



# Policies & Program Description

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AMERICAN ENDOWMENT FOUNDATION

2024

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A close-up photograph of a person wearing a white lab coat, holding a silver pen and signing a document. The document is open on a dark, reflective surface. The background is softly blurred, showing green foliage. The overall tone is professional and clean.

# Onboarding

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## Acknowledgement of Understanding

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**REVIEW OF EXPECTATIONS**

# Acknowledgment of Understanding

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Congratulations! “WE believe in philanthropy,” is one of AEF’s core values and fits nicely into the process you just completed. We want to say thank you for completing your “onboarding” with us. You have helped in creating a smoother process in doing business together. We now share in the significance of giving together and you have become a partner with AEF. You join a group of people that believe in giving and enjoy sharing with others in the process. As our partnership moves forward, we will expect things from you, as you manage our assets for the benefit of our donor, your client. Here is our commitment to you. Our ability to deliver and “compliment” one another throughout the giving process will enhance the donors philanthropic mission. Each person in the equation benefits throughout the process, Non-profit, donor, advisor and AEF!

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**AEF POLICIES  
(4 DOCUMENTS ATTACHED)**

- **Program Description & Application Worksheet**
- **Gifting policy**
- **Granting policy**
- **Investment Policy**

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**AEF POLICIES  
(4 DOCUMENTS ATTACHED)**

- **Liquidity Account Explanation (2 - Liquidity Account Explanation, Liquidity Account Replenishment process)**

The Liquidity Account represents a small portion of assets held at AEF. It allows AEF’s quarterly administrative fees to be withdrawn without investment disruption. It is replenished annually.

- **Online Access Requirement (1)**

Given that AEF is legally the owner of any investment account that an advisor opens to hold the DAF investments, we do require the advisors office to set up online access for AEF to login and view our account and the underlying assets.

- **Investment account data aggregation (1)**

When you are opening the new investment account through your custodian, we will work with you to have the new account number added to any existing data feed which we would have





already established through your firm. Please follow these instructions from our new business team to have the account added as soon as possible once the number is assigned.

- **How to contribute to your fund (1)**

The Financial Advisor will need to work with their custodian to Transfer/ Journal stock or cash to the Investment Account. Please Notify AEF of the transfer so we can verify the assets and issue the gift tax letter.

## BENEFITS AEF PROVIDES



- **Independence**

AEF is truly independent and does not provide financial advice, sell financial products, offer custody services, and is cause-neutral. AEF is thus able to work with nearly all donors and their preferred financial advisors and custodians.

- **Open Investment Architecture**

AEF allows our financial advisors to select and manage the assets. AEF DAF assets are segregated and can include a wide variety of stocks, bonds, mutual funds, ETFs and third-party managers within the separately managed portfolios.

- **Contribution Flexibility**

Many DAF sponsors only accept donations of cash and marketable securities. AEF also accepts gifts of closely-held stock, LP and LLC interests, life insurance, real estate, cryptocurrencies, etc.

- **Liquidation Flexibility**

Most DAF sponsors require immediate liquidation of contributed assets. AEF allows for assets to be held in-kind.

- **Grant Making Flexibility**

AEF donors are able to support all US-based charities that are qualified under the Internal Revenue Code, as well as to international charities.

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# New DAF Procedure Checklist







# New DAF Procedure Checklist

Please follow the steps below regarding how to set-up a new AEF Donor-Advised Fund (DAF).

**1. Create a login for AEF's online partner gateway system.**

**2. Become a partner with AEF.**

In order to become a partner with AEF please go through AEF's online onboarding process.

Review our Program Description and Application Worksheet with your client(donor) in preparation for completing a DAF application.

**3. Complete a DAF application with AEF**

Once you are an approved Partner at AEF, you will have access to complete a DAF application online through our Partner Gateway.

As the Advisor you will enter all application information before submitting for signature from your client(donor).

**4. Setup the investment account**

As you would for any client holding investments with you, at this point you will work with AEF to open an investment account on your custodial platform. AEF's client profile information is provided to you for download during the Application process.

Fill out your firm's Custodial Application, Investment paperwork, ACH setup and Investment Advisory agreement and list AEF as your client. This is similar to other 3rd party administrators.

Submit the completed paperwork to AEF through the partner Gateway. It takes AEF approximately 5-7 business days to process and return to you the signed custodial paperwork.

Send the signed custodial paperwork to your custodian to open.

**5. Ensure AEF has client level online access to the investment account Online Access Requirement**



1. Given that AEF is legally the owner of any investment account that an advisor opens to hold the DAF investments, we do require the advisors office to set up online access for AEF to login and view our account and the underlying assets.

### **Investment account data aggregation**

When you are opening the new investment account through your custodian, we will work with you to have the new account number added to any existing data feed which we would have already established through your firm. Please follow these instructions from our new business team to have the account added as soon as possible once the number is assigned.

## **2. Fund the DAF**

The Financial Advisor will need to work with their custodian to Transfer/Journal stock or cash to the Investment Account. Please Notify AEF of the transfer.

Remember that AEF is the receiving client, and this is not a like-titled account transfer. You will initiate the transfer as you would for a transfer between other accounts that are not titled in the same way

Notify AEF of gift contribution (gift source, brokerage, cash, alternative asset, DAF transfer, donor name and address, description of gift, date of gift.)

The donor will receive a gift acknowledgment approximately 15 business days after completion of this step.





### 3. Send AEF our initial account liquidity requirement

AEF will send a letter of authorization (LOA) in 30-90 days via email requesting that you as our FA, ACH 1% of the gifted assets or \$500, whichever is greater money to our PNC Liquidity Fund from our new investment account.

