

Donor's Guide to Donors Trust



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This guide describes the philanthropic funds and services available through DonorsTrust as well as important policies, procedures, and benefits. In the event of any inconsistency between the terms of this guide and the Trust's bylaws, the terms of the bylaws will govern the rights and obligations of the Trust and its contributors. The Board of Directors reserves the right to modify the program and this guide at any time.

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*We make a living by what we get,
we make a life by what we give.
-Winston Churchill*

1. Mission & Principles

DonorsTrust is the only nationwide donor-advised fund sponsor dedicated to promoting a free society as instituted in America's founding documents and serving donors who share that purpose. We and the donors who use DonorsTrust share a commitment to protecting our nation's constitutional liberties and strengthening civil society through private institutions rather than with government programs.

At DonorsTrust, our primary focus is on our donors and protecting their donor intent. Over time, we have too often witnessed philanthropic capital stray from an original donor's free-market ideals—the very principles that made their philanthropy possible in the first place. As an antidote to this drift, Kim Dennis and Whitney Ball established DonorsTrust in 1999 as a 501(c)(3) public charity to preserve the intent of donors dedicated to the ideals of limited government, personal responsibility, and free enterprise. Based on this premise, DonorsTrust is dedicated to supporting charitable causes that seek to maximize individual and economic liberty by minimizing government intervention in the personal and public lives of individuals and encouraging others to do the same.

We are pleased to support a variety of charities that do not rely on large amounts of government funding. A broad assortment of charities fall under the umbrella of "liberty," including research hospitals, private schools, universities, civic organizations, religious organizations, and public-policy groups, to name a few.

Over the past 20+ years, DonorsTrust has granted more than \$1.5 billion to groups that work daily to advance these objectives. Each group is approved – and regularly reviewed – to ensure its work is in line with the principles of limited government, personal responsibility, and free enterprise. We view ourselves as the community foundation for liberty, able to handle the unique situations each donor brings. Our team combines personal service, deep knowledge, and a focus on advancing liberty that is impossible to find with any other donor-advised fund.

The Benefits of Working with DonorsTrust: Your donor-advised fund at DonorsTrust offers a number of important benefits to you and your charitable giving.

Smart Giving: You will immediately receive the highest charitable tax deduction allowed by law when you establish and contribute to your DonorsTrust charitable account.

Convenient Giving: Meet your charitable goals by requesting grant disbursements from your account whenever and however you would like, without the administrative burdens and overhead costs of managing a private foundation.

Principled Giving: Be assured DonorsTrust will protect your intent to disburse grants to those charitable organizations that promote liberty as long as your account exists – even beyond your lifetime.

2. Donor-Advised Funds

Donor-advised funds (DAFs) are unique philanthropic vehicles established by 501(c)(3) publicly supported charities, such as DonorsTrust, that serve as charitable giving accounts. Contributions to your DAF account are irrevocable, unrestricted charitable gifts to DonorsTrust. Because the gifts are irrevocable and unrestricted, the gifted property becomes the sole property of DonorsTrust, and the value of the gifted property is immediately tax deductible within legally established limits for charitable gifts.

Contributions to your account are given with the understanding that you may “recommend,” or “advise,” grant disbursements from your account at any time to publicly supported 501(c)(3) charities that fall within your donor intent and the mission of DonorsTrust. You may choose your desired level of disclosure to receiving organizations. All check writing, record keeping, and other administrative responsibilities rest on DonorsTrust.

The assets held in your account may be invested in the money market or other investment pools offered by DonorsTrust. Other than administration fees (see Section 10 for fee schedule), there are no hidden start-up costs, annual excise taxes, or additional legal and accounting fees involved with establishing or managing a DonorsTrust DAF account.

Limitations on DAF Account Grants: Legally, there are limitations on grants that can be made from your DAF account. For example, neither you nor any individual may receive a benefit as a result of a grant issued from your account (such as a meal at an event). Grants from a DAF account may not be used by the grantee for political or lobbying activities (including costs related to a non-profit’s “H election”). Also, grants may not satisfy a legally enforceable pledge made by you to the grantee (though DonorsTrust may enter into such a pledge on a donor’s behalf). For more on eligible/ineligible grants, see page 13.

DonorsTrust Unique Benefits

Unlike commercial donor-advised funds, DonorsTrust provides a protective boundary around the charitable accounts in our care. Our clients may be assured that their unique, liberty-oriented charitable intent and legacy will be honored now and in the future.

As with all DAFs, organizations receiving grants from DonorsTrust must be approved by the Board of Directors to ensure those organizations adhere to the mission and principles of DonorsTrust and its clients. Unlike other DAFs, the DonorsTrust board of directors and its officers share your commitment to principles of liberty and freedom, offering a safeguard to your donor intent, a commitment they reaffirm each year. If the DonorsTrust mission reflects your charitable intent, your legacy will be honored and will not be subject to the whims of your successors.

DonorsTrust also offers individual attention and personal service so that your charitable intent

and purpose can be carried out in the most effective manner. Staff are available to answer your questions and assist you in whatever way is needed, whether these are simple needs or something more complex. If you wish assistance in developing a giving strategy and searching out potential grantees, foundation-style philanthropic consulting may be arranged with DonorsTrust.

3. Types of Funds

Donor-Advised Fund

Donor-advised fund accounts can be creatively structured to best suit your charitable goals and objectives. Whether you wish to support specific public charities and receive foundation-style services, set aside money for charitable purposes in the future, or create a clear giving record so that others may preserve your legacy, a DAF account at DonorsTrust will give you the flexibility and support to achieve your philanthropic goals. DAF accounts can be funded with an initial gift of as little as \$10,000, with no minimum account balance required thereafter.

As part of the application process, you are asked to submit a written statement to DonorsTrust clearly expressing your charitable intent. This statement will help guide DonorsTrust and future advisors you choose to steward your account in making grants from your account after you are gone. Any proposed grant recommendations must fall within the grant-making guidelines of DonorsTrust as well as meet the requirements of your intent statement. During your lifetime, by simply providing updated written instructions to DonorsTrust, you may change your intent and recommendations, as well as advisors to the account, at any time without the expense or hassle of visiting an attorney. This feature of a DAF account significantly simplifies your estate planning burden.

Alternatively, if you wish to develop or accomplish a highly focused giving strategy or rely on DonorsTrust to disburse the funds, consider establishing one of our other philanthropic accounts. If you establish a DAF account of at least \$1,000,000, you may take advantage of special portfolio management options, including using an outside investment advisor. Contact us for further information.

Legacy Society Account

As founding president of DonorsTrust, Whitney Ball committed herself and the organization to promoting the idea of donor intent. Whitney passed away in 2015, but her commitment to these principles continues in the Whitney Ball Legacy Society. A Legacy Society account may be a current donor-advised account with a clear and stated plan for using the fund for legacy giving. Alternatively, a legacy fund can be set up to open and be funded after death by those naming DonorsTrust as a/the charitable beneficiary in their estate plans.

We encourage all account holders to consider how their existing DAF can serve as the charitable beneficiary of bequest funds. This ensures those gifts are made in accordance with your giving intentions. This is also why we ask each account holder to provide a clear donor intent statement, a defined sunset period for the account, successor advisors when desired, and instructions for final disbursements.

DonorsTrust pledges to carry out your charitable intent by supporting your named charities, holding your successors accountable to your intent statement, and/or executing a specific charitable plan. We also continue to monitor the charities listed in your plans to ensure they continue to operate in line with your intentions. Should an organization drift from your stated goals or should it no longer exist, DonorsTrust will identify the next-best organization in line with your goals or will adjust grants to other causes accordingly.

Those choosing not to utilize a DAF during their lifetimes can still be part of the Whitney Ball Legacy Society by establishing a bequest account as part of their estate plans.

A bequest account functions almost identically to a DAF account (and is considered a DAF account by the Internal Revenue Service). However, a bequest account is funded only at death, rather than during your lifetime. It is used as a means of ensuring that your charitable intent is carried out in your absence and minimizes the complexity of making charitable gifts to multiple charitable beneficiaries as part of your estate plan.

To establish a bequest account, complete and submit a bequest application form, including an intent statement. Once DonorsTrust has accepted your application, work with your attorney to modify your testamentary documents (e.g., last will and testament, trust agreement, etc.) to provide for a gift to DonorsTrust directed to the bequest account. Once the account is funded, DonorsTrust or your successor advisor (named in the application) makes requests for grants from the account. Grant requests for a bequest account are subject to the same rules and conditions applicable to DAF accounts established during your lifetime. In order to protect your intent in your absence, DonorsTrust's Board of Directors (or officers acting on its behalf) will weigh grant requests against your statement of intent, charitable plan, and recommended grantees. If, in its sole discretion, DonorsTrust believes the request conflicts with your intent statement or plan, the advisor's request will be rejected.

At your discretion, your intent statement may specify the scope of grants your successor advisor may recommend, including that all recommendations be honored, in which case DonorsTrust will limit its review of the request to making sure the grantee falls within the protective boundary of DonorsTrust's mission statement.

