

RSF DONOR ADVISED FUNDS

# Program Guide

November 2016

*"Free gifts are the most fruitful thing of all  
in the whole economic process."*

-Rudolf Steiner

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## INTRODUCTION

The RSF Donor Advised Fund Program Guide details the benefits, policies, and procedures of creating and sustaining a donor advised fund at RSF Social Finance (RSF). RSF is a public charity described in Section 501(c)3 of the United States Internal Revenue Code. All activities of RSF and donor participation in the Donor Advised Fund program are subject to the terms and conditions of this Program Guide. We may revise this Program Guide at any time to reflect changes in the program.

## ABOUT RSF SOCIAL FINANCE

RSF Social Finance (“RSF”) was incorporated in 1936 as the Rudolf Steiner Foundation, Inc. for the purpose of supporting organizations inspired by the work of Austrian social philosopher Rudolf Steiner. In 1984, RSF began providing direct loans, primarily mortgage and construction loans, to organizations that likewise supported Steiner’s insights on associative economics and social renewal. In the late 1990s, RSF expanded its mission to serve a broader range of clients with compatible values and intentions, including those engaged in non-profit and for-profit social enterprise.

Today, RSF provides opportunities for people to align their investing and giving with their values and connects social entrepreneurs with diverse forms of capital. RSF believes that people are served best by long-term financial relationships that are direct, transparent and personal. These relationships build the foundation for trust and collaboration to emerge, leading to long-term social, economic and ecological benefit. Since 1984, RSF has made over \$450 million in loans, grants, and investments to social enterprises in the areas of food & agriculture, education & the arts, and ecological stewardship.

RSF frames all of its work in terms of its vision, mission, and values.



### **Vision**

We envision a world in which money serves the highest intentions of the human spirit and contributes to an economy based on generosity and interconnectedness.



### **Mission**

To create financial relationships that are direct, transparent, personal and focused on long-term social, economic and ecological benefit.

### **We achieve our mission by:**

- Offering investors and donors dynamic ways to align their money with their values
- Connecting entrepreneurs with diverse forms of capital
- Empowering leaders and advancing innovations in the field of social finance



### **Values**

Cultivating Gratitude > Building Trust > Encouraging Radical Collaboration

## ABOUT A DONOR ADVISED FUND

RSF's Donor Advised Funds are a simple way to partner with us for your charitable giving. With as little as \$5,000, you can join an active community of values-aligned donors, partners, and staff working to build the next economy.

### **PARTNERSHIP.**

Our clients see giving as part of their identity and place in the world, and are looking for a partner who gets it.

### **INVEST FOR IMPACT.**

We invest your dollars in a mission-aligned portfolio that maximizes positive social and ecological change.

### **SIMPLIFY YOUR GIVING.**

Now you can give, stay up-to-date on your funds and recommend grants—all in one place. You also get the full tax benefit of your gift.

### **HELP HEAL THE ECONOMY.**

The support costs from your fund assist us in pioneering work like our integrated capital approach, Shared Gifting, and Money & Biography conversations.

## OPENING A DONOR ADVISED FUND

To set up a RSF Donor Advised Fund, simply complete and sign the Agreement Form found at the end of this document. Please read through this program guide carefully before completing the Agreement Form.

**CONTRIBUTIONS.** You may establish a RSF Donor Advised Fund account by making an initial irrevocable contribution of \$5,000.00 or more. The minimum amount for subsequent contributions is \$500.00.

**MINIMUM BALANCE.** All donor advised funds must maintain a minimum account balance of \$500.00.

**3RD PARTY CONTRIBUTIONS.** Individuals, corporations, and foundations who are not the initial donor to the account may make contributions to RSF to be credited to a donor advised fund. Other contributors are not eligible for any advisory services by making these additional contributions.

**TYPES OF CONTRIBUTIONS.** Donor advisors may contribute cash, mutual fund shares, stocks, bonds, and other marketable securities to their accounts. Under certain circumstances, RSF is also able to accept shares of privately held companies. Cash contributions can be delivered by check or wire transfer. Check contributions should be delivered to RSF Social Finance at 1002 O'Reilly Avenue, San Francisco, CA 94129.

**IRREVOCABLE GIFTS.** Once RSF has accepted a contribution to a donor advised fund, it is an irrevocable gift owned and held by RSF.

