

## Overview

All Fiduciary Trust Charitable (referred to as the “Foundation”) donor-advised funds are managed carefully and prudently by professional investment managers and an experienced administrator. Our goal is to protect donor intent, while at the same time comply with federal tax requirements concerning donor-advised funds. The Foundation retains the right to make final decisions regarding the management, administration and distribution of all of donor-advised funds.

After a donor(s) establishes a donor-advised fund (also referred to as a “Charitable Gift Fund”) with the Foundation, they can make non-binding recommendations for charitable organizations to receive grants from the fund. The Foundation will verify the charitable status and mission of the organizations. Other family members can also be named as Charitable Advisors and Successor Charitable Advisors, thereby encouraging children and grandchildren to carry on family philanthropy. Please refer to the attached “Terms and Conditions” below for the types of grants that may not be made from donor-advised funds.

Donors may wish to establish a Designated Fund that takes over if there are no longer Charitable Advisors or Successor Charitable Advisors available to serve. With a Designated Fund, the donor or Charitable Advisor “designates” one or more charitable organizations that the fund will support (e.g., a theater, a food bank, a school). The Foundation monitors designated grantees to confirm they continue to be public charities. If a beneficiary organization ceases to exist or loses its tax-exempt status, the gift is automatically redirected to support any other organizations that have been designated, in the proportions indicated, or if there are no such organizations, to the Trustee Philanthropic Fund for distribution to other charities. A Designated Fund can be used to make a one-time gift of all of a fund’s assets, or it can be established as an endowment and paid out over time.

If there are no remaining Charitable Advisors or Successors, and no Designated Fund established, then the remaining balance will be transferred to the Trustee Philanthropic Fund for distribution to other charities chosen by the Foundation’s trustees.

## Terms and Conditions

### CONTRIBUTIONS

Donor funds established at the Foundation are component funds of the Foundation, which is an Internal Revenue Code Section 501(c)(3) public charity. Accordingly, all contributions to the Foundation’s donor funds are treated for tax purposes as gifts to a Section 501(c)(3) public charity and generally are tax deductible, subject to individual deduction limitations.

Currently, allowable contributions to donor-advised funds established at the Foundation are: cash, mutual funds, exchange-traded funds and marketable securities. The Foundation can also accommodate certain types of illiquid assets and restricted stock. Contact the Foundation if you have questions about contribution eligibility of a specific asset type.

### INVESTMENTS

**Investment Managers** – All assets contributed to funds established at the Foundation will be managed by the Foundation’s investment managers. A donor may recommend an alternate investment manager to manage the donor’s fund, subject to the decision and approval of the Foundation and provided that all such assets are managed in accordance with the Foundation’s Investment Policy. All alternate investment managers shall be provided with a copy of and shall agree to adhere to the Foundation’s Investment Policy as a condition of continued service in such capacity, and the Foundation reserves the right to replace any alternate investment manager in its sole discretion. For more information about the requirements of using an alternate investment manager, contact the Foundation.

**Investment Policy** – As mentioned above, investments in funds must comply with the Foundation’s Investment Policy. Generally, the policy specifies that each fund be invested in a diversified set of investments including some or all of the following: mutual funds, exchange-traded funds, and publicly traded equity and fixed income securities. A fund may not invest in illiquid securities or investments which generate “Unrelated Business Taxable Income” to the Foundation without prior approval from the Foundation. The policy also requires that no individual equity or fixed income security comprise more than 10 to 15% of a fund (diversified mutual funds, exchange-traded funds, and US government fixed income securities are not subject to this restriction). There are also limits on the portion of a portfolio that can be invested in higher risk asset classes. For more information, contact the Foundation for a copy of the Foundation’s Investment Policy.

## **CHARITABLE ADVISORS**

**Role of Charitable Advisors** – The Foundation welcomes the involvement and recommendations of its Charitable Advisors with respect to grants from donor-advised funds, but such recommendations are advisory only and are in no way binding upon the Foundation. In evaluating recommendations for grants from donor-advised funds, the Foundation staff investigates all prospective grant recipients to ensure that they are organized and operated for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and classified as public charities under Section 509(a) and, as relevant, reviews the recommended grantee’s financial and program information.

In all cases of two or more Charitable Advisors, the Charitable Advisors shall appoint one as Primary (if one has not been already named Primary on the New Account Form) and certain communications to and from the Foundation will be through the Primary Charitable Advisor. In addition, if the Charitable Advisor(s) fails to make a standing grant recommendation, or fails to make any grant recommendations for two (2) consecutive years, the Foundation will contact the Charitable Advisor(s) to discuss this situation (see “Inactive Funds” section for more details).

**Appointment of Additional Charitable Advisors** – All requests to appoint additional Charitable Advisors and Successor Charitable Advisors to a donor-advised fund must be communicated to the Foundation in writing by the donor(s) establishing the fund or by the authorized Successor Charitable Advisor(s). If upon the death, resignation, or incapacity of an advised fund’s donor(s), the Foundation has not received in writing the names of an additional Charitable Advisor(s) or Successor Charitable Advisor(s) to the fund, the Foundation will transfer within 90 days the fund’s balance to the Foundation’s Trustee Philanthropic Fund for distribution to public charities chosen by the Foundation’s Trustees.