As with all DAF accounts, acceptance of your successor advisor's recommendations is at the sole and absolute discretion of DonorsTrust's Board of Directors (or Officers acting on its behalf).

The Novus Society

The Novus Society is DonorsTrust's donor-advised fund program for emerging philanthropists under age 40. The Novus Society donor-advised funds operate the same as our traditional accounts, but with lower required contributions. To open a Novus Society account, an initial contribution of at least \$1,000 is required. Once the account reaches \$5,000, the accountholder(s) may begin making grants, with no minimum account balance required after that point.

Membership in the Society also brings various social, educational, and mentorship opportunities to help donors grow in their giving. Above all, the Novus Society offers a means to further foster the habit of charitable giving in the rising generations.

For full details about Novus Society account requirements, see Appendix D.

Group Donor-Advised Fund

In the case of a group, organization, foundation, or corporation sponsoring an account, a primary account holder is generally appointed to coordinate the account's grant requests and receive communications from DonorsTrust. Additional advisors may be appointed, and groups or companies may have their own internal processes for making grant recommendations that are then requested formally by the primary account holder. DonorsTrust does not police internal processes of account holders and advisors.

DonorsTrust accepts advice from the advisor(s) appointed by the group to serve as the primary account holder, primary co-holder, and/or additional advisors. Account holders may also establish informational advisors who can communicate with DonorsTrust about the account but do not have the authority to request grants. DonorsTrust requires those who plan to participate in a group donor-advised account to expressly determine who will recommend grants and how succession will work.

DonorsTrust staff can help you think through procedures and management of a group account. If multiple donors will be giving into the account, we will create a contribution form you can share with potential donors. A donor giving into the fund who is not an advisor on the account does not gain advisory privileges for grant making as a result of giving into the fund.

Finally, all assets allocated to an account at DonorsTrust are the sole, unrestricted property of DonorsTrust, and DonorsTrust has no liability to any third party, including but not limited to account advisors and donors to an account at DonorsTrust, as a result of accepting and acting upon grant advice, refusing to act upon grant advice, or issuing grants from an account.

Strategic Venture Fund

Strategic Venture Funds allow donors to band together to target specific philanthropic challenges in a particular area of interest, such as health care, education reform, or other issues that may draw interest from multiple donors. These strategic venture funds rely on an advisory committee or an individual with expertise in a specific field to recommend grants to DonorsTrust's Board of Directors for disbursement. Contributions of any size over \$100 are welcome, and all gifts are eligible for an immediate charitable tax deduction. Please contact DonorsTrust for a Strategic Venture Fund Application Form and fee schedule.

4. Establishing a Fund

Eligibility

DonorsTrust will accept contributions from individuals, estates, trusts, private foundations, supporting organizations, corporations, and other business entities to establish a DAF account. DonorsTrust does not accept money from government entities. All contributions and DAF account applications are subject to approval and review by DonorsTrust's Board of Directors (or Officers acting on its behalf). DonorsTrust encourages all donors to consult their tax and legal advisors about the advantages of making a charitable gift to DonorsTrust and incorporating DonorsTrust into their estate planning.

Application Process

You may open a DAF account by completing the appropriate application form (be it a traditional donor-advised fund, Novus Society, strategic venture fund, or Legacy Society). The application requires you to:

- determine a lead account holder, who coordinates the account's distributions and receives communications from DonorsTrust;
- name your DAF account and choose a default privacy preference;
- express investment preferences for the account assets (see Appendix G); and
- confirm acceptance of the terms outlined in the Memorandum of Understanding that governs the account (please note: should a discrepancy exist between this Donor's Guide to DonorsTrust document and the MOU, the MOU takes precedence).

While not required to establish the account, we strongly encourage you, when opening, to:

- provide a written donor intent statement; and
- select successor advisors (who advise after the lead account holder's death or disability), beneficiaries, and other options for the eventual closure of your fund.

In some cases, we may work with you to customize a philanthropic solution that does not fit squarely within the application's parameters.

An online application is also available on the DonorsTrust website for both traditional and Novus Society funds. This form is shorter and omits some of the donor-intent focused sections, which can and should be completed at a later time. The online form is useful for active givers ready to move quickly to open their donor-advised funds.

Although you or an account advisor may choose to recommend grants to any public charity in line with DonorsTrust's mission, by statute DonorsTrust may not establish a DAF account whose application indicates that only one organization is eligible to receive grants from the account, nor may an account be established for the purpose of supporting only one charity.

After you complete the application form, mail, e-mail, or fax it to DonorsTrust. When DonorsTrust

receives your initial irrevocable gift of cash or other property valued at \$10,000 or more, the account will be opened. (In the case of a Bequest Fund, a gift is not expected to accompany the application form; in the case of Novus Society accounts, the opening gift must be at least \$1,000.) Your account will be established subject to the approval of the Board of Directors or its Officers acting on its behalf. After establishing the account, there is no minimum account balance requirement, although DonorsTrust may choose to close or suspend an account after one year of inactivity.

5. Contributing to a Fund

All account holders must complete the appropriate application form and include it with or submit it prior to their first contribution. You may send contributions and application forms by mail or electronic means as directed in the application instructions. Once accepted by DonorsTrust, any contributed property is an irrevocable and unconditional charitable gift to DonorsTrust, owned and held by it, solely, the value of which will be allocated to your DAF account balance.

By statute, all contributions to a DAF account are part of DonorsTrust's general operating funds, but are accounted for in a separate designated account. Account advisors have the privilege of advising grant disbursements from their accounts, as well as to which approved investment pool(s) the account funds should be invested. No goods or services may be provided in return for a contribution.

Minimum Contribution

The minimum initial contribution to set up a traditional DonorsTrust DAF account is \$10,000. The minimum additional contribution is \$100. There is no required minimum account balance after the initial contribution is made. Novus Society accounts may be opened with at least \$1,000, but grantmaking privileges are not offered until the account value is \$5,000 or more. Legacy Society accounts may be opened with no initial contribution.

Third-Party Contributions

Third parties – contributors other than the account holder(s) – may make contributions directly to DonorsTrust for the benefit of a DAF account and receive a charitable tax deduction. The \$100 minimum contribution still applies. Contributions must be accompanied by documentation indicating the third party's contact information, the amount of the contribution, and the account to which the contribution should be credited. Outside contributions by a non-account holder do not confer advisory privileges of any kind over the fund to which the gift is given. Checks must be made out to Donors Trust, Inc. or DonorsTrust to be accepted. If the check is made payable to any other entity instead of or in addition to DonorsTrust, our financial institution will not deposit it, and the check will be returned.

Contributable Assets

Contributions of cash, mutual fund shares, stocks, and bonds qualify as tax-deductible gifts to the extent provided by law. Certain other assets, such as closely-held or restricted stock, real estate,

cryptocurrency, art, and antiques, are eligible contributions subject to acceptance by the DonorsTrust Board of Directors. The valuation of such gifts must be determined in accordance with applicable statute and administrative guidance to substantiate the value of your gift (generally, you must receive substantiation of your charitable gift prior to the date you file your income tax return for the tax year during which the contribution was made). DonorsTrust does not provide valuation estimates for non-publicly traded securities or assets such as art and real estate. An independent appraisal is required in connection with such contributions. Consult your tax and legal advisors for further information.

Cash contributions must be denominated in U.S. dollars and delivered by wire or by a check drawn on a U.S. bank. Checks should be made payable to "Donors Trust, Inc." or "DonorsTrust" and delivered to DonorsTrust at the address specified in the application or additional contribution form. To ensure proper crediting of your contribution, indicate the fund name in the memo line of the check only. Please request the Asset Transfer Guidelines from DonorsTrust for information regarding securities and wire transfers. Cryptocurrency contributions are conducted through our account with Coinbase. ACH transfers can also be facilitated. Contact us for further details regarding crypto or ACH.

Important Note: DonorsTrust cannot accept contributions that include anything other than DonorsTrust's name in the "payable to" line. Occasionally, contributions are sent in with the DAF name as the payee. Our financial institution will not accept a contribution made payable to any entity other than DonorsTrust or Donors Trust Inc. Any contributions we receive in that condition will be returned. Likewise, contributions that specify an intended grantee, either in the payee line or in the memo/miscellaneous informatoin portions of a contribution, will be refused or returned.

Bequest Gifts

You may name DonorsTrust as the beneficiary of a bequest or testamentary transfer, under a will or trust, of cash, securities (including mutual fund shares, Individual Retirement Account assets, or other benefit plan assets), and other assets, subject to acceptance by DonorsTrust. Additionally, you may name DonorsTrust as the beneficiary of a charitable remainder trust, a charitable lead trust, or a life insurance policy.

If you are an account holder, DonorsTrust will follow the beneficiary requests indicated on your application form. If you are not already an account holder, please complete a Bequest Form and mail, email, or fax it to DonorsTrust. When your account is established, you may specify either a successor advisor(s) to advise the account once you are no longer able to do so or one or more charities as your beneficiary. If you do not include beneficiary information or name a successor advisor, DonorsTrust will create a weighted average of the last 24 months of grants from your account as a guide for grant disbursements. If there is no grant history attached to your account, DonorsTrust will distribute it to DonorsTrust's Whitney Ball Memorial Fund (see Appendix C).

