

DONOR ADVISED FUNDS

PROCEDURES
AND GUIDELINES



San Antonio Area Foundation
Where Giving and Community Connect

NAME

FUND NAME

INVESTMENT PORTFOLIO

OUR MISSION

To help donors achieve their charitable goals for the greater benefit of the community.

OUR PROMISE

To help you manage your philanthropic legacy.

OUR HISTORY

The San Antonio Area Foundation has served as the sole designated community foundation for the San Antonio area for over half a century, growing to become one of the top 20 foundations in the nation based on asset size. The Area Foundation helps donors achieve their charitable goals, managing more than 500 charitable funds which exceed \$1 billion in assets. Coordinating efforts with numerous area nonprofits, the Area Foundation serves as a collaborative leader, connecting donors to address key community issues and investing in our future. Since 1964, over \$500 million in scholarships and grants have been awarded to enhance the quality of life in our region.

For additional resources, visit

saafdn.org



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AREA FOUNDATION

SAN ANTONIO AREA FOUNDATION

DONOR ADVISED FUNDS

The San Antonio Area Foundation offers a hands-on approach to philanthropic giving for people who value flexibility and choice. A Donor Advised Fund provides you with an immediate charitable tax deduction and allows you to give to multiple organizations throughout the year by recommending grants from one simple account.

A Donor Advised Fund allows you to receive an immediate charitable tax deduction when you contribute to a fund while you take time to consider possible grant recommendations to your favorite nonprofits.

This Donor Advised Fund Guide is a step-by-step resource to help you understand the fund.

A team of Philanthropic Advisors are here to help. Please contact them by their individual e-mails found on our website saafdn.org, via givenow@saafdn.org, or call **(210) 225-2243**.



LET US HELP YOU ACHIEVE YOUR GOALS

With more than a half a century of experience, the San Antonio Area Foundation is ready to serve as your trusted partner in achieving your charitable goals. We are here to help you in improving our community.

As an advisor to a Donor Advised Fund ('fund advisor'), you may recommend grants to support tax-exempt public charitable organizations in San Antonio and throughout the United States.

We handle all the administrative duties, issue the grant awards and provide personalized assistance with a range of donor services.

DID YOU KNOW?

Philanthropy isn't just for families and individuals. The Area Foundation partners with corporations to offer customized Donor Advised Funds and Employee Hardship Funds.

GRANTMAKING PROCESS

- 1** | You may recommend grants to qualified charities located anywhere in the United States.
- 2** | We will process the grant within 7 business days of receipt of your grant recommendation, depending upon how long it may take to liquidate invested assets or to verify an organization's charitable status.
- 3** | A grant will be paid directly to the grant recipient with a notification listing the fund name and fund advisor, unless you choose to remain anonymous.
- 4** | You will receive a notification email with the date the grant is paid and to whom.
- 5** | Your Fund Statement, available online, will list the fund's grant history.

HOW TO MAKE A GRANT RECOMMENDATION

Once the fund is established, as a Fund Advisor, you may begin to recommend grants to be made from the fund to support the charities, initiatives and causes of your choice.

Grant recommendations must be at least \$250 and cannot exceed 80% of the fund balance.

Donor Advised Funds are component funds of the San Antonio Area Foundation. Our Board of Directors retains final discretion over the grants made from each fund.

1 | RECOMMEND A GRANT

Grant recommendations may be made through the online donor portal, by email or phone. Please include the name and address of the organization as well as the organization's preferred point of contact.



Online – Log in to the donor portal through our website (saafdn.org) by clicking “FUNDS” at the top of the page to make a grant recommendation at any time.



E-mail – You may email your recommendation to givenow@saafdn.org.



Phone – To recommend a grant by telephone, please call **(210) 225-2243** Monday – Thursday, 9 a.m. – 5 p.m. (Central) and Friday 9 a.m. – 4 p.m. (Central).

Due to the administrative costs of processing each grant, a minimum grant amount of \$250 is required.

2 | GRANTMAKING DUE DILIGENCE EFFORTS

The Area Foundation reviews grant recommendations to ensure your charitable intentions are realized by:

- Verifying the status of the recommended grant recipient as a recognized nonprofit organization or public charity as defined in section 501(c)(3) of the Internal Revenue Code.
- Approving grants for charitable, educational, religious, scientific or literary purposes only. This includes most educational institutions, hospitals, libraries, places of worship and government entities such as municipalities, provided the grant is for the general public.
- Contacting the nonprofit if additional information is necessary.
- Adhering to IRS regulations, which prohibits the use of charitable contributions to:
 - » Fulfill legally binding pledges;
 - » Pay for event tickets, memberships, dinners, or other activities that provide a benefit to you or others;
 - » Pay for personal expenses incurred by any specific individual; or
 - » Support political campaign or lobbying activities.
- Notifying you if there is an eligibility issue.

