

Giving that Grows.



Legacies that Last.

DONOR ADVISED FUND
PROGRAM DESCRIPTION AND APPLICATION



AEF

AMERICAN ENDOWMENT FOUNDATION



*“Let us labor to make the heart grow
larger as we become older, as a
spreading oak gives more shelter.”*

– Richard Jeffries

The Sharing of Values: What is Your Legacy?



Robert Louis Stevenson once said, “Don’t judge each day by the harvest you reap, but by the seeds you plant,” a succinct expression of the responsibilities that accompany good fortune. Stevenson’s words might well be adapted as a national motto, for charitable giving is basic to the American way of life; Americans share more wealth than any other group in the world.

In addition to our own giving, there is the larger goal of inspiring and motivating future generations of givers. Through that mentorship, our contributions can build upon each other and bear greater fruit, thus increasing their impact in the world.

In short, our legacies are limited only by the choices we make and the values we cultivate.

There are many paths to charitable giving and the seeding of charitable philosophies, and each individual and family must select the course that seems best for their particular needs. Over the last several years, the benefits of Donor Advised Funds have become more apparent to many of those wishing to channel their charitable giving in the most effective and efficient ways possible. In fact, Donor Advised Funds are now one of the fastest growing vehicles for giving in the U.S., having been proven as a simple, practical and tax effective means for donors to achieve charitable goals.

American Endowment Foundation (AEF), one of the nation’s premier non-profit sponsoring organizations of Donor Advised Funds, was founded in 1992 by President Philip Tobin, a pioneer in the creation and establishment of national independent public charities. AEF is dedicated to fostering the growth of family philanthropy in the United States by making it more attractive and enjoyable for donors to give through an independent Donor Advised Fund program.

AEF’s vision and mission in the service of each of our donors is to be a trusted leader, a valued resource and a respectful partner in their goals for charitable good. Together, we nurture and sustain a culture of giving, helping you create the change you wish to see in the world.

What is a Donor Advised Fund?

A Donor Advised Fund is a family foundation alternative that provides a simple, flexible, efficient way to manage your charitable giving. You and your family can enjoy immediate and maximum tax advantages, make grants on a flexible time table, build your charitable legacy, and increase your philanthropic funds for future grant making.

AEF's Unique Independence

American Endowment Foundation is distinguished from most other sponsors of Donor Advised Funds by the fact that we are wholly independent. We offer a neutral platform for investment flexibility and grant making, as well as administrative expertise geared to personalized charitable management. Note that:

- 🌱 *AEF is not affiliated with any financial institution, brokerage firm, mutual fund company or other charity.*
- 🌱 *AEF accrues no benefits from brokerage services, commissions, finder fees, or product sales.*
- 🌱 *AEF does not sell financial products or services.*
- 🌱 *AEF does not provide financial, tax or legal advice.*

Offering More Freedom and Flexibility

In addition to our status as an independent, IRS-recognized, 501(c)(3) public charity, we deal with recipient charities across the country, offering you the most flexibility when it comes time to select which causes you support. Many other Donor Advised Fund sponsors and community foundations, for example, place limits on what kinds of assets donors can contribute, or limit donor grants to a specific range of recipient organizations or geographic locations. But AEF offers maximum flexibility in the types of assets you can contribute, the investments you can recommend to help your charitable giving grow, and the range of charities that you can support.

AEF welcomes the participation and investment recommendations of your financial advisor(s) with regard to investments in your Fund. Many donors find that their Donor Advised Fund integrates well with other financial planning strategies, for example, as beneficiary of a testamentary gift, life insurance or qualified retirement plan; as remainderman of a charitable remainder trust; or as income beneficiary of a charitable lead trust.

Charity Navigator, America's largest independent charity evaluator, has awarded to AEF their coveted four-star ranking for nine consecutive years. They report that "American Endowment Foundation outperforms most charities in America in its efforts to operate in the most fiscally responsible way possible." AEF appears on Charity Navigator's lists of the top charities in the country.