If desired, your attorney can personalize from among the following instructions when structuring your will:

- “I give 25% of the residue of my estate to The Smith Fund of DonorsTrust, EIN 52-2166327.”
- “I give the sum of \$50,000 to The Smith Fund of DonorsTrust, EIN 52-2166327.”
- “I give 1,000 shares of X Corporation stock to The Smith Fund of DonorsTrust, EIN 52-2166327.”

Please consult your tax and legal advisor when setting up a testamentary gift or trust. Your tax and legal counsel may contact us directly to discuss any questions concerning testamentary gifts to DonorsTrust. Once language funding your bequest account or directing funds to an existing DAF account has been incorporated into your testamentary document(s), we strongly suggest you provide a copy of the language used to DonorsTrust so that we may keep it as part of the records associated with your account.

Confirmations & Receipts

Upon receipt of all charitable gifts, DonorsTrust will provide you with written confirmation of receipt and acceptance of the contribution. The confirmation letter will include a description of the contribution received (e.g., the date and amount of any check received, a description of stock shares received and the date received) and will serve as an IRS-required gift receipt, which you must retain for all charitable gifts. While DonorsTrust may provide an estimate of the value of stock contributions, legally it is the donor’s responsibility to properly value the gift for tax purposes, and it is DonorsTrust’s responsibility to accurately describe the gift.

Note that DonorsTrust will acknowledge receipt of and describe non-publicly traded securities we receive from you, but we will not provide an estimated value for such gifts. Again, it is the donor’s responsibility to accurately value the gift for tax purposes. Consult your tax advisor to ensure compliance with IRS requirements, which may include obtaining an independent appraisal and completion of tax forms by the donor.

6. Tax Considerations

A copy of the Internal Revenue Service’s letter to DonorsTrust determining its status as a public charity is included in this guidebook in Appendix A.

Charitable Deductions

Important Note: Since every taxpayer’s situation is different, the following discussion is general in nature and for informational purposes only. You may not rely upon this discussion as authoritative for tax purposes, and you should consult your tax and legal advisors before any charitable gift to determine its impact upon your unique facts and circumstances.

If you itemize your federal tax deductions, your contributions to DonorsTrust (a 501(c)(3), 509(a)(1) public charity) are eligible for a charitable deduction to the maximum extent provided for in the Internal Revenue Code. The deduction will depend, in part, on the type of asset contributed.

Consult with your tax and legal advisors to determine the deductible amount and deduction limitations, as well as any reporting requirements. The following instructions are provided for your general guidance, and may not apply to your unique set of facts and circumstances.

Cash: Your deduction is for the amount of your cash contribution up to 60% of your adjusted gross income (versus 30% for such gifts to a private foundation). Any amount in excess of the limitation may be carried forward and used as a deduction during your next five tax years.

Publicly Traded Securities and Mutual Funds: Publicly traded securities held for more than one year are, in general, deducted at their fair market value (FMV) on the date of the contribution (up to 30% of your adjusted gross income, versus 20% for such gifts to a private foundation). In most cases, FMV equals the mean of the high and the low prices reported on the date the contribution is received by DonorsTrust. Mutual fund shares held for more than one year may be deducted at the FMV of the shares contributed, determined by the closing price on the date the contribution is received by DonorsTrust. For securities or mutual fund shares held for one year or less, the deduction is limited to cost basis or FMV, whichever is less.

Closely-Held (non-publicly traded) or Restricted Stock: Your deduction is generally based on the FMV of the securities contributed (up to 30% of your adjusted gross income, versus 20% for such gifts to a private foundation). DonorsTrust will acknowledge receipt of the securities, but the IRS will require you to determine the FMV and prepare a tax form.

Cryptocurrency and Other Long-Term Capital Gain Appreciated Property: In most cases, your deduction is for the FMV of the contribution up to 30% of your adjusted gross income (versus 20% for such gifts to a private foundation). As with closely held or restricted stock, DonorsTrust will acknowledge receipt of the securities, but the IRS will require you to determine the FMV and prepare a tax form.

Account Income

Income that accrues to your DAF account (by way of third-party contributions or investment income) is by law income to DonorsTrust; therefore, you are not subject to tax on that income. Correspondingly, you cannot take a charitable deduction with respect to the income even though it is credited to your account. Since grants made from your DAF account to a qualified charity are grants made by DonorsTrust, you may not claim a charitable deduction for the value of grants made from your account. Rather, your deductions arise when you make contributions to your account. However, interest that accrues to your account is available for grantmaking from your account.

Estate Planning

Any contributions you make to DonorsTrust during your lifetime are no longer part of your taxable estate and are generally not subject to probate. Similarly, earnings related to property donated during your lifetime are never taxed to you, are not part of your taxable estate, and are not subject to probate. As your DAF account's assets belong to DonorsTrust, they therefore are not included in your estate tax calculation. Consult your legal or tax advisor for information regarding how charitable gifts to your account can benefit your estate plan.

7. Account Investments

You may request that assets in your account be invested among a money market fund and various other investment pools maintained by DonorsTrust. From time to time, at its discretion, DonorsTrust's Board of Directors may change the investment pools. Indicate your asset allocation preferences on the application form. To change the asset allocation of your account, simply request an Asset Reallocation Form, complete the form, and submit it to DonorsTrust in accordance with the instructions found on the form. You may request investment pool changes at any time. Approval of investment pool changes are subject to the discretion of the Board of Directors or its officers.

All account holders should consider each pooled fund's investment objectives and risks before recommending an investment strategy, and consider whether the requested allocation conforms with their giving plans. As with any equity investment, there is a risk of loss of capital. To obtain additional information about each investment option, please contact DonorsTrust.

If an advisor's investment allocation advice is accepted, timing of investment reallocations is at the sole discretion of DonorsTrust. In choosing when to rebalance accounts, amongst other factors, DonorsTrust considers how many account advisors have advised changes to their account investment allocations so as to minimize the number of trades required by DonorsTrust. Certain investment pools are subject to frequent trading restrictions, which may impact the timing of investment reallocations.

Finally, as discussed, account advisors have no ownership interest in accounts, and advice received by DonorsTrust may or may not be acted upon by DonorsTrust at its sole discretion. In establishing an account at DonorsTrust, advisors and account holders agree that they have no legally enforceable rights with respect to assets donated to DonorsTrust, including, but not limited to, rights with respect to how DonorsTrust decides to invest assets allocated to an account as well as the timing of any investment decisions taken by DonorsTrust.

See Appendix G for a description of the currently available investment pools or contact DonorsTrust for the most recent list of available investments.

Specialized Investment Management

If you wish to establish a DAF account with an initial balance of \$1,000,000 or more, you may take advantage of the opportunity to recommend an outside investment advisor. Fund holders may customize their investment holdings by recommending an investment advisor who will work with the officers of DonorsTrust to develop an investment strategy that best fits their giving plans.

As in the case of all advice concerning account funds, the Board of Directors, directly or acting through the Officers of DonorsTrust, reserve the right to accept or reject a recommended investment advisor and investment pool advice received at its sole and absolute discretion.

8. Recommending Grants

You may recommend grants from your DAF account to 501(c)(3) public charities that fall within DonorsTrust's mission and principles. All grant recommendations must be submitted in writing or electronically for approval by DonorsTrust's Board of Directors or its officers. Prior to receiving a grant, a grantee organization must be approved by the Board of Directors.

Grant Approval Guidelines

DonorsTrust is committed to honoring donor intent and ensuring a steady stream of resources to qualified operating charities. In other words, we encourage our donor-advisors to be active givers. We rely on them to bring potential grantees to our attention and, by doing so, increase the overall pool of grantees available to every DonorsTrust donor-advisor. DonorsTrust is the sole decision maker in approving grant requests and, as with all donor-advised fund sponsors, is not legally obligated to accept the grant advice from one of its donor-advisors. This is particularly true when such advice runs counter to the original donor-advisor's charitable intent and when such advice violates DonorsTrust's existing grant-making guidelines.

The DonorsTrust grants committee uses the following guidelines when choosing to accept or reject the advice from a donor-advisor. We recognize that potential grantees serve different and often unique missions, but our desire is to apply these evenly to each grantee.

1. The operating charity must be organized as a 501(c)(3) public charity in good standing with the IRS. This includes being up to date and transparent with its annual 990 filings with the IRS.
2. The operating charity must be primarily reliant upon private (non-government) gifts for its operations. Generally speaking, the grants committee prefers operating charities with less than 25% of its annual revenue from government sources (federal, state, and/or local).
3. The operating charity must pursue and accomplish its mission without advocating for an expansion in the scope and/or scale of government services and/or burdens at all levels.
4. The operating charity must conduct programs that are consistent with the principles of a free society: for example, limited public institutions, free enterprise (i.e. capitalism), equal access under the law, non-violence (direct and indirect i.e. via takings of property and/or exclusion via race or ethnicity that runs counter to equal access or free-enterprise principles), personal responsibility, entrepreneurship, and voluntary actions to address problems. Operating charities that are hostile to and/or operate counter to these principles would likely be rejected by the grants committee as DonorsTrust grant recipients.