3 | ACKNOWLEDGMENT

- Please indicate if the grant recommendation is for a special or restricted purpose or if it is in memory or in honor of someone. We will inform the organization receiving the grant of that information as well as any contact details (name, address) you provide for the honoree or their family if you would like for them to be notified.
- You may also indicate if you wish for the grant to remain anonymous as to the fund name, advisor's name, or both. The Area Foundation's standard practices are to list the fund name, the Fund Advisor's name and mailing address so that grant recipients may send thank you letters directly to the Fund Advisor. These grant letters are a courtesy and not needed for tax reasons. Your tax deduction is based on the date you provided your charitable contribution to the fund at the Area Foundation.

DID YOU KNOW?

Your Philanthropic Advisor can help you identify local nonprofits that align with your charitable goals.

GROWING THE FUND

You may contribute any amount to the fund at any time to maximize your community impact.

Assets such as cash, securities, and mutual funds are easily transferable to the Area Foundation. Other assets, such as real estate and closely held securities, are reviewed before acceptance. Upon acceptance of an asset, the Area Foundation will provide you with a receipt to substantiate your charitable income tax deduction in the year the gift is made in accordance with IRS regulations.

For assistance with gifts of other types of assets, please contact your Philanthropic Advisor.

WAYS TO MAXIMIZE YOUR GIFT

1 | SET UP A RECURRING GIFT

Setting up a recurring gift either monthly or annually is convenient, customizable and ensures that your gift makes a continuous impact for years to come. You can set up a recurring gift to your fund using your online donor portal. A recurring gift does not represent a pledge to an organization.

2 | MATCHING GIFTS

We encourage you to check the details of your company's matching gift program, as many programs may double and in some cases triple your gift.

3 | PLANNED GIFTS

A bequest could be the most influential gift you ever make. When you endow a fund using a planned gift, you leave a permanent legacy that will never stop giving.



WAYS TO GIVE

You and others can contribute to your fund in a variety of ways.

GIVE ONLINE

Click the “Give Now” button on the Area Foundation’s website or use the donor portal to make an online gift.

From the Give Now page, you may search for your fund or click “Show all funds list” to select your fund. If you make an online gift through your donor portal, your fund will automatically appear as an option.

GIVE BY WIRE/ACH

You must notify your Philanthropic Advisor, or email givenow@saafdn.org, prior to initiating a Wire/ACH transfer for it to be correctly processed. **If the Area Foundation is not notified, the transaction risks being rejected by the bank.**

All gifts of securities must be sent to the appropriate stock transfer account. Wire/ACH instructions for cash, stocks and mutual funds are included on the next pages.

Please note that you must know the fund’s investment portfolio to Wire/ACH into the correct account and be sure to indicate the fund’s name in the reference line.

GIVE BY MAIL

Send a check payable to the San Antonio Area Foundation, with your fund name's in the memo line to

San Antonio Area Foundation
303 Pearl Pkwy, Suite 114
San Antonio, TX 78215

MUTUAL FUNDS TRANSFER INFORMATION

Your investment manager should coordinate with the Investment Officer at Jefferson Bank who handles the Area Foundation's transactions.

Vice President, Investment Officer
P.O. Box 5190
San Antonio, TX 78201
(210) 736-7789 (Direct)
(210) 828-7053 (Fax)

The Investment Officer will need the following information to start the transfer process:

- Name of Mutual Fund and the Five Letter Ticket/Code
- Approximate Amount of the Gift

GENERAL OVERVIEW OF MUTUAL FUNDS PROCESS

The delivery instructions associated for mutual funds is different than that of stocks or bonds. Mutual fund transfers must be done on a case-by-case basis because the shares must be re-registered at each fund company.

Jefferson Bank establishes an account at the fund company to receive the donated shares. Typically, that takes 24-72 hours or as soon as the fund company can process the request. Jefferson Bank will then provide the donor with the receiving account number at the fund company. The donor will then instruct the fund company to transfer the requisite number of shares from their account to the account number we provided. Depending on the fund family, this could happen within two days but may take up to two weeks. Once the shares are received into Jefferson's omnibus account at the fund company, we then credit the Area Foundation's account.