Simpler than a Private Foundation

One of the major benefits of working with American Endowment Foundation is that it frees you from the time constraints, administrative tasks, record-keeping and lack of privacy involved in a private foundation, or simply writing checks to a variety of worthy causes. Our skilled administrators maintain records of your giving and send you regular statements showing contributions, investment growth and distribution of monies.

AEF is a national public charity. This means families can expand their grant recommendations to help favorite charities around the country, so individual family members spread out geographically can remain involved in their own communities. And by naming successor advisors to your account, Donor Advised Funds can establish an enduring family legacy for philanthropy without the complexity, cost and taxes of a private foundation. Many families find that the flexible structure offered by American Endowment Foundation allows the best of both worlds, philosophically and in sheer practical terms.

While your grants can be presented to recipients through a Fund that carries your name, they can also be given anonymously, if desired, offering you the option of privacy on a grant-by-grant basis.

Setting up a Donor Advised Fund with AEF is simple and straightforward. You or your financial advisor can fax or mail to us your completed application (which can be found at the back of this brochure or downloaded from our web site at www.AEFonline.org). Once your completed application is received in our office, your Fund can usually be established in less than a day.



*“If you want to
change the world,
be that change.”*

– Mahatma Gandhi

Make the Most of Your Charitable Dollars



*“For it is in giving
that we receive.”*

– St. Francis of Assisi

AEF Donor Advised Funds allow you to benefit immediately from reduced income tax obligations, and perhaps a reduced tax bracket, while allowing yourself the necessary time to give thoughtful consideration to your charitable goals.

Opening an AEF Donor Advised Fund initiates a number of significant tax benefits:

- 🌱 *An immediate income tax deduction for the current market value of assets contributed to your Donor Advised Fund (a better tax deduction than may be available with a private foundation).*
- 🌱 *No capital gains tax on contributions of appreciated assets. There are significant advantages to contributing appreciated assets to charity (stocks, bonds, real estate, closely-held stock). When you contribute these types of assets to your Fund, you can deduct their fair market value without incurring any capital gains liability – so you can have more available for your grant making.*
- 🌱 *Any income or growth of assets within a Donor Advised Fund is not subject to tax.*
- 🌱 *Donor Advised Fund assets are not subject to estate taxes.*

A contribution to AEF separates the tax event from the grant-making event, eliminating year-end pressures to make decisions about which charities to support. You can make contributions to AEF at any time, and then decide – when you are ready – which charities will receive the funds.

American Endowment Foundation urges donors to consult their attorneys, accountants or tax advisors with questions relating to deductibility of various types of contributions to AEF Donor Advised Funds for federal and state tax purposes.

Donor Advised Fund Program Description

Purpose

The following sections describe policies, rules and regulations of the Donor Advised Fund. An application is also included.

Public Charity Status

American Endowment Foundation is classified as a 501(c)(3) public charity under the Internal Revenue Code. As such, contributions to AEF offer immediate and maximum tax benefits.

Eligible Donors

AEF accepts contributions from individuals, families, companies, public charities, estates, trusts, and private foundations.



*“In this world it is not what we take up,
but what we give up, that makes us rich.”*

– Henry Ward Beecher



Contribution Acceptance Information

The minimum initial contribution is \$10,000. Acceptable asset types include:

- 👉 *Cash*
- 👉 *Marketable securities*
- 👉 *Life insurance policies*
- 👉 *Closely held stock*
- 👉 *Real estate (not subject to a mortgage)*

Note that IRS requires donors to obtain an independent qualified appraisal of contributed assets other than cash or marketable securities. Before accepting a contribution, AEF reviews each asset, and may ask for additional information. Assets that carry unusual potential liability may be rejected. Any donor who has questions about the acceptability of an intended contribution should contact AEF prior to arranging for transfer of the assets.

Upon receipt and acceptance of a contribution, AEF sends the donor an acknowledgement letter containing all the information necessary to document the contribution for tax purposes.

Additional contributions may be made at any time, by you or others, into your Fund. The minimum value of an additional contribution is \$1,000.

*“Deeds of giving are
the very foundations
of the world.”*

– The Torah

Fund Maintenance

A Donor Advised Fund is subject to a \$2,500 minimum balance. If the balance falls below \$2,500, the donor may be asked to arrange a contribution to restore the balance to the minimum, or recommend a liquidating grant to close out the Fund.