Making Grant Recommendations

You may recommend an unlimited number of grant distributions (minimum value of \$100) by submitting a written Grant Distribution Request Form by mail, e-mail, fax, or via a secure portal on the DonorsTrust website. Grants are processed on a rolling basis and are usually distributed within three to six business days of a request receipt.

Grants are typically issued by check. In some cases, a grant may be sent to the grantee by ACH (electronic payment). There is no charge for grants via ACH. Not every grantee wishes to accept grants in this way, but we are happy to set grantees up to receive gifts via ACH if they so desire. ACH generally takes less if not the same amount of time than mailing a check.

If you wish to wire or express mail a grant, a **\$150** processing fee per grant will be debited to your account. While all efforts will be made to process a wire request on the day received, wires received after 12:00 pm Eastern Time will be acted on the following business day. It may take between 48 and 72 hours to process wire grant requests, depending upon the accuracy and completeness of information received concerning the grantee's bank account, the responsiveness of the grantee to inquiries prior to initiating the wire, and the time of day the wire request is received. We strongly recommend limiting wire requests to only the most urgent grant requests.

All grant recommendations are subject to approval by DonorsTrust's Board of Directors (or its Officers acting on their behalf) and must be for grants to public charities that do not contradict DonorsTrust's mission to promote liberty through limited government, personal responsibility, and free enterprise. If the account is a bequest account or is an account managed by a successor advisor at the time the grant request is received, and if you indicated on your application that DonorsTrust should limit grants to the terms of your intent statement, then DonorsTrust will deny the grant request if, at its sole discretion, DonorsTrust determines the request contradicts your stated intent. If your recommendation is not approved, DonorsTrust will notify you or your successor advisor.

Eligible & Ineligible Grants

Private non-operating foundations and certain supporting organizations are not eligible to receive grants from DonorsTrust. In addition, DonorsTrust will not normally approve grants to public charities that receive more than 25% of their annual revenue from government sources.

No grants are made to political organizations of any kind, including PACs, 501(c)(4)s, 501(c)(6)s, or 527s. In addition, every grantee that accepts a grant must agree that grant funds will not be used for political or lobbying activities, including the H election.

Giving to groups outside of the U.S. is rare, but in certain instances DonorsTrust is able to make gifts to international non-profit entities when DonorsTrust can acquire an equivalency determination for the organization. If giving to such entities is of interest, contact us to discuss further. International organizations with a "friends of" organization based in the United States generally pose no problems for giving.

You may not recommend grants:

- that result in private benefit to any person, such as school tuition, dues or memberships, or a gift directly to an individual;
- that result in anyone receiving benefit or gala tickets, or tickets to fundraising events;
- that result in a benefit of greater than incidental value.

Further, grants may not be made to satisfy an existing, legally binding charitable pledge. Every grantee receives a letter accompanying the grant check that states, among other things, that the

grant proceeds may not be used for lobbying activities or political contributions.

How can you tell if a grant results in a private benefit? While not the only factor, a grant results in a private benefit if the value of the tax deduction received by an individual making the contribution directly would be less than the value of the amount contributed to the grantee. This is the case when something of other than an incidental value is received by the individual as a result of their contribution (e.g., tickets to a show or dinner). Note that benefits such as “naming rights” or acknowledgements in a grantee publication are considered by the IRS to have no value, so they do not result in a private benefit.

Acknowledgement & Privacy

You may indicate how you would like to identify a grant when requesting a grant disbursement. Unless otherwise requested, the grant disbursement will be sent to the charity with a letter that includes the name of your fund (e.g. Jane and John Doe Fund, The Doe Family Fund, The Freedom Fund, etc.) as well as your name and address, and a statement that the grant was disbursed from the account at the recommendation of the account advisor. See Appendix B for sample grant letters.

Legally, the grant is from DonorsTrust; therefore, you may choose any degree of anonymity you desire. For example, a grant letter may simply include the name of your account. Alternatively, if you wish to remain completely private in your giving, both your name and the name of your account can be excluded from correspondence with grantees.

Unless otherwise directed, DonorsTrust will encourage charities to send an acknowledgment of your gift directly to you. **Please note that such acknowledgements are not substantiation for a charitable gift and should not be used to claim a tax deduction.** Tax deductions associated with your account occur at the time a completed gift is made to DonorsTrust, not at the time grants are disbursed from the account. DonorsTrust will provide gift receipts for your contributions to DonorsTrust for use in claiming and substantiating charitable deductions on your tax returns.

A Note on Privacy: When an individual makes a contribution to DonorsTrust or to any other 501(c)(3) public charity, the contribution is anonymous to the world at large under existing statutes and regulations. The primary anonymity afforded by a grant from your DAF account, as opposed to a contribution made directly to a charity by you individually, is anonymity from the receiving charity. Such privacy helps eliminate unwanted solicitations.

A final note: as with all public charities, DonorsTrust files an annual Form 990 tax return. Schedule B of Form 990 includes the name and address of any donor who in aggregate contributes 2% or more of the organization's annual donations. While the Form 990 filing is a publicly available document, the Schedule B filing is not made publicly available.

Minimum Grant Activity

At present there is no legal requirement stipulating an annual payout from a DAF account. In the event that a payout is mandated at some future date, DonorsTrust will provide written notification to each account holder. However, if there is no activity or communication regarding your account for a year, DonorsTrust may suspend your account. In such a case, your account can easily be reactivated with further activity. If continued lack of activity and communication continues for three years, we will consider the account abandoned and will implement any stated spend-down plans. If no such plans exist, the funds will be transferred to DonorsTrust's Whitney Ball Memorial Fund for unrestricted use.

9. Preserving Donor Intent

DonorsTrust DAF accounts are designed to allow you to maintain your charitable intent both during and after your lifetime. In addition to relying on the protective boundary of DonorsTrust's mission, you will share a detailed donor intent statement, appoint trusted successor advisors, recommend specific beneficiaries, and determine a term limit for your fund. DonorsTrust asks account holders to plan to close (or "sunset") their accounts within 25 years after the last original donor's death. There are no perpetual accounts at DonorsTrust.

Donor Intent Statement

So that DonorsTrust may better safeguard your charitable intent, you are strongly encouraged to describe your charitable principles, interests, and goals in writing on the Donor-Advised Fund Application Form and particularly on the Bequest Account Fund Form. You may request sample statements and assistance from DonorsTrust.

During your lifetime, you may amend your statement of intent in writing at any time during the existence of your account. DonorsTrust is able to administer and protect your charitable intent as long as your philanthropic principles do not contradict DonorsTrust's purpose to promote liberty through limited government, personal responsibility, and free enterprise.

Successor Advisors

You may designate individuals (including spouses, children, heirs, or representatives) to be assigned the privileges and duties associated with your DAF account after your lifetime. Only the original account holders may appoint successors, and successors only assume these duties after the deaths of all original account holders. You may indicate your wishes regarding successor advisors when completing your DAF account application form or in writing at any time during your lifetime.

If you name more than one successor advisor, the remaining account assets may be advised jointly

or separately. If the account is jointly held, all successors must sign each Grant Distribution Request Form. If the account is advised separately, you must indicate how assets and advisory privileges will be split among the successors. All accounts resulting from a split of the original account must start with a minimum balance of \$10,000.

All directives pertaining to succession will be exercised upon the death of the last original account holder. At that time, successor advisors must provide written notification and sufficient proof to DonorsTrust of the death of all original account holders. Only then will they be granted the privileges and duties of an advisor to your DAF account, including the ability to recommend grants. If your successor is a minor, DonorsTrust reserves the right to require the minor's legal guardian to make grant recommendations.

In order to protect your intent in your absence, in deciding whether to approve a successor advisor's grant request, DonorsTrust's Board of Directors (or officers acting on its behalf) will weigh the request against your statement of intent and recommended grantees. If, in its sole and absolute discretion, DonorsTrust believes the request conflicts with your intent statement, the advisor's request will be rejected.

At your discretion, your intent statement may indicate that all advice provided by a successor advisor should be honored in all cases, in which case DonorsTrust will limit its review to ensuring the grantee falls within the protective boundary of DonorsTrust's mission statement.

Notwithstanding the forgoing, as in the case of all accounts at DonorsTrust, whether to accept the advice of an advisor is at the sole and absolute discretion of the Board of Directors or officers.

Charity Beneficiaries

Should funds remain in your account once your indicated term limit is reached, you may recommend specific public charities to receive the remainder of your account's assets, either by name or as a weighted average of your past two years of giving. The application form provides instructions on how you or your successor advisors may designate charities as beneficiaries. You may also choose to make DonorsTrust your beneficiary. To do so, you may transfer all or part of your fund's remaining assets to the Whitney Ball Memorial Fund, DonorsTrust's unrestricted fund.