## **GRANTS**

**Minimums** – The minimum grant size is \$1000. The Foundation expects Charitable Advisors to recommend one grant of at least \$1000 from each fund at least every two (2) years. However, donors also may specify that no grants be made until the fund reaches a certain dollar amount. All grants from donor funds are subject to the Foundation’s variance power and spending policy, as noted below.

**Variance Power** – All donor funds established at the Foundation are subject to the Foundation’s “variance power,” as set forth in the Foundation’s Declaration of Trust. The variance power gives the Foundation the authority to modify any condition on grants from a fund for any specified charitable purpose or to any specified charitable organization if, in the sole judgment of the Foundation, such condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. In addition, the Foundation has the power to disregard or modify any recommendation of a donor or advisor. For example, the Foundation makes an effort to avoid grants to nonprofits that have practices that attack or malign entire classes of people for their immutable characteristics, and may modify any condition or modify or disregard any recommendation as necessary in furtherance of that policy. In the case of a fund that is established with special restrictions, the Foundation may also modify a grant request if the request does not meet the restrictions.

**Eligible Organizations** – Grants from funds established at the Foundation will be made only if they are consistent with the Foundation’s charitable purposes, as identified in the Foundation’s Declaration of Trust, and to organizations that are qualified Section 501(c)(3) organizations classified as public charities or private operating foundations. The Foundation will not make grants from any fund (1) for any purpose that would or could be construed as providing a benefit to donors, donor advisors, or related parties, including but not limited to memberships, sponsorships, raffles, tickets, loans, compensation, expense reimbursements or similar payments; or (2) for the purpose of carrying on propaganda, attempting to influence legislation, or to participate or intervene in (including the publishing of or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office. In accordance with IRS Notice 2017-73, a distribution to an eligible organization will not be considered to result in a more than incidental benefit to a donor merely because the donor has made a charitable pledge to the same organization, provided that the Foundation makes no reference to the existence of any such pledge when making the distribution.

**Ineligible Organizations:** The following types of organizations are not eligible to receive grants from the Foundation’s donor-advised funds:

1. Private Foundations. Section 501(c)(3) organizations classified as private foundations within the meaning of Section 509(a)
2. Controlled Type I or Type II Supporting Organizations. Section 501(c)(3) public charities classified as a Section 509(a)(3) “Type I” or “Type II” supporting organization where the donor or a donor’s advisor controls the supporting organization’s supported organization(s)
3. Non-functionally Integrated Type III Supporting Organizations. Section 501(c)(3) public charities classified as Section 509(a)(3) Type III supporting organizations that are not “functionally integrated” (within the meaning of Section 4943(f)(5))

**Restricted Charitable Gift Funds** – If a Gift Fund has been established with a special distribution restriction, the Charitable Advisor is responsible for only submitting grant requests that meet that distribution restriction. The Foundation may also verify that the request meets the restriction and may include the special restriction language in the letter to the receiving charity that accompanies the grant check or notice.

**Inactive Funds** – In order to carry out its policy of consistently distributing charitable dollars for charitable purposes, the Foundation will review periodically the grant-making activity of every donor-advised fund. If a fund has failed to make grants commensurate in size with the Foundation’s spending policy over a two-year period, the Foundation will contact the Charitable Advisor to encourage grant recommendations from the particular fund. For every year thereafter in which grants are not recommended by a Charitable Advisor, the Foundation will institute grants from the particular fund one or more Section 501(c)(3) public charities in accordance with the Foundation’s Spending Policy. If a restricted fund has entered its 5th year of inactivity (i.e., no grants recommended by a Charitable Advisor), the Foundation will consider the particular fund to be abandoned and will transfer the assets to the Foundation’s Trustee Philanthropic Fund for distribution to public charities chosen by the Foundation’s Trustees.

**Forms of Communication** – Charitable Advisor recommendations concerning grants from a donor-advised fund will be considered only if offered in writing (including facsimile transmission or electronic correspondence) by a Charitable Advisor or, if there are no remaining Charitable Advisors, Successor Charitable Advisor(s) to the fund, as designated in writing by the donor(s).

## **OTHER TERMS AND CONDITIONS**

**Electronic Delivery** - By establishing a Charitable Gift Fund with the Foundation, donors authorize the Foundation to deliver any type of document relating to such fund, instead of via paper copies, either by email to an email address the donor provides to the Foundation or by referring the donor to a website. A donor's consent to electronic delivery may apply to delivery of documents such as prospectuses, trade confirmations, account statements, tax documents and privacy statements. Any donor or Charitable Advisor may revoke this consent at any time. A donor or Charitable Advisor may also, at any time and without revoking this consent, request from the Foundation a paper copy of any document provided to the donor or Charitable Advisor electronically under this consent.

**Fees** – Donor funds established at the Foundation are subject to administrative and investment fees. Please see the appropriate Charitable Gift Fund Fee Schedule for more information. The Foundation reserves the right to change its fee structure at any time.

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

**Modification of Terms** – The Foundation reserves the right to modify the terms and conditions of this agreement as necessary. The latest version of the Terms and Conditions is available from the Foundation upon request.