Naming the Fund

Most donors name their Donor Advised Fund after themselves or family members, for example: The John and Jennifer Smith Fund, or The Jones Family Charitable Fund. Others name their Funds for a purpose, such as: The Hometown Children's Health Fund.

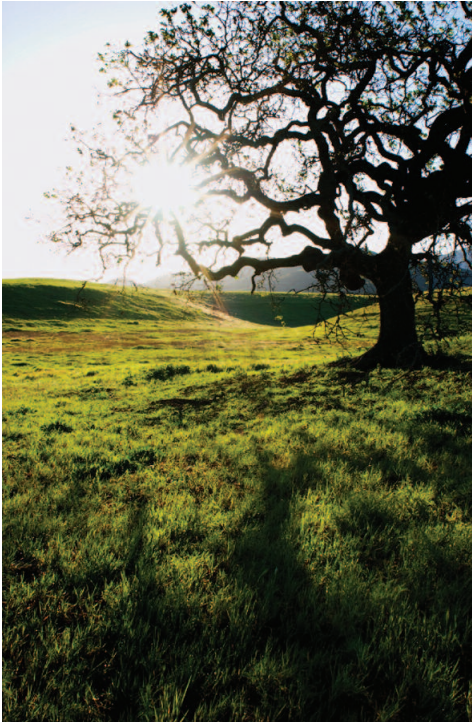
Statement of Fund Purpose

In order to communicate expectations and goals to future Successor Advisors (if applicable), donors are encouraged to provide a Statement of Purpose for their Donor Advised Fund, for example: "It is our intention that the John and Jennifer Smith Fund be used to support various charitable organizations in Cedar Grove, New Jersey." Note that AEF will not treat the Statement of Purpose as a restriction on the Fund.



"It is one of the most beautiful compensations of this life that no man can sincerely try to help another without helping himself... Serve and thou shall be served."

– Ralph Waldo Emerson



*“We make a living by
what we get, we make
a life by what we give.”*

– Winston Churchill

Donor/Advisor

Each Donor Advised Fund must have at least one person serving as initial donor of the Fund (for married donors, typically both spouses are identified). In situations where the original donor envisions an advisory committee, a spokesperson for the committee should be identified. The donor is entitled to advise AEF concerning certain aspects of the Fund. These include:

- *Submitting grant recommendations*
- *Fund investments*
- *Liquidation strategies*
- *Naming a Successor Advisor,
or selecting another disposition plan*

Succession/Fund Disposition Plan

The donor may specify a disposition plan for the Donor Advised Fund. The death of the initial donor, or another event if so specified, triggers the enactment of the Fund's disposition plan.

Most donors choose a disposition plan that allows the Fund to continue, by either naming a Successor Advisor of the Fund, or naming charitable organizations to receive annual distributions from the Fund. Another option is to terminate the Fund, and name charitable organizations that will receive liquidated distributions. Others choose to submit a more customized disposition plan. Donors should discuss complicated disposition plans with AEF to avoid confusion or potential problems.

Investments

AEF's investment objective is the prudent management of assets to provide a long-term total rate of return that maintains and even enhances each Donor Advised Fund's grant-making power. In recognition that donors share this objective, AEF's investment policy is flexible to accommodate a variety of donor strategies, perspectives and grant-making objectives.

The donor may recommend a financial professional to work with AEF in investing the assets of his or her Donor Advised Fund.

For liquidity purposes, up to 2.0% of the assets of each Fund will be held by AEF in a pooled Liquidity Account. AEF will track each Fund's individual ownership of this pool and credit related earnings on the Liquidity Account to your Fund.

Statements

AEF distributes a Donor Advised Fund statement to donors on a quarterly basis. Information contained in the statement includes:

- 🌱 *A summary of the Fund's financial status*
- 🌱 *A record of contributions to the Fund*
- 🌱 *A record of grants made from the Fund*



“A man's true wealth is the good he does in this world.”