YEAR-END DONATIONS

Many of our donors like to make additional contributions to the fund in December. We strongly encourage you to try to complete year-end gifts and grant recommendations as early in the month as possible to avoid any unforeseen delays.

Stock transfer transactions typically require three business days for processing, but may take longer so we recommend at least 7 days be allowed for the transfer. Mutual fund transfers should be donated no later than December 15th.

Checks should be postmarked no later than December 31st.

REMINDER: Include the fund name on all transfers so that your contribution can be properly applied to your fund. Failure to include the fund name may result in rejection of the contribution.





FUND STATEMENTS

As a Fund Advisor, you have online access to monthly summaries of the fund's activities.

These reports, called Fund Statements, contain a statement of activity, including contributions, investment income, fees, and grant payments.

In addition, you will find investment information and a brief summary describing investment results. A sample Fund Statement is included on the following page.

Fund Statements are available online through the donor portal of the Area Foundation's website. Log in to view gifts to the fund, grants from the fund, and any transactional activity at your convenience.

UNDERSTANDING YOUR FUND ACTIVITY SUMMARY

Your Fund Activity Statement includes all the activity for your fund. To help you navigate through this summary, we have provided definitions describing some terminology.

Please contact givenow@saafdn.org or your Relationship Manager if you have additional questions.

FUND INCOME

Contributions: Represents any additional gifts to your fund including interfund transfers.

Interest and Dividends: Represents the earned income received from shares of stock.

Other Income: Represents other income earned such as income from mineral interests.

Realized Gain/Losses: Represents any gain/loss resulting from sales of your investments.

Unrealized Gains/Losses: Represents any gain/loss from changes in the market value of your investments.

FUND EXPENSES

Grant Recommendations/Scholarships: Represents any grants or scholarships awarded. It may also include refunds, voids or cancellations of awards from prior time periods.

Investment Fee: Represents the fee charged by our investment company. It is not increased by the Area Foundation nor do we receive any portion of this fee.

Management Fee – Area Foundation: Represents the fees assessed by the Area Foundation for administering your fund based on fund type. The annual minimum fee for Donor Advised Funds is \$750.

Other Expenses: Represents other expenses incurred by your fund.

EXAMPLE OF FUND STATEMENT

Page 1 of 8



Sample Fund

Fund Activity Summary for January 01, 2019 through December 31, 2019

Beginning Balance	\$345,507.25
Income	
Interest and Dividends	\$2,788.52
Realized Gains/(Losses)	\$3,545.91
Unrealized Gains/(Losses)	\$40,868.07
Total Income	\$47,202.50
Expenses	
Grants Recommendations/Scholarships	\$184,500.00
Investment Fees	\$751.58
Management Fee - Area Foundation	\$2,782.05
Total Expense	\$188,033.63
Ending Fund Balance	\$204,676.12



Confirmed in Compliance with National Standards for U.S. Community Foundations

303 Pearl Parkway, Suite 114 • San Antonio, Texas 78215 • p: 210.225.2243 • f: 210.225.1980 • www.saafdn.org
Questions? Contact givenow@saafdn.org or 210.775.1083



INVESTMENT APPROACH

Your charitable gifts can grow, making it possible to achieve even more impact in our community.

We take great care to invest a fund's assets wisely, transparently and prudently, so they will grow over time and be available for grantmaking now and for the future.

We work with our Investment Committee of seasoned experts and an investment consultant to provide a portfolio strategy that emphasizes growth and capital appreciation while protecting our investments so you can recommend grants to support your favorite causes and nonprofits. A cornerstone of our investment strategy is the preservation of capital so that funds are available for our community.

When you are ready to establish a fund, you will have the opportunity to recommend an investment portfolio. Every donor's situation is unique. That's why we offer investment options designed for people who want to give immediately and for those who want to grow the fund over the long term.

The Area Foundation's Investment Committee has designed three portfolio options: Legacy, Managed, and 60/40 Index. You may also choose to retain your current investment manager (limitations apply).

LEGACY

The Legacy Portfolio is designed for long-term growth. It is a diversified portfolio of global equity, global fixed income, and alternative investments. This portfolio also contains allocations to illiquid direct lending investments and may contain private equity and hedge funds.