## TAX DEDUCTIONS

You are eligible for an income tax deduction for all assets contributed to a donor advised fund. Your deduction will depend, in part, on the type of asset contributed. Please consult with your tax advisor to determine the amount of your deduction.

**DEDUCTION LIMITATIONS.** Your deduction for charitable contributions is subjected to certain Internal Revenue Code limitations that limit the deductions that can be taken to a stated percentage of your adjusted gross income (AGI) in the year the contribution is made. However, contributions in excess of these percentage limitations may be carried forward up to five subsequent years. Deductions for contributions of appreciated securities held for more than one year are limited to 30% of AGI. Deductions for all other contributions may be taken up to 50% of AGI. Please contact your tax advisor to determine your tax deductibility limits.

**DEDUCTIBILITY OF PUBLICLY TRADED SECURITIES.** For publicly traded securities held for more than a year, your deduction will be up to the fair market value of the securities contributed. For securities or mutual fund shares held for one year or less, your deduction will be limited to the lower of your cost basis or the fair market value.

**ESTATE TAX.** Since contributions to the donor advised fund are irrevocable gifts, those contributed assets and any earnings related to your contributions will not be included in your estate and will not be taxable upon death. You may also be able to reduce your estate taxes by making a bequest to the donor advised fund in your will. You should consult with your legal or tax advisor for advice on estate planning.

**INCOME AND EARNINGS TREATMENT.** Income that accrues to your donor advised fund will increase the fund's available balance for charitable grant making, but will be neither taxable nor deductible to you.

## INVESTMENT PORTFOLIO

RSF invests every Donor Advised Fund in line with our organizational purpose, values, and operating principles and to align with our investment thesis to seek out investments that are direct, transparent, and based on long-term relationships. DAF investments are selected based on their social and environmental impact as well as their financial performance. Funds that are waiting to be granted out are invested in the Liquidity Portfolio.

The Liquidity Portfolio seeks safe and liquid cash opportunities that achieve deep impact. This portfolio is comprised primarily of deposits with leading community development and environmental banks. It focuses on creating long-term relationships with banks that offer unique opportunities for social and environmental impact in their local communities by supporting economic development projects, affordable housing, and environmental initiatives. This portfolio offers donor advisors an opportunity to preserve principal and maintain liquidity for grantmaking while supporting leading mission-driven financial institutions. Target returns are commensurate with money market accounts.

## SAMPLE INVESTMENT

**NEW RESOURCE BANK** is working towards a 100% mission aligned loan portfolio. At the end of 2012, 74 % of NRB loan commitments and 69 % of their loans outstanding were mission oriented; the remainder were traditional community bank loans made to local businesses during the bank's start-up phase. NRB is now focused on lending to businesses with green products and services, businesses that are committed to improving their operational sustainability, and sustainability-oriented nonprofits.

## GRANTMAKING

**GRANT RECOMMENDATIONS.** As the donor advisor, you may recommend grants from your donor advised fund to qualified 501(c)3 charitable organizations. Once you complete and submit a Grant Recommendation Form (a copy of which can be found at the end of this document), your recommendation is reviewed by RSF's Philanthropic Services staff and processed within 5 days of receipt. Grant recommendations are reviewed and processed weekly.

**GRANT DISBURSEMENTS.** Philanthropic Services processes grants weekly, and our default is to disburse grants by check, unless otherwise requested by the donor advisor or grantee. Typically, wires are sent on Fridays and checks mailed on Monday. Grants over \$25,000 and foreign grants require a minimum of two weeks for processing. RSF will send a letter accompanying each grant to the recipient organization identifying the gift according to your wishes as specified in the Grant Recommendation.

**GRANT GUIDELINES.** The following guidelines apply to your grant recommendation:

- **Minimum Grant Amount:** \$250.00
- **Minimum Foreign Grant Amount:** \$5,000
- **Number of Grants Allowed:** Unlimited
- **Eligible Charities:** Grants can only be made to charitable organizations recognized as tax-exempt by the Internal Revenue Service. Under certain circumstances, RSF may make grants to foreign charitable organizations; however, these grants are subject to more rigorous due diligence and follow-up procedures, and are subject to additional fees.
- **Ineligible Grants:** Grants may not be made to private non-operating foundations or political candidates or parties. Grants also cannot fulfill pre-existing pledges or confer a private benefit. This includes but is not limited to payment of membership fees, purchase of benefit tickets or items bought at a charitable auction.