– Mohammed



*“Teaching kids to count
is fine, but teaching them
what counts is best.”*

– Bob Talbert

Grant Recommendation Timing

Donors may submit grant recommendations at any time. Some donors choose to delay recommending grants for a period of time, intending to allow the Fund’s balance to grow. However, each Fund must eventually make grants. Accordingly, AEF will contact the donor if the Fund has made no grants in the preceding 36-month period.

Grants to Charitable Organizations

Grants will only be made to U.S. charitable organizations that are tax-exempt public charities, or to U.S., state or local government entities (e.g. state universities, public school systems, and park systems) for charitable purposes. Non-operating private foundations are not eligible to receive grants.

AEF only approves grants that are used exclusively in furtherance of charitable purposes. AEF will not approve a grant that would confer an impermissible private benefit on a donor or other specific person.

Grants may not be used for any pre-existing pledge. (Under IRS rules, a pledge is considered a personal obligation of the maker, and to use a Donor Advised Fund grant to satisfy such an obligation would be considered an impermissible private benefit.)

Other impermissible private benefits include grants for school tuition or scholarships sent directly to individuals, certain dues or membership fees, goods bought at charitable auctions, tickets for charitable events that entitle the attendees to any material benefit, or any other non-charitable purpose. Also, grants may not be used for lobbying, political contributions, or to support political campaign activities.

Grant Procedure

After a Fund is established, the donor may submit grant recommendations through AEF's online Fund access tool, DonorCentral, which is available through AEF's website: www.AEFonline.org. Alternatively, AEF can provide the donor with a supply of Grant Recommendation Forms, which can be faxed or mailed back to AEF. In any case, the minimum grant amount is \$250.

AEF reviews each grant recommendation. Upon approving a recommendation, AEF liquidates Fund investments, prepares a check, and sends it to the charitable organization. A letter attributing the grant in the name of the Fund accompanies the check. A copy of this letter is also sent to the donor. (If the donor prefers anonymity, grants can be sent without identification of the Fund and/or donor.)

Grants are processed on an ongoing basis. Normally, AEF distributes checks within seven days of receiving a Grant Recommendation Form. If AEF experiences a problem approving a particular grant recommendation, it will contact the donor in a timely manner to discuss the matter.

Administrative Fee

AEF charges each Fund a tiered administrative fee. Please call 1-888-440-4233 for our current fee schedule.

In rare circumstances, AEF may deem a Fund to be pass-through in nature – that is, contributions that are being quickly distributed from the Fund. In these cases, AEF reserves the right, in any particular quarter, to substitute the above described fee approach with an administrative fee equal to 1.0% of grants made from the Fund during that quarter.

Investment Charges

Professional investment management fees, commissions, transaction expenses, etc. are charged directly to the relevant Funds.



*“What we have before us
are breathtaking
opportunities disguised
as insoluble problems.”*

– John Gardner



“We find our lives in losing them in the service of others.”

– Mrs. Ralph Waldo Trine

Other Considerations

Although the Donor Advised Fund program provides the donor a great deal of latitude in tailoring a Fund to meet his or her individual needs, it must be understood that:

- 🌱 *Funds will be operated exclusively for charitable purposes. Any non-charitable distribution from a Fund, for example, a grant resulting in the donor or family member receiving more than an incidental benefit, could result in federal tax penalties to the donor and AEF.*
- 🌱 *Funds will be administered in accordance with the provisions of this Program Description and the terms and conditions of AEF’s Articles of Incorporation and Code of Regulations.*
- 🌱 *Each Fund will be treated as a component fund of American Endowment Foundation.*
- 🌱 *Contributions, once received and accepted by AEF, become the property of AEF and cannot be returned to the donor.*
- 🌱 *AEF’s Board of Directors has the right to modify any restriction on any Fund if it determines such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with charitable need.*
- 🌱 *All recommendations from the donor concerning grants, investments or administration of any Fund are advisory only. AEF’s Board of Directors is free to accept or reject, in whole or in part, all such recommendations.*
- 🌱 *AEF reserves the right to modify the Donor Advised Fund program.*

American Endowment Foundation's Donor Advised Fund Application

(Note: This application can be found online at www.AEFonline.org/pd.htm.) Refer to the previous pages of this Donor Advised Fund Program Description or contact American Endowment Foundation if you have any questions about this application.