All charitable beneficiaries must be eligible grant recipients in good standing with DonorsTrust and the IRS at the time of grant disbursement. If a charity is no longer eligible and provisions were not made for a substitute, DonorsTrust will identify a substitute in keeping with your stated donor intent. If none can be found, DonorsTrust will transfer the grant to the Whitney Ball Memorial Fund at DonorsTrust. Likewise, if you do not specify a beneficiary by the date of your fund's termination, we will create a weighted average of grants over the past 24 months and distribute the remaining funds accordingly upon the term limit date of the account. Should there still be a balance, the remainder will go to DonorsTrust's Whitney Ball Memorial Fund. Amendments may be made to your beneficiary designations in writing at any time during your life and the lifetime of your account.

Term Limits

To further protect donor intent, DonorsTrust asks you to limit the term of your donor-advised account to a maximum of 25 years following your death. You may designate your term limit on

the application form. Only the original account holder(s) may make amendments to term limits, and the changes must be done in writing.

10. Services & Fees

DonorsTrust operates independently from any banking institution or private foundation, so we are not subsidized in any way. As a 501(c)(3) institution, DonorsTrust relies on occasional gifts from donors who appreciate our unique purpose within the free-market community. However, our administrative fees are our primary means of sustaining our operations. Fees are in keeping with industry standards. Fees are calculated using the daily closing value of the account and are typically charged quarterly.

Standard Fund Administrative Services

Standard administrative service fees apply to all DAF accounts and provide for grant disbursement, compliance with IRS reporting requirements, and quarterly financial statements. Additionally, DonorsTrust's staff and board of directors will ensure that all grantees conform to the grantmaking principles of DonorsTrust.

As of January 1, 2022, annual fees for most accounts are assessed in the following way:

- First \$1 million – 75 basis points (0.75%)
- Next \$1.5m – 65 bps (0.65%)
- Next \$2.5m – 60 bps (0.60%)
- Next \$5m – 50 bps (0.50%)
- Next \$15m – 40 bps (0.40%)
- Above \$25m – Please call to discuss

Average Account Value Fee: Annual administrative fees for standard accounts are calculated based upon the daily closing value of the account, with a quarter of the annual fee charged quarterly. This is the default setting for most accounts. The minimum annual fee for an account is \$100.

Off-the-Top Fee: For account holders who make a gift and intend to grant out the balance of the gift/account balance within 12-months' time, a one-time "off-the-top" fee will be charged upon receipt of the contribution(s). That fee will correspond to the scale above. These fees may be re-evaluated at year's end, and some fees may be reimbursed based upon on the donor's aggregate contribution level.

This fee schedule applies to all traditional donor-advised fund accounts, including Novus Society accounts as well as Legacy Accounts. Strategic venture funds will be charged a 1% off-the-top fee due to the additional workload required of these accounts. Giving to international groups, a growing program at DonorsTrust, likewise may have additional fees due to the more complicated

liability and additional rules that are imposed on such giving.

From time to time, DonorsTrust will review accounts to ensure that the fee structure is commensurate with account activity. DonorsTrust may, at its sole discretion, change the fee schedule for an account in order to maintain standard fee levels. As a reminder, all assets allocated to an account at DonorsTrust are the sole, unrestricted property of DonorsTrust. No person, including but not limited to account holders, advisors, and donors, has legally enforceable rights with respect to how assets allocated to accounts are ultimately used. Rather, account advisors have the privilege of providing advice with respect to account assets.

Gifts of Non-Cash Property and Non-Publicly Traded Securities

Depending upon the asset you wish to contribute, fees may range from 1.0% to 5.0% of the value of the asset at the time it is contributed, plus:

- the direct cost to establish a separate entity, such as a limited liability company to accept the gift, if required;
- the direct cost to engage outside advisors to conduct due diligence, draft and review gift agreements, etc., associated with the gift;
- recurring costs associated with acceptance of the gift; and
- brokerage or agent fees.

Depending upon the proposed gift, there may be other direct costs involved with accepting a gift that will be passed on to the account. Because non-cash, non-publicly traded security gifts are unique, contact DonorsTrust directly to discuss the proposed gift and agree upon a mutually acceptable fee arrangement.

Additional Program Services

Select program services are available to you in addition to the standard administrative services. These services can help you design a structured philanthropic plan that conforms to your interests and to the overall mission of DonorsTrust. This could include using staff to initiate and track grants, conduct program research, and serve as a liaison between you and your grantees. Fees could equal 3% to 7% of grants paid annually and are in addition to the standard administrative services fee.

Comprehensive program services are available in addition to the standard administrative services and are highly individualized. These services could include:

- regular meetings with program staff to review your areas of interest and giving strategies;
- a customized giving program designed to implement your philanthropic goals;
- assistance in brokering special projects; and
- identification, selection, and evaluation of grantees.

In most cases, fees are set as a percentage of the value of the account, but will vary depending upon the project and its scope. Fees for comprehensive program services are charged in addition to the standard

administrative services fee.

11. Board of Directors

Lawson R. Bader, *President and CEO, DonorsTrust*

George G. Coates, *Chairman, Commonwealth Foundation*

Kimberly O. Dennis (Chairman), *Executive Director, Searle Freedom Trust*

James Piereson (Vice Chairman), *President, William E. Simon Foundation*

Thomas E. Beach, *Founder & Managing Director, Beach Investment Council*

DonorsTrust is classified by the Internal Revenue Service as a not-for-profit corporation formed for charitable and educational purposes, exempt from federal income tax under Sections 501(c)(3), 509 (a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code of 1986, as amended. DonorsTrust incorporated in the State of Maryland in March 1999 and received its status as a public charity effective September 1999. Donors may deduct contributions to DonorsTrust in accordance with Section 170 of the Code.

12. Appendices

Appendix A - IRS Determination Letter

Appendix B - Sample Grant Letters

Appendix C - DonorsTrust Unrestricted Fund

Appendix D - Novus Society Details

Appendix E - Memorandum of Understanding

Appendix F - Board Commitment to Principles

Appendix G - Investment Pool Descriptions

Appendix A: IRS Determination Letter



Department of the Treasury
Internal Revenue Service
P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 4077550279
Sep. 22, 2008 LTR 4168C 0
52-2166327 000000 00 000
00025205
BODC: TE



DONORS TRUST INC
% WHITNEY BALL
109 N HENRY STREET
ALEXANDRIA VA 22314



020015

Employer Identification Number: 52-2166327
Person to Contact: Sophia Brown
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of May 13, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in September 1999, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Cindy Westcott
Manager, EO Determinations

Appendix B: Sample Grant Letters

Sample Grant Letter: Complete Account Holder Information

DonorsTrust

1800 Diagonal Rd Ste 280 voice 703.535.3563
Alexandria, VA 22314 fax 703.535.3564
www.donorstrust.org
DT Philanthropic Services

January 1, 2022

Mr. John Smith
President & CEO
XYZ Institute
P.O. Box 1234
Anytown, VA 12345

Dear Mr. Smith:

On behalf of the Board of Directors of DonorsTrust, I am pleased to enclose a grant in the amount of \$250.00 to the XYZ Institute to support your 123 Project. This gift was made possible through the generosity and recommendation of Ms. Jane Q. Public and disbursed out of the Public Family Fund of DonorsTrust. You may acknowledge receipt of the contribution to:

Ms Jane Q. Public
Public Family Fund
987 Main Street
Springfield, USA 98765

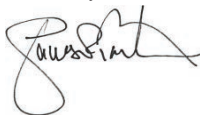
A gift receipt should not be provided to any party as a result of this grant. DonorsTrust has provided this grant. DonorsTrust does not require a gift receipt for tax purposes.

In accepting this grant, your organization agrees to use the grant for the purpose specified and subject to the conditions set forth below. If your organization is unable to accept this grant, you agree not to deposit the enclosed grant check or to return funds previously transferred to your organization via ACH or wire.

DonorsTrust is a philanthropic public charity formed to promote liberty through limited government, personal responsibility, and free enterprise. The Trust is designed to provide donors with a means of protecting and exercising their charitable intent through a variety of philanthropic services, including donor-advised funds. We are pleased to be able to assist you in your work. If you have any questions regarding this grant or would like to learn more about DonorsTrust, please feel free to call us or visit our website at www.donorstrust.org.

We wish you continued success in your work to promote liberty.

Sincerely,



Lawson R. Bader
President and CEO

Enclosures

Grant conditions.

In addition to any separately stated conditions, your organization agrees to use the grant for the specified purpose and:

- (1) certifies that no goods, services, or more than incidental benefits may be provided to the recommending donor or other persons in connection with this grant;
- (2) is described within sections 501(c)(3) and 170(b)(1)(A)(i) through (vi) or (viii), is not a private foundation described by section 170(b)(1)(A)(vii) of the Internal Revenue Code ('IRC') and your tax-exempt status has not been revoked; and
- (3) agrees the grant will not be used for lobbying or political campaign activities as defined by the IRC, applicable Treasury Regulations, and interpretative guidance.