MANAGED

The Managed Portfolio is similar to the Legacy Portfolio in that it is appropriate for those looking for long-term growth, and it is a diversified portfolio of global equity and global fixed income. However, the use of alternative investments is limited to a relatively small allocation to liquid real assets (natural resource equity, commodities, and inflation-linked bonds).

60/40 INDEX

The 60/40 Index Portfolio is appropriate for those seeking more modest growth as it is invested in 60 percent equity and 40 percent fixed income. Diversification is more limited than in the Legacy and Managed Portfolios in that the equity exposure is balanced between domestic markets and international markets, including emerging geographies.

More detailed information about these investment options is available upon request. On our website, you can view an online investment presentation detailing the quarterly performance of each portfolio.

Please contact your Philanthropic Advisor if you would like to change a fund's investment portfolio or if you have questions about the investment portfolio.

FREQUENTLY ASKED QUESTIONS

When may I begin to recommend grants? Immediately following the establishment of the fund. You may recommend grants of \$250 or more.

How do I recommend grants? Refer to “How to Make a Grant Recommendation” section on page 6.

May I recommend grants to my church, children’s school, library, university and/or hospital? Yes. The IRS recognizes most places of worship, educational institutions (primary or secondary school, college, or professional or trade school), and government-supported institutions as charitable organizations with some exceptions. A grant cannot be used to pay a child’s tuition.

May I make international grants? Many international organizations have U.S. affiliates, to which you may be able to recommend a grant. Grants can only be made to United States-based tax-exempt organizations.

May I recommend grants that will offer a benefit to me? Funds distributed from a donor advised fund must be fully tax-deductible contributions. There are IRS regulations that prohibit grants that render benefits. Benefits cannot include payment for personal tickets to fundraisers or memberships where you may receive a meal, gifts or other items of value.

What are the tax implications of making a grant from a Donor Advised Fund? Recommending a grant will have no impact on your personal tax situation. Your tax deduction is based on your charitable contribution to the fund at the Area Foundation at the time of your contribution.

May I change the name of my Donor Advised Fund? The Area Foundation may change the name upon request.

GUIDELINES AND DEFINITIONS

Guidelines to help you manage your fund.

FUND FOUNDER

A Fund Founder makes the initial gift that establishes the fund. Fund Founders have full advisory privileges regarding the fund, including grant recommendations and investment pool recommendations. Only Fund Founders can name current Fund Advisors or Subsequent Advisors.

FUND ADVISOR

A Fund Advisor may assist in making grant recommendations. If the fund is advised jointly, upon the death of one Fund Advisor, the remaining Fund Advisor retains fund privileges.

FUND REPRESENTATIVE

A Fund Representative is someone who has access to fund information but has no advisory privileges for grantmaking from the fund. Fund Founders determine the information that may be shared with Fund Representatives.

NAMING NEW FUND ADVISORS

Fund Founders may add or remove Fund Advisors at any time during their lives by submitting a request in writing to the Area Foundation. No changes can be made to Fund Advisors or Successor Advisors after the passing of the Fund Founder(s).

NAMING SUBSEQUENT ADVISORS

Fund Founders may designate a succession plan to continue grantmaking from the fund for up to two succeeding generations. Typically, Fund Founders name their children as Successor Advisors as the first generation and their grandchildren as the Successor Advisors of the second generation. Prior to assuming the privileges and duties of a Fund Advisor, Successor Advisors may be required to provide written notification and sufficient proof of death, incapacitation or resignation of the fund founder. If no Successor Advisors have been named or there are no living advisors, the Area Foundation will assume the role of Fund Advisor.

SPENDING POLICY AND FUND DURATION

Endowed funds shall be maintained in perpetuity with distributions subject to the Area Foundation spending policy that is reviewed and approved on an annual basis. The spend rate used by the Area Foundation falls within best practices to maximize grantmaking while ensuring the long-term sustainability of the fund. The current spending policy is included in the annual financial statement that is posted on the Area Foundation's website.

DID YOU KNOW?

Many Fund Advisors choose to make an everlasting gift to support causes that have been important to them during their lifetimes. Please contact us to learn about options to integrate planned giving with your Donor Advised Fund.

CONSIDER A PLANNED GIFT IF YOU:

- Want to plan now to support specific causes or organizations regularly and in perpetuity after your death.
- Seek to create a legacy of support for particular causes.
- Appreciate Area Foundation's expertise in accepting a variety of gifts and providing templates for necessary legal documents.
- Want the assurance that you are partnering with a sound and trusted philanthropic partner that will ensure your charitable plan is executed.