Donor Information (This is the person who advises AEF concerning grants, investments, and Fund disposition issues. If you would prefer to establish an Advisory Committee of the Fund, please attach a separate list of their names and addresses, and be sure to identify the spokesperson.)

| Donor/Advisor #1 | Donor/Advisor #2 |
|----------------------------------|----------------------------------|
| Mr./Mrs./Ms. _____ | Mr./Mrs./Ms. _____ |
| Name _____ | Name _____ |
| Date of Birth _____ | Date of Birth _____ |
| Mailing Address _____ | Mailing Address _____ |
| City _____ State _____ Zip _____ | City _____ State _____ Zip _____ |
| (_____) _____ | (_____) _____ |
| Business Phone _____ | Business Phone _____ |
| (_____) _____ | (_____) _____ |
| Home Phone _____ | Home Phone _____ |
| Email _____ | Email _____ |

How Would You Like to be Addressed? (e.g. Mr. and Mrs. John A. Smith; Joan and John Smith, etc. This is the name we will provide to charities that receive grants from your Donor Advised Fund, unless you request anonymity.)

Name of Donor Advised Fund (e.g. Smith Family Charitable Fund. This name will appear on each grant letter and check, unless you request it be withheld.)

Statement of Purpose of the Fund (e.g. "The Smith Family Fund supports charities in the following areas: education, arts and public causes in need.")

Initial Contribution (Please describe the assets comprising the initial contribution to establish the Fund, including approximate value.)

Anticipated Future Contributions (e.g. IRA beneficiary, life insurance proceeds, CRT remainder interest, etc.)

Successor Advisor Election (You may name one or several individuals to succeed you as Successor Advisor of this Fund. Attach additional sheets if necessary. If more than one individual is listed, please indicate the spokesperson, and whether any individual should be treated as a Contingent Successor Advisor. If you do not wish to name a Successor Advisor, skip to Other Fund Disposition Options.)

| Successor Advisor #1 | Successor Advisor #2 |
|------------------------------|------------------------------|
| Mr./Mrs./Ms. Name | Mr./Mrs./Ms. Name |
| Relation to Donor/Advisor(s) | Relation to Donor/Advisor(s) |
| Date of Birth | Date of Birth |
| Mailing Address | Mailing Address |
| City State Zip | City State Zip |
| () Business Phone | () Business Phone |
| () Home Phone | () Home Phone |
| Email | Email |

Other Fund Disposition Options

The following options are alternatives to the Donor/Advisor naming a Successor Advisor of the Fund. Upon notification of the death of the initial Donor/Advisor(s), American Endowment Foundation will enact the selected disposition plan. Please discuss complicated disposition plans with AEF to avoid confusion or potential problems.

If you have not named a Successor Advisor, select one of the following plans.

I (we) recommend the Fund to continue on, making grants annually to the following charitable organizations:

| Name of Organization | City, State | Percentage of Fund Balance |
|----------------------|-------------|----------------------------|
|----------------------|-------------|----------------------------|

I (we) recommend the Fund to terminate, and the proceeds be granted to the following charitable organizations:

| Name of Organization | City, State | Percentage of Fund Balance |
|----------------------|-------------|----------------------------|
|----------------------|-------------|----------------------------|

I (we) recommend the Fund to continue, with AEF's Board of Directors, using its discretion, awarding grants to worthy charitable organizations in the following field of interest and/or community (please describe):

I (we) recommend the following customized disposition plan for this Fund:

Investments (You may recommend a financial professional to work with American Endowment Foundation concerning the investments of this Fund. This person will not have advisory privileges of a Donor/Advisor.)

Name of Financial Professional

Company

Mailing Address

City

State

Zip

Phone

Fax

Email

Signature (check one box):

- I hereby irrevocably give the property described in this application and its attachments to American Endowment Foundation, to establish a Donor Advised Fund (*i.e. for current gifts*).
- I intend, through a future transfer of property to American Endowment Foundation, to establish a Donor Advised Fund. This expression is not to be considered a pledge (*i.e. primarily for testamentary gifts*).
- I intend to recommend a distribution of assets from another charitable organization to American Endowment Foundation, to establish a Donor Advised Fund (*i.e. for transfers from other Donor Advised Fund programs*).