Sample Grant Letter: Only Advisor/Account Holder and Fund Name

DonorsTrust

1800 Diagonal Rd Ste 280 voice 703.535.3563
Alexandria, VA 22314 fax 703.535.3564
www.donorstrust.org
DT Philanthropic Services

January 1, 2022

Mr. John Smith
President & CEO
XYZ Institute
P.O. Box 1234
Anytown, VA 12345

Dear Mr. Smith:

On behalf of the Board of Directors of DonorsTrust, I am pleased to enclose a grant in the amount of \$250.00 to the XYZ Institute to support your 123 Project. This gift was made possible through the generosity and recommendation of Ms. Jane Q. Public and disbursed out of the Public Family Fund of DonorsTrust.

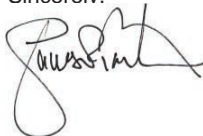
A gift receipt should not be provided to any party as a result of this grant. DonorsTrust has provided this grant. DonorsTrust does not require a gift receipt for tax purposes.

In accepting this grant, your organization agrees to use the grant for the purpose specified and subject to the conditions set forth below. If your organization is unable to accept this grant, you agree not to deposit the enclosed grant check or to return funds previously transferred to your organization via ACH or wire.

DonorsTrust is a philanthropic public charity formed to promote liberty through limited government, personal responsibility, and free enterprise. The Trust is designed to provide donors with a means of protecting and exercising their charitable intent through a variety of philanthropic services, including donor-advised funds. We are pleased to be able to assist you in your work. If you have any questions regarding this grant or would like to learn more about DonorsTrust, please feel free to call us or visit our website at www.donorstrust.org.

We wish you continued success in your work to promote liberty.

Sincerely,



Lawson R. Bader
President and CEO

Enclosures

Grant conditions.

In addition to any separately stated conditions, your organization agrees to use the grant for the specified purpose and:

- (1) certifies that no goods, services, or more than incidental benefits may be provided to the recommending donor or other persons in connection with this grant;
- (2) is described within sections 501(c)(3) and 170(b)(1)(A)(i) through (vi) or (viii), is not a private foundation described by section 170(b)(1)(A)(vii) of the Internal Revenue Code ('IRC') and your tax-exempt status has not been revoked; and
- (3) agrees the grant will not be used for lobbying or political campaign activities as defined by the IRC, applicable Treasury Regulations, and interpretative guidance.

A-24

Sample Grant Letter: Fund name only

DonorsTrust

1800 Diagonal Rd Ste 280 voice 703.535.3563
Alexandria, VA 22314 fax 703.535.3564
www.donorstrust.org
DT Philanthropic Services

January 1, 2022
Mr. John Smith
President & CEO
XYZ Institute
P.O. Box 1234
Anytown, VA 12345

Dear Mr. Smith:

On behalf of the Board of Directors of DonorsTrust, I am pleased to inform you of a grant in the amount of \$100,000.00 to the XYZ Institute for general operations. The funds were wired to your Crestar Bank account today, January 1, 2022. This gift was disbursed from the Public Family Fund of DonorsTrust.

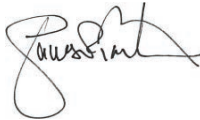
A gift receipt should not be provided to any party as a result of this grant. DonorsTrust has provided this grant. DonorsTrust does not require a gift receipt for tax purposes.

In accepting this grant, your organization agrees to use the grant for the purpose specified and subject to the conditions set forth below. If your organization is unable to accept this grant, you agree not to deposit the enclosed grant check or to return funds previously transferred to your organization via ACH or wire.

DonorsTrust is a philanthropic public charity formed to promote liberty through limited government, personal responsibility, and free enterprise. The Trust is designed to provide donors with a means of protecting and exercising their charitable intent through a variety of philanthropic services, including donor-advised funds. We are pleased to be able to assist you in your work. If you have any questions regarding this grant or would like to learn more about DonorsTrust, please feel free to call us or visit our website at www.donorstrust.org.

We wish you continued success in your work to promote liberty.

Sincerely,



Lawson R. Bader
President and CEO

Grant conditions.

In addition to any separately stated conditions, your organization agrees to use the grant for the specified purpose and:

- (1) certifies that no goods, services, or more than incidental benefits may be provided to the recommending donor or other persons in connection with this grant;
- (2) is described within sections 501(c)(3) and 170(b)(1)(A)(i) through (vi) or (viii), is not a private foundation described by section 170(b)(1)(A)(vii) of the Internal Revenue Code ('IRC') and your tax-exempt status has not been revoked; and
- (3) agrees the grant will not be used for lobbying or political campaign activities as defined by the IRC, applicable Treasury Regulations, and interpretative guidance.

Sample Grant Letter: Anonymous

DonorsTrust

1800 Diagonal Rd Ste 280
Alexandria, VA 22314

voice
fax

703.535.3563
703.535.3564

www.donorstrust.org

DT Philanthropic Services

January 1, 2022

Mr. John Smith
President & CEO
XYZ Institute
P.O. Box 1234
Anytown, VA 12345

Dear Mr. Smith:

On behalf of the Board of Directors of DonorsTrust, I am pleased to inform you of a grant (paid via ACH) in the amount of \$10,000.00 to the XYZ Institute for general operations. This gift was made possible through the generosity and recommendation of an account holder who wishes to remain anonymous. However, if you would like to acknowledge receipt of this grant, you may write DonorsTrust and we will forward your correspondence to the appropriate account holder.

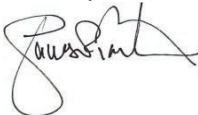
A gift receipt should not be provided to any party as a result of this grant. DonorsTrust has provided this grant. DonorsTrust does not require a gift receipt for tax purposes.

In accepting this grant, your organization agrees to use the grant for the purpose specified and subject to the conditions set forth below. If your organization is unable to accept this grant, you agree not to deposit the enclosed grant check or to return funds previously transferred to your organization via ACH or wire.

DonorsTrust is a philanthropic public charity formed to promote liberty through limited government, personal responsibility, and free enterprise. The Trust is designed to provide donors with a means of protecting and exercising their charitable intent through a variety of philanthropic services, including donor-advised funds. We are pleased to be able to assist you in your work. If you have any questions regarding this grant or would like to learn more about DonorsTrust, please feel free to call us or visit our website at www.donorstrust.org.

We wish you continued success in your work to promote liberty.

Sincerely,



Lawson R. Bader
President and CEO

Grant conditions.

In addition to any separately stated conditions, your organization agrees to use the grant for the specified purpose and:

- (1) certifies that no goods, services, or more than incidental benefits may be provided to the recommending donor or other persons in connection with this grant;
- (2) is described within sections 501(c)(3) and 170(b)(1)(A)(i) through (vi) or (viii), is not a private foundation described by section 170(b)(1)(A)(vii) of the Internal Revenue Code ('IRC') and your tax-exempt status has not been revoked; and
- (3) agrees the grant will not be used for lobbying or political campaign activities as defined by the IRC, applicable Treasury Regulations, and interpretative guidance.

Appendix C: DonorsTrust Unrestricted Fund

If you wish to make a general contribution in support of liberty, you may do so with a gift of any amount to the Whitney Ball Memorial Fund, DonorsTrust's unrestricted fund. Gifts made to the Memorial Fund are pooled and distributed at the discretion of the Board of Directors to support DonorsTrust's efforts to grow projects and public charities working to expand liberty in keeping with DonorsTrust's mission and purpose.

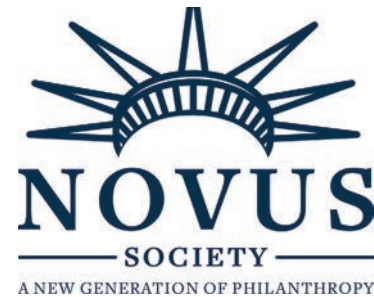
Note that gifts given to the Whitney Ball Memorial Fund, as well as gifts to programs at DonorsTrust other than the donor-advised fund program, are gifts to a program of DonorsTrust that is not for the purpose of funding a donor-advised fund account. Accordingly, the restriction prohibiting qualified charitable distributions from an IRA for the purpose of funding a donor-advised fund account does not apply to such gifts. Gifts from your IRA to DonorsTrust for the purpose of supporting the Whitney Ball Memorial Fund and to support various other programs at DonorsTrust qualify for the \$100,000 income exclusion allowed for a qualified charitable distribution from an IRA. Contact DonorsTrust for further information if this is of interest.



Appendix D: Novus Society Details

Novus Society Membership Criteria

Donors under age 40 may join the Novus Society as members for a minimum contribution of \$1,000. Members reach grant-making eligibility when they have achieved a balance of \$5,000 in their account. No future minimum balance is required once a member has reached the \$5,000 mark to maintain grant-making eligibility.



Members who have not yet reached grant-making eligibility are required to make at least one annual contribution into their fund. In other words, account holders of Novus Society DAFs who have yet to reach grant-making status must periodically contribute into their account to show an intent to grow the account to reach grant-making eligibility and maintain its active status.

After a year of inactivity in an account, the Novus Society team will reach out to better assist you in building your fund. If you feel that Novus Society is no longer a fit for you, the team will distribute the funds to eligible grantee organizations and terminate your account. The primary account holder may designate one charity to receive the totality of their fund, less any remaining administrative fees associated with managing the account. If the Novus Society member is unreachable, the entire balance of the fund will be rolled over into the Whitney Ball Memorial Fund at DonorsTrust. The Novus Society member(s) associated with that account will no longer be able to attend Novus Society programming or participate in any mentorship component of the Society.

The purpose of Novus Society is to grow the next generation of philanthropists. To that end, we want to encourage members to actively move toward that goal and fully realize the benefits of their DAF accounts. The full benefits of our donor-advised funds cannot be experienced until grant-making eligibility is reached. Members who are not actively working to build their charitable funds are not embodying the vision for the community.

Novus Society Membership Rollover

Novus Society members “graduate” from Novus at the end of the calendar year in which each member reaches his or her 40th birthday. The Birthday rule will follow the age of the primary account holder.

Once a member has aged out of Novus Society, the member’s donor-advised fund will remain intact, and the donor will be considered a regular DonorsTrust client. We will routinely note to the community who has “graduated” and celebrate the achievement.

The fund does not materially change upon graduation: Account holders may still make grants and contributions. Account holders will no longer be able to attend Novus Society programming, but may be asked to mentor Novus members to share their experience and wisdom.

If the primary account holder ages out of the program before reaching grant-making eligibility, DonorsTrust will give the account holder the opportunity to contribute the necessary funds to continue on as a DonorsTrust client. If the account holder declines, DonorsTrust staff will work with the account holder to grant out the remaining funds in the account to the charity of their choice.

Appendix E: Memorandum of Understanding

DonorsTrust Gift Acceptance Memorandum of Understanding

as of June 2022

This Gift Acceptance Memorandum of Understanding (Memorandum), made between Donors Trust, Inc. (DT), a Maryland non-profit corporation and the Account Holder(s), is entered into, made effective, and incorporated as if set forth in full in the donor-advised fund Application Form (Agreement) on the date the Agreement was executed by the Account Holder(s), copy attached hereto. This Memorandum sets forth the entire understanding between DT and Account Holder(s) concerning operation of the Donor-Advised Fund established at the time this Agreement is executed.

1. A Board of Directors-designated fund (the Fund) will be established on the books of DT and identified with the Fund name specified in the Agreement submitted by Account Holder at the time assets are transferred by charitable gift to and accepted by DT.
2. The Fund is established as a donor-advised fund (DAF) as that term is defined by section 4966(d)(2) of the Internal Revenue Code of 1986, as amended (IRC). This Memorandum should be interpreted accordingly and so as to conform to the requirements of federal tax law, any regulations issued pursuant thereto, and any other authoritative interpretive guidance. Any provision in this Memorandum in irrevocable conflict with the definition of a DAF should be disregarded.
3. In accordance with the definition of a DAF, at the time an initial charitable contribution is made by the Account Holder or any other person with instructions that the contribution is for the Fund, and upon acceptance of the contributed property by DT's Board of Directors, a Board of Directors' designated fund will be established on the books and records of DT, identified with the fund name specified in the Agreement submitted by Account Holder.
4. The amount of the initial contribution and any and all subsequent contributions to the Fund will be separately accounted for on DT's books and records. However, in accordance with the definition of a DAF, such separate accounting is for internal accounting purposes only. The Fund and all assets allocated to the Fund are part of DT's unrestricted assets, free from all conditions and restrictions, and are the sole property of DT, subject to DT's exclusive legal control. Accordingly, Account Holder(s) acknowledge and understand assets allocated to the Fund by DT in its books and records:
 - a. are an integral part of DT's unrestricted funds, and are not part of a separate trust;
 - b. are the property of DT, solely, and held by it in its corporate capacity;
 - c. are not, and will not be deemed a trust fund held by DT in a fiduciary capacity;

- d. are assets that may be commingled with other funds and assets held by DT; and
 - e. are not a 'restricted fund,' as that term is used for Generally Accepted Account Principle (GAAP) and legal purposes.
5. The Account Holder and/or any person designated by the Account Holder has the privilege of providing advice to DT for grants from the Fund to other charitable organizations, such advice may or may not be accepted by DT at its sole, absolute and unilateral discretion.
 6. At the option of DT, the Account Holder may also have the privilege of providing advice as to investment of amounts allocated to the Fund by DT:
 - a. among various investment options maintained by DT for the purpose of investing amounts held in all funds at DT;
 - b. by requesting DT add particular investment choices, such as exchange traded funds (ETFs) or mutual funds, as an investment choice for amounts allocated to the Fund; and
 - c. by requesting DT engage a particular investment advisor to manage amounts allocated to the Fund.

Such investment advice may or may not be accepted by DT at its sole, absolute and unilateral discretion; and, if accepted, the timing of the allocation shall at the sole, absolute and unilateral discretion of DT.

7. Property allocated to the Fund may be used only for charitable purposes, and may not be used to benefit a donor, an account advisor (Account Holders), or for any other purpose that would confer a private benefit on any person. Designated Account Holder(s) have the privilege of advising grants be made from the Fund to charitable organizations. DT retains the sole discretion as to whether such advice will be accepted and a grant will be issued, and may accept or reject such advice for any reason whatsoever. However, in no event will DT issue a grant:
 - a. that satisfies a legal obligation of any person, including a pre-existing charitable pledge that is legally enforceable;
 - b. that would not be one hundred (100) percent deductible as a charitable contribution if made by an individual to the grantee organization;
 - c. to a grantee organization if, in general, it receives more than 25% of its support from the government or governmental organizations and the purpose of such grant is for general operations of the grantee, unless the board of directors deems that an exception should apply in the case of a particular grant request – the decision to grant an exception

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in the case of a particular grant request shall not waive the right of DT to accept or not accept grant advice for future grants in its sole, absolute and unilateral discretion;

- d. if the grant would be used for lobbying, electioneering or other political activity; or
 - e. if the grant's purpose is not compatible with DT's mission of advancing liberty, personal responsibility, free market economics; and advancing solutions to society's problems through private, as opposed to governmental, efforts and initiatives as that purpose is determined in the sole, absolute and unilateral discretion of the board of directors on a grant by grant base. A prior decision of the board of directors shall not bind the board with respect to a decision to accept or reject future grant advice.
8. Account Holder acknowledges and understands that Account Holder and its designee Account Holder(s), if any, neither retain nor receive legally enforceable rights with respect to amounts allocated to the Fund, but, rather, are granted the privilege of providing advice to DT with respect to amounts allocated to the Fund that DT is free to accept or disregard in its sole discretion.
9. Amounts allocated to the Fund on DT's books and records will include the initial charitable gift, such other property as may be transferred to DT by the Account Holders or others for inclusion in the Fund and accepted by DT; such property as from time to time may be received by DT from any other source and accepted by DT for inclusion in the Fund; and all income and other proceeds allocated to the Fund by DT, such income and proceed allocations to be made at DT's sole discretion.
10. It is the policy of DT to liquidate any marketable securities or other non-cash property transferred to it as soon as possible after settlement, irrespective of market conditions.
11. The Fund's allocated assets shall be reduced by the expense of liquidating any non-cash asset contributed to DT, including any direct and indirect administrative costs DT determines are appropriate costs associated with such liquidation to be allocated to the fund, as well as by any amount DT assesses for general operating expenses of DT for maintaining the Fund and for other general operating expenses of DT (Administration Fee).
- a. The Administration Fee calculation is based on the average daily value of the Fund and allocated from the Fund to DT on a quarterly basis (i.e., on a fee of 75 basis points, 0.1875 percent of a fund's average daily value during the previous quarter is allocated to DT's general operating funds at the beginning of each quarter). DT is free to change

the method of calculating and the amount of its Administration Fee at any time and in its sole discretion. However, DT will inform existing Account Holders of changes to the applicable fee schedule prior to implementing any change.