FEES

Donor Advised Funds are charged an annual administrative fee that varies based on the asset value of the individual fund. The fee has a tiered structure based on a percentage of the fund's market value, with the minimum annual fee set at \$750. The administrative fees are reviewed regularly, and our approach is to provide efficient, cost-effective and competitive services. The fees are directly assessed to the fund and do not require additional payment.

Our fees cover the Area Foundation's general administrative costs, including gift and estate planning assistance, grantmaking and evaluation services, investment and financial management, and grant notifications.

Our Administrative Fee Schedule is provided upon request. The Foundation does not charge a transaction fee for new contributions to the fund or grants to charities. The fee schedule is subject to change at the discretion of the Area Foundation's Board of Directors.

VARIANCE POWER

All assets contributed to a Donor Advised Fund at the Area Foundation become irrevocable gifts to the Area Foundation. Legal control and responsibility for these assets rest with the Area Foundation and are subject to variance power as set forth in its bylaws. The variance power gives the Area Foundation the authority to modify any donor recommendation, restriction, or condition on distributions from a fund for any specified charitable purpose or to any specified organization if, in the sole judgment of the Area Foundation, such recommendation or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community (as required under Treasury Regulation § 1.170A-A(f)(10)-(11).)

ACTIVITY

If there is no activity in a fund for 24 months, that Donor Advised Fund will be considered an inactive fund, and an Area Foundation Philanthropic Advisor will reach out to the Fund Advisor(s) on how to return the fund to active status. Any account activity (either a grant recommendation or a contribution to the fund) will reinstate the fund to active status. If there is no response from the Fund Advisor after 60 days, it will be reclassified and held with other unrestricted Area Foundation assets.

CLOSURE

The Fund Founder(s) or Fund Advisor(s) may recommend closing a spendable fund by granting the available balance to a qualified organization. Such recommendations must be received in writing.

If a grant recommendation exceeds 80 percent of the fund balance, a Philanthropic Advisor will contact you to confirm your intentions for the fund. Once the closing of a spendable fund is approved by the Area Foundation and the qualified organization status of the grant recipient is verified, 80 percent of the current balance will be granted within one month of the approval date. The remaining balance of the fund, including any residual net earnings or applicable fees, will be granted following the current month's accounting cycle, typically within the following 30 days.

In the event a fund is endowed, the fund is not permitted to be closed due to its perpetual nature.

HOLD HARMLESS

The Fund Founder(s), Fund Advisor(s), and Successor Advisor(s), if any, irrevocably and unconditionally agree, to the fullest extent permitted by law, to defend, indemnify and hold harmless the Area Foundation, its officers, directors, trustees, employees and agents, for, from and against all claims, liabilities, losses and expenses (including reasonable attorneys' fees) directly, indirectly, wholly or partially arising from or in connection with any act of omission of the Area Foundation, the Fund Founders, and Advisors in expending and applying the distributions furnished pursuant to this agreement or in carrying out the charitable purpose to be funded by distributions, except to the extent that such claims, liabilities, losses or expenses arise from or in connection with any gross negligence or willful misconduct of the Area Foundation, its officers, directors, trustees, employees, or agents.

DISCLAIMER

Tax rules and legal rules can change frequently, and information contained in this handbook may not be accurate or current. It is not intended to be used for the purpose of determining state or federal tax liability, tax penalty protection, or legal obligations. It should not be viewed as a substitute for legal or tax advice from a competent attorney or other professional.

THANK YOU

Together we are providing support and services that are transforming San Antonio into an amazing place to live, work, and play. Your gift builds upon a legacy of giving that reaches deeply into the soul of what makes our community special.

Thank you again for your dedication to our community and your investment in the San Antonio Area Foundation.



The background of the entire image is a light blue map of a city, showing a grid of streets and some irregular shapes representing parks or water bodies. Overlaid on this map is a large, solid red rectangle. Inside this red rectangle, the text is centered.

WE'RE HERE TO HELP

Please call us at (210) 225-2243
or email givenow@saafdn.org
to set up an appointment.



San Antonio Area Foundation

Where Giving and Community Connect

...helping donors achieve their charitable goals
for the greater benefit of the community

303 PEARL PARKWAY, SUITE 114
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WE'RE SOCIAL! CONNECT WITH US:

