** Yes. The Foundation can change the name of a fund. Please submit your request in writing.

**Q: I want to make grants to a childcare organization, but I am not familiar with any. Can the Foundation help me identify some programs?**

**A:** Yes. Our Donor Services staff is able to provide information on a wide variety of programs in the Greater Boston area. We also are able to research areas of interest to you and to link you to the relevant experts on the Foundation's grant-making staff. Should your interests fall beyond Greater Boston, we are able to tap into our extensive network of community foundations throughout the country to find the information you need.

**Q: When looking at my grants list online, I sometimes see a "GS" next to the organization. What does this mean?**

**A:** "GS" stands for Guidestar, a national online database that provides information about the operations and finances of nonprofit organizations. If you click on the link, you will be taken to [www.guidestar.org](http://www.guidestar.org) to receive information on the particular organization from your list.

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

**A:** Yes and no. If there is no fundraising requirement for the walk, then you may make a grant in honor

of your daughter's participation. However, you may not make a grant from your Donor Advised Fund to participate in or to sponsor yourself or a family member on a charitable bike ride or similar activity when there is any quid pro quo under the gift substantiation rules. Examples of ineligible grants include when the event provides hotel accommodations, dinners, snacks, and the like. You may, however, "sponsor" people who are not related to you on walks, rides, etc.

**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 Donor Advised Fund grants to organizations in which you, your spouse or family members participate in a volunteer or board capacity. We simply ask that you certify that you will receive no personal benefit from the grant by agreeing to the terms and conditions at the bottom of the grant request form.

**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 ticket price directly from your own pocket and cannot recommend even a portion of the support for the event from your fund. Bifurcation of grants (splitting the "non-deductible" from the deductible portion of gifts) is no longer allowed per IRS regulations. If you are not attending the event, however, you may make a general operating support grant in honor of the program.

**Q: I am a sustaining member of the Museum of Fine Arts. May I make my membership gift through my Donor Advised Fund?**

**A:** No, you may not. Under the Pension Protection Act of 2006, memberships to museums, aquariums, zoos, etc. may not be paid through a grant from your Donor Advised Fund because these memberships carry with them more than an incidental benefit.

**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 contact Donor Services for a copy of our fundraising policy.

**Q: What if I forget my Advisor Xpress password?**

**A:** Enter your user ID and click on the link that says "Forgot your password? Click here." You will be prompted to enter in your e-mail address, which must match the address the Boston Foundation has on file. Your password will then be e-mailed to you. You may also call the Donor Services Manager at 617- 338-2686.

**Q: I recently moved and want to update my record at the Boston Foundation. Is there a way to do this via Advisor Xpress?**

**A:** Yes! Log on to Advisor Xpress and choose "My Profile Information." Edit the information and click "Submit Changes." You may also contact your Donor Services staff liaison.

## 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 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.

**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.

**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. There are 750 active community foundations in the United States today.

**Component Funds:** Multiple funds (such as Donor Advised Funds) which comprise a community foundation. A Donor Advised Fund is a component fund and asset of the Boston Foundation, Inc. (a qualified public charity), and as such, any contribution to a component fund is automatically treated as a gift to a public charity.

**Designated Fund:** A fund from which distributions are restricted to one or more specific 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.

**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 and permanent funds are restricted to the Foundation's spending rule, which is determined by the Board of Directors.

**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 Boston).

**Permanent Fund for Boston:** The Permanent Fund for Boston is the Boston Foundation's endowment and its largest and most flexible unrestricted fund. Through a competitive grants process, The Permanent Fund for Boston makes grants to nonprofit organizations to address current needs. This fund allows the Foundation to address major issues that have far-reaching impacts on our city and the communities we serve.

**Private Foundation:** A foundation that receives most of its income from, and is subject to the 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 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.

**Program-related Investments (PRIs):** Sometimes referred to as impact investments, PRIs are investments made by foundations to support charitable activities that involve the potential return of capital within an established time frame. PRIs include financing methods commonly associated with banks of other private investors, such as loans and loan guarantees.

**Spending Rule:** Cash usage or “spending” determination made each year by the 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.**

**Please visit [www.tbf.org/about/tbf-staff](http://www.tbf.org/about/tbf-staff)  
for a complete staff list or  
call Donor Services at 617-338-1700.**



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## Notes



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