12. The Fund's allocated assets will be reduced by the amount of any grants issued by DT that were recommended by the Account Holder(s) as grants to be made from the Fund and that are approved and issued by DT.
13. No less frequently than on a quarterly basis, DT will issue statements to Account Holder(s) reflecting the value of the Fund at the beginning and end of each quarter as recorded on DT's books and records and that reflect activity within the Fund during the quarter allocated to the Fund. The timing of the issuance of statements may vary depending upon various factors, and is at the sole discretion of DT.
14. DT retains the right to unilaterally amend this this Memorandum at its sole discretion for any reason it deems appropriate, and, particularly, to conform to the provisions of any applicable law or government regulation in order to carry out the foregoing intention and to reflect any duly adopted prospective changes to its DAF program not in conflict with any applicable law or government regulation. No particular meaning shall be ascribed on account of one party having either drafted this Memorandum or on any other bases.
15. In addition to this Memorandum, DT publishes and maintains a *Donor's Guide to DonorsTrust* that further explains the daily operations of DT. Anything included in a *Donor's Guide to DonorsTrust* is meant to carry out the intent of this Memorandum and to explain the day-to-day operations of DT. To the extent that there is any conflict between this Memorandum and a *Donor's Guide to DonorsTrust*, this Memorandum controls. Accordingly, account Holders are on notice and acknowledge the fact that DT may have operated in accordance with a *Donor's Guide to DonorsTrust* previously, even though such operations were or may have been in conflict with this Memorandum, does not provide Account Holder(s) or any third party a right to legally rely upon anything found in a *Donor's Guide to DonorsTrust* that is in conflict with this Memorandum. Similarly, Account Holders and third parties may not legally rely upon any past or current operational practices of DT that may be in conflict with this Memorandum, or reference such practices as proof that this Memorandum has been altered. This Memorandum may only be altered by a writing issued by DT stating that it supersedes any previously issued Memorandum, in whole or part.

Appendix F: Board Commitment to Principles

At each annual board meeting, the DonorsTrust board of directors reaffirms its commitment to carrying out the mission and intent of the organization by signing a statement of those principles. This document indicates the board members' alignment with the principles as well as their commitment to ensuring the staff carry out this mission in full. The text of that statement is below.

DonorsTrust Board of Directions Commitment to Principles

DonorsTrust was founded on the idea that a donor's charitable intent is to be honored. It was likewise founded to serve donors who share a commitment to the principles of a free society, which broadly include limited government, personal responsibility, and free enterprise.

Donors who utilize the services of DonorsTrust for their philanthropy do so trusting that the stated values and principles of the organization will persist beyond their respective lifetimes. The Board of Directors for the organization serves as the final arbiter of this promise. As such, members of the Board are asked annually to recommit to the following statement:

1. I share a belief in the value of limited government, personal responsibility, and free enterprise as core tenets for the advancement of liberty in society;
2. I believe that private philanthropy has a critical role to play in preserving these values, a role that cannot and should not be replaced by government;
3. I endeavor to be consistent in my dedication to these principles both in my professional and personal life;
4. My role as a board member is to uphold these values in all actions of the organization, including grant making;
5. I will judge the merits of grantees based not on my own personal preferences but rather with their alignment with the stated principles and guidelines of DonorsTrust;
6. I will respect the charitable intentions of donor advisors who entrust DonorsTrust to aid in their philanthropy; and
7. I will govern the staff of DonorsTrust to likewise place donor intent and the preservation of liberty as central tenets of its responsibilities.

In signing, I commit to these ideas and principles in my role as a member of the DonorsTrust Board of Directors. Should I no longer be in agreement with part or all of this statement, I will resign my seat on the board, effective immediately.

Signature

Name

Date

Appendix G: Investment Pool Descriptions

Pool Name	Description	Timeframe	Manager	Fee Type
Money Market	This asset allocation option invests in money market funds. This profile offers the most secure means of protecting principal by investing in high-quality and liquid money market instruments managed to keep their share price stable. Money market fund holdings do not incur investment fees. It is suitable for charitable capital that account holders expect to grant out in the near term. Money market portfolios are designed for immediate liquidity.	Any	N/A	1
Short-term Bond	This pool seeks to increase yield over the money market account, while maintaining liquidity and security. The sole asset held by the pool is the Vanguard Short-Term Bond ETF (symbol: BSV), which seeks to track the performance of the Barclays Capital U.S. 1–5 Year Government/Credit Float Adjusted Index, a market-weighted bond index that covers investment-grade bonds with a dollar-weighted average maturity of 1 to 5 years. The EFT invests in U.S. government, high-quality (investment-grade) corporate, and investment-grade international dollar-denominated bonds, following a passively managed, index sampling approach.	1+ Years	N/A	1
High-Yield Tax Exempt Fund Pool	This pool invests in lower quality municipal bonds to provide a higher yield and chance at capital gains. Acceptable for funds willing to accept higher volatility and a moderate principal risk.	2+ Years	N/A	1
High-Yield Corp Fund Pool	This pool invests in lower quality corporate bonds to provide a higher yield and chance at capital gains. Acceptable for funds willing to accept higher volatility and more principal risk (this is a “junk bond” type pool). Consists of consists of a single issue – the Vanguard High-Yield Corporate Fund Admiral Shares (VWEAX).	3+ Years	N/A	1
Conservative	The objective of the conservative target allocation is to seek current income, rather than long-term growth, through investments that target an asset allocation of 25% equities and 75% fixed income. It is suitable for account holders who are seeking short term grantmaking potential over a 2+ year time horizon. The primary goals are principal preservation and current income through a majority allocation to the fixed-income asset class. Limited investments in the equity-linked and alternative asset classes may be undertaken to produce capital appreciation and additional sources of current income.	2+ Years	Merrill Lynch	2
Moderate	The objective of the moderate target allocation is to strike a balance between bonds for current income and stocks for growth of capital through investments that target an asset allocation of 50% equities and 50% fixed income. It is suitable for account holders who are seeking long-term grantmaking potential on the order of three+ years. This strategy balances potential capital appreciation and current income, using a combination of fixed-income, equity-linked and alternative asset classes.	3+ Years	Merrill Lynch	2
Wellington Fund Pool	This pool seeks long-term capital appreciation and reasonable current income. The sole asset held by the pool is the Vanguard Wellington Fund (symbol: VWENX). Wellington Fund is a blended fund, approximately 65% large- and medium-size dividend paying companies, while the remaining 35% is invested in medium-term, investment-grade corporate debt.	3+ Years	N/A	1
All World ex-U.S. Pool	Seeks to track the performance of the FTSE All-World ex-U.S. Index, providing a convenient way to get broad exposure across developed and emerging non-U.S. equity markets around the world. Consists of consists of a single issue – the Vanguard FTSE All-World ex-U.S. ETF (VEU).	3+ Years	N/A	1

Pool Name	Description	Timeframe	Manager	Fee Type
Strive 500 Index.	STRV – Strive 500 ETF is an investment that seeks to track the total return performance, before fees and expenses, of the Solactive GBS United States 500 Index composed of U.S.-listed large cap equity securities. Under normal circumstances, substantially all of the fund's total assets (exclusive of collateral held from securities lending) will be invested in the component securities of the index. The Sub-Adviser expects that, over time, the correlation between the fund's performance and that of the index, before fees and expenses, will be 95% or higher. Benchmark: Solactive GBS United States 500 TR USD. STRV is best suited for fund you do not plan to use for grant making in the immediate and medium term. The investment horizon for advising this pool should be greater than 4 years.	4+ Years	N/A	1
S&P 500 Index	This pool seeks to track the S&P 500 Index and, as such, is appropriate for funds that will not be granted in the near future. The sole investment held by this pool is the Vanguard S&P 500 ETF (symbol: VOO). The Vanguard S&P 500 ETF invests in stocks in the S&P 500 Index, representing 500 of the largest U.S. companies, with a goal of closely tracking the index's return (which is considered a gauge of overall U.S. stock returns). This pool is more appropriate for long-term goals, and should be used only for account funds you do not expect to grant within the next four years.	4+ Years	N/A	1
Information Tech ETF	This seeks to track the performance of a benchmark index measuring the return of stocks in the information tech sector, and consists of a single issue – the Vanguard Information Technology ETF (VGT).	4+ Years	N/A	1
REIT Pool	Invests in stocks issued by real estate investment trusts (REITs), companies that purchase office buildings, hotels, and other real property, seeking to closely track the return of the MSCI US REIT Index, a gauge of real estate stocks. It offers the potential for investment income and some growth; share value rises and falls more sharply than that of funds holding bonds, and consists of a single issue – the Vanguard REIT ETF (VNQ).	4+ Years	N/A	1
Growth	The objective of the growth target allocation is to achieve above-average growth over time through investments that target an asset allocation of 75% equities and 25% fixed income. It is suitable for account holders who are seeking long-term grantmaking potential.	5+ Years	Merrill Lynch	2

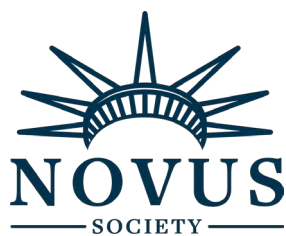
Timeframe Guidelines. DonorsTrust encourages proactive grant planning. We strongly encourage all donor-advised fund account advisors to develop a giving plan that sets forth the likely total grant amount to be requested over the next year from the account, versus funds likely to be granted over the investment time horizon. Once a giving plan for your account has been developed, you should match the funds in your account to investment options with a timeframe that matches with your giving plan.

Fee Types:

- 1: No investment advisory fees apply as this pool is not actively managed.
- 2: This pool is actively managed by Merrill Lynch. As such, an investment advisory fee applies to the pool as a whole. At present, the investment advisory fees charged by Merrill Lynch are 1.00% for the Growth Pool, 0.75% for the Moderate Pool, and 0.70% for the Conservative Pool. The fee is based upon the previous quarter's average daily value.

DonorsTrust

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