This provides AEF with access to sufficient liquidity to cover 1-year of Annual fees without having to reach out for quarterly fee transfers—we will pull directly from the PNC liquidity fund quarterly for fees.

AEF replenishes this account on an annual basis during the months of May–July

### 4. Make Grants in DonorCentral.

The Donor and Advisor will receive an email from BlackBaud including login information and instructions for DonorCentral (AEF's online client portal).

Login to DonorCentral to create a grant recommendation and AEF will qualify the grant.

AEF will send an LOA to the Advisor requesting that you as the FA ACH the amount of the grant to our PNC liquidity account. Grants are processed as soon as possible and will not be delayed by an outstanding LOA request.

Grants take approximately 7 business days to process, and the grant is sent to the charity via ACH or Check.



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# Online Access Requirements







# Online Access Requirements

Given that AEF is legally the owner of any investment account that an advisor opens to hold the DAF investments, we do require the financial advisors office to set up online access for AEF to login and view our account and the underlying assets.

The process your office will follow will vary based on your custodian, firm and/or RIA affiliation, but typically will fall into one of the following processes:

- **For accounts where AEF has the ability within the new account application to provide your office with an existing 'AEF Login' during the account opening process, please use that credential and ensure the new investment account is added to that Login as the account is set-up;**
- **If your paperwork does not allow for a client (AEF in this case) to set-up a User ID, or to provide an existing Login or Credential to link this account to an existing login and establish our online access, please make sure your back office new-business team sends the account Login and temporary password to AEF directly. It may help to clarify for them that AEF is the client on this account, not the donors.**
- **Ultimately, you will follow whatever your normal routine is for providing a client with online access to view their investment account and the individual transactions and activity.**



# Investment Account Data Aggregation







# Investment Account Data Aggregation

American Endowment Foundation (AEF) in our capacity as a donor-advised fund (DAF) administrator, currently has over \$6.9 billion in assets managed through 13,000+ individual accounts and custodial relationships across the U.S.

To efficiently provide the daily oversight and activity tracking required by our internal controls, our Board of Directors, and independent auditors, AEF utilizes the BlackDiamond data aggregation solution to deliver a nightly feed to us of all our individual account activity across each of our individual investment accounts.

As part of the initial process when we are opening the new investment account through your custodian, we will work with you to have the new account number added to any existing data feed which we would have already established through your firm. Please follow these instructions from our new business team to have the account added as soon as possible once the number is assigned.

## **PLEASE NOTE:**

While we have the majority of our larger volume custodians fully cooperating with this data feed process and the accounts can be added very smoothly, we do have a handful where the process is more complex or not well supported. Please follow our instructions as delivered with the returned new account paperwork, and work with our NewDAF team to finalize the Data Aggregation process as it applies to your specific firm. Thank you in advance for your collaboration on this important facet of the process.







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# Donor-Advised Fund

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# Gift Acceptance Policy

EFFECTIVE DATE: AUGUST 20, 2021





## 1.0 Overview

1.1	<b>OBJECTIVE</b>	American Endowment Foundation (“AEF”) is a 501(c)(3) non-profit corporation which seeks to expand philanthropy in the United States. The purpose of this Gift Acceptance Policy is to establish guidelines governing the acceptance of gifts (defined in Section 1.2) by AEF for the benefit of its operations, programs or services and to provide guidance to prospective donors and their financial advisors when making gifts to AEF.
1.2	<b>DEFINITION OF A GIFT</b>	<p>For purposes of this policy, a “gift” is a complete voluntary transfer of cash or other assets from a person or organization to AEF where no goods or services are expected, implied or forthcoming in return to the donor. The following criteria generally identify a gift:</p> <ul style="list-style-type: none"><li>• <b>A gift is motivated by philanthropic intent.</b></li><li>• <b>A gift is not subject to an exchange of consideration or other contractual duties between the donor and AEF.</b></li></ul>
1.3	<b>SCOPE</b>	This policy applies to all gifts received and accepted by AEF.
1.4	<b>EFFECTIVE DATE</b>	This policy was approved and effective on August 20, 2021 (the “Effective Date”).

## 2.0 Governance

2.1	<b>ROLE OF THE GIFT ACCEPTANCE COMMITTEE</b>	<p>The Board of Directors of AEF (the “Board”) authorized the executive officers of AEF to establish the Gift Acceptance Committee (the “Committee”) for the purpose of reviewing proposed gifts to AEF. The Committee is led by the Chief Investment Oversight Officer and is responsible for the review of all potential gifts to determine whether AEF will accept or reject the gift. In the event that any total potential gift exceeds the greater of (i) \$100 million or (ii) 3% of AEF’s total portfolio of donor-advised funds, the executive committee of the Board must also approve the gift.</p> <p>The Committee is also responsible for (i) the maintenance and oversight of this policy and (ii) the implementation and modification of internal procedures that will support the policy. The Committee reports to the executive officers of AEF as needed and the executive officers report to the Board on a regular basis.</p>
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## 2.2 ROLE OF THE DONOR

AEF accepts gifts from individuals, trusts, private foundations, other donor-advised funds, corporations and other taxable and non-taxable entities.

A prospective donor is responsible for ensuring that any gift furthers his or her charitable, financial and estate planning goals. In all transactions between a potential donor and AEF, AEF aspires to provide accurate information and full disclosure of the costs, benefits and liabilities that could influence a donor's decision to make a gift, including, but not limited to:

- **The gift is irrevocable and non-refundable,**
- **The gift is subject to the exclusive legal authority and control of AEF as to the gift's use and distribution,**
- **The gift is not subject to restrictions or conditions further described in Section 3.0,**
- **AEF's investment policies,**
- **AEF's fