



KING BAUDOUIN  
FOUNDATION  
UNITED STATES

## **A Donor-Advised Fund at KBFUS -**

### **A flexible tool to make recurring donations overseas.**

The King Baudouin Foundation United States (KBFUS) facilitates thoughtful, effective giving to Europe and Africa. We work with U.S. donors and help them support their favorite causes and organizations overseas. We make sure that their giving remains personalized, efficient, tax deductible and secure.

A donor-advised fund at KBFUS is a flexible tool for individuals, families, corporations and foundations who wish to make donations to European or African nonprofit organizations on a regular basis.

With a donor-advised fund, you can accomplish both your tax planning and charitable giving goals. You can make additional contributions to your fund whenever it suits you, claim an immediate tax deduction for these contributions, and recommend grants to your favorite nonprofits at a later date.

Because KBFUS is a Section 501(c)(3) public charity, donors may claim the maximum tax benefits allowed by U.S. tax law for their contributions.

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**Attachment 1** - Letter agreement to establish a donor-advised fund at KBFUS

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## **1. Opening your donor-advised fund at KBFUS**

Opening a donor-advised fund is simple and straightforward, and there are no set-up or legal fees involved. You can open a fund with a first contribution of any size, for which you may take an immediate and full tax deduction even if you intend to recommend grant distributions at a later date.

To set up your fund, please complete the 'Letter agreement to establish a donor-advised fund at KBFUS' (see Attachment 1). We will send you a countersigned copy by return mail, for your records.

## **2. Contributing assets to your fund**

KBFUS has the experience and expertise to accept any type of charitable gift - from simple donations of cash by check, money order, credit card or wire transfer, to contributions of stocks, bonds, mutual funds, real estate or other types of property. You can also contribute to your donor-advised fund through a planned gift, such as gifts of a life insurance policy or retirement plan assets.

Corporations can contribute to their fund from various sources, such as a corporate giving program or a corporate foundation. Individuals can contribute from an existing giving vehicle such as a private foundation or a fund held at a community foundation or national fund. They can invite friends and relatives to contribute as well.

Individual donors may request that at the time of their death, any remaining assets in their donor-advised fund be transferred to a legacy fund to be established at KBFUS, to provide continued support to a favorite cause or organization overseas.

## **3. Investing your fund's assets to generate income *(optional)***

Donors can choose to establish an 'endowed' donor-advised fund at KBFUS. Through professional investment, their fund can earn income and grow tax-free over time, thus increasing the amounts available to support charitable purposes.

When establishing an endowed donor-advised fund, the donor can select one of our four investment pools for the allocation of the assets of their fund. These investment pools are currently managed by UBS Financial Services, and offer alternative options so that the donor can choose an investment strategy that meets their expectations in terms of risk tolerance, need for liquidity and/or focus on long-term capital appreciation.

Alternatively, in case of fund balances over \$750,000, the donor may recommend that the management of their fund's assets be entrusted to a designated investment advisor of their choice.

All of our investment portfolios are managed under the professional guidance of our investment committee, using reasonable and prudent investment practices. The committee selects the asset managers, reviews their recommendations and monitors their performance, and reports to our Board of Directors on an annual basis, or more frequently if circumstances require. For more information, please see our Investment Policy Statement in Attachment 2.

#### **4. Making a grant distribution to support a favorite organization overseas**

You can make recommendations for grant distributions from your donor-advised fund at any time.

There is a \$5,000 minimum for grants to organizations overseas. This minimum amount was set to ensure that our grantmaking process remains cost-effective, considering that the process requires some efforts from the nonprofit organization and that international grants come with higher bank fees.

The due diligence and grants administration process described below usually takes between three and five weeks to complete, depending upon the responsiveness of the suggested grantee.

##### **a. Grant recommendation:**

Grant recommendations can be made by e-mail or letter, and should specify the name and country of the suggested grantee, the amount of the grant and the specific project or program to be funded with the grant moneys (if any). If you don't have a favorite organization in mind, we can help you identify premier nonprofit initiatives in the country, region or field of your interest.

##### **b. Due diligence process:**

Upon receipt of your recommendation, we will reach out to the nonprofit organization overseas and request more information on their structure, funding and activities. The information is reviewed by our Executive Director. Through our due diligence process, we make every effort to ensure that your grant moneys will indeed be used for legitimate charitable purposes. See our 'Internal anti-terrorist funding procedures' at [www.kbfus.org](http://www.kbfus.org).

##### **c. Approval of the grant and agreement with the grantee:**

The information is then submitted to our Board of Directors. In order for donors to obtain a charitable deduction under U.S. tax law, KBFUS must retain exclusive control as to the use of all contributions. Although we are not bound by donors' suggestions, we obviously give serious consideration to their recommendations. Following the Board's approval, a grant agreement is signed with the grantee, specifying the intended use of the grant moneys and requesting a brief report after a one-year period.

d. Transfer of the grant amount:

Upon receipt of the signed agreement, KBFUS proceeds with the payment to the grantee. Most of our grants are made via wire transfer. In some cases we do send a check.

**5. Donor recognition**

KBFUS encourages direct contacts between donors and grantees, and recognizes the name of the donor-advised fund in all its communications with the fund's grantees. With grants from corporate donor-advised funds, we can either transfer the grant amount to the nonprofit organization, or forward a check (made payable to the grantee) to the corporation's local management, for remittance to the grantee.

**6. Monthly statements**

Each month, we will send you a statement for your donor-advised fund, providing you with an updated report on contributions received, grant distributions made, and available balance (including overview of investment gains, in case of donor-advised funds with invested assets). You can also obtain an interim statement at any time, upon simple request.

**7. Management and investment fees**

There are no set-up or legal fees associated with establishing a donor-advised fund at KBFUS, nor do we charge annual maintenance fees for donor-advised funds.

To help us cover our operational expenses, KBFUS charges a management fee for each grant made from a donor-advised fund to a nonprofit organization overseas, as follows:

- 5% of the first \$100,000 of each grant to a nonprofit organization overseas;
- 3% of the next \$400,000;
- 1% of the next \$500,000; and
- 0.5% of the amount of each grant in excess of \$1,000,000.

For donor-advised funds with invested asset, KBFUS does not charge a management fee on grants made. Instead, an investment fee of 70 basis points per year is applicable (that is, 0.7% of the fund's invested assets - 0.175% assessed quarterly).