I intend that the person described above as Donor/Advisor will periodically recommend grants from this Fund for charitable purposes. I understand that AEF's Board of Directors, in its sole discretion, is free to accept or reject any recommendations. I also understand that AEF's Board of Directors is empowered to modify any restriction related to this Fund, if in its judgment such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with charitable needs.

I have read the Donor Advised Fund Program Description, and agree to its terms and conditions. I understand that AEF's Board of Directors reserves the right to modify the Donor Advised Fund Program, as it deems necessary.

I hereby certify that to the best of my knowledge all information presented in connection with this application is accurate, and I will notify AEF promptly of any changes.

Donor's Signature

Date

Donor's Signature

Date

American Endowment Foundation

1521 Georgetown Road • P.O. Box 911 • Hudson, Ohio 44236-5911

Phone 888-440-4233 or 330-655-7552 • Fax 330-656-2063

Website www.AEFonline.org • Email info@AEFonline.org

American Endowment Foundation is registered in all states, and the District of Columbia, where such registration is required. The following state notices are required under state law. The address for AEF is 1521 Georgetown Rd. Hudson, OH 44236. If you have any questions or need additional information, please call AEF at 1-888-440-4233. Registration with these states, or any other state, does not imply endorsement by the state. FLORIDA: A COPY OF THE OFFICIAL FLORIDA REGISTRATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING (727) 464-7988; THE TOLL FREE NUMBER WITHIN THE STATE IS (800) 435-7352. OUR FLORIDA REGISTRATION NUMBER IS CH6984. MARYLAND: A copy of the official registration and supporting documents may be obtained for the cost of copies and postage from the Maryland Secretary of State, State House, Annapolis, MD 21401 or by calling (410) 974-5534. MISSISSIPPI: A copy of the official registration and annual report may be obtained from the Mississippi Secretary of State by calling toll-free (888) 236-6167. NEW JERSEY: INFORMATION FILED WITH THE ATTORNEY GENERAL CONCERNING THIS CHARITABLE SOLICITATION MAY BE OBTAINED FROM THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY BY CALLING (973) 504-6215. NEW YORK: A COPY OF THE LAST FINANCIAL REPORT FILED WITH THE OFFICE OF THE ATTORNEY GENERAL MAY BE OBTAINED BY WRITING TO AEF OR THE OFFICE OF THE ATTORNEY GENERAL, CHARITIES BUREAU, 120 BROADWAY, NEW YORK 10271. NORTH CAROLINA: Financial information about this organization and a copy of its license is available from the North Carolina Solicitation Licensing Branch at the toll-free number (888) 830-4989. PENNSYLVANIA: The official registration and information of American Endowment Foundation may be obtained from the Pennsylvania Department of State by calling (717) 783-1720, or by calling the toll-free number (800) 732-0999. VIRGINIA: A copy of the American Endowment Foundation's financial statement may be obtained upon written request from the Office of Consumer Affairs, Virginia Department of Agriculture P.O. Box 1163, Richmond, VA 23218 or by calling (804) 786-1343. WASHINGTON: American Endowment Foundation is registered in the State of Washington. Financial disclosure information may be obtained by calling the Secretary of State's number in Washington, (800) 332-GIVE. WEST VIRGINIA: West Virginia residents may obtain a summary of the registration and financial documents from the Secretary of State, State Capital, Room 157-K, 1900 Kanawha Boulevard East, Charleston, WV 25305, or by calling (304) 558-6000. WISCONSIN: A copy of the last financial report filed with the Wisconsin Department of Regulation and Licensing may be obtained by writing AEF. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.

FOR MORE INFORMATION CONTACT:

American Endowment Foundation
1521 Georgetown Road,
P.O. Box 911

Hudson, Ohio 44236-5911

888-440-4233 Toll-free • 330-655-7552 Phone

330-656-2063 Fax

Email: info@AEFonline.org • Website: www.AEFonline.org

AEF's Employer ID Number: 34-1747398



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