For more information about recommending grants, please contact Alex Haber, Program Manager, at 415.561.6188 or [alex.haber@rsfsocialfinance.org](mailto:alex.haber@rsfsocialfinance.org).

## FEES & EXPENSES

**RSF COMMUNITY CONTRIBUTION.** The goal of Philanthropic Services at RSF is to cultivate gift as the source of economic life. RSF's Donor Advised Funds are only one important part of that work. Unlike at a bank or investment management firm, all the costs that are assessed from your Donor Advised Fund go directly to support RSF's mission-driven work. As a not-for-profit, funding for our operations allows us both to provide you with excellent, human-centered client services, and to innovate in the fields of social finance and philanthropy. RSF will deduct the following Community Contribution from your account on an annual basis:

- 1.25% of the first \$1,000,000 of the Fund's net asset value;
- 1.00% of the next \$2,000,000 of the Fund's net asset value up to \$3,000,000; and
- 0.75% of the Fund's net asset value over \$3,000,000.

**INVESTMENT FEES.** In addition to the RSF Community Contribution, RSF will charge 0.60% annualized on assets invested in the Liquidity Portfolio.

**FOREIGN GRANT FEE.** Due to additional due diligence and follow-up requirements, all grants made to foreign charitable organizations are subject to the following fee schedule:

- \$750 for foreign grantees new to RSF;
- \$500 per grant for repeat grantees if either of the following conditions apply:
  - » No grants have been made for over one year
  - » Changes to the organization's structure or leadership require new due diligence, even if less than one year has passed since the most recent grant; and
- \$350 per grant for repeat grantee within a year of the most recent grant, and no additional due diligence is required.

**OTHER FEES.** In addition to the fees described above, commissions and other fees incurred by RSF in selling contributed property are charged to the individual donor advised fund. These fees will be calculated and deducted in 12 installments of one-twelfth of the applicable annual rate as of the end of each month. Fees are reviewed periodically and are subject to change from time to time by RSF upon written notice.

## SUCCESSION OPTIONS

**SUCCESSOR.** When you open a donor advised fund, you may choose a successor(s) to take over the account and make grant recommendations after your death. You may name any individual you like, including your spouse, child, heir, or other representative. If it is a joint account, succession applies only after the deaths of all donor advisors. Therefore, if one donor advisor dies, the remaining donor advisor(s) retains all rights to recommend grants and name successors. Upon assuming the rights and responsibilities of the donor advised fund, the successor(s) may designate his or her own successor(s).

**CHARITABLE BENEFICIARY.** Instead of naming an individual as a successor, you may choose to recommend one or more qualified organizations as the beneficiary of the account, subject to the review and approval of RSF. Once RSF has been notified of your death, your beneficiary would receive the remaining account balance less any pending fees, provided that the beneficiary continues to be a qualified charitable organization.

You may choose a combination of both successors and beneficiaries for your account. You may also change your designated successor(s) or beneficiary at any time.

**NO SUCCESSOR.** If you do not name a successor or recommend a charitable organization as your beneficiary, upon your death the balance of your account will be transferred to the RSF Advised Fund for general grant making at RSF's discretion.

## RECEIPTS AND STATEMENTS

**CHARITABLE GIFT RECEIPTS.** Upon acceptance of a gift, RSF will provide you with a gift confirmation letter acknowledging the gift. You will be responsible for establishing the value of non-cash contributions for tax deduction purposes.

**STATEMENTS.** RSF will provide you with quarterly account statements indicating the fund balance and fund activity for the period, including:

- Gifts received and credited to the fund;
- Grants made from the fund;
- Market gain/loss on investments;
- Investment income;
- Fees and expenses;
- Net investment performance;
- Any other activity; and
- Updates about the activities and impact of RSF's Donor Community and the investments held by your fund.

Upon request, statement copies may be distributed to third parties. Statements are generally mailed within 30 days following the end of each calendar quarter.



### CONTACT US

To establish a donor advised fund or for more information about the program, please contact Alex Haber, Program Manager, at 415.561.6188 or [alex.haber@rsfsocialfinance.org](mailto:alex.haber@rsfsocialfinance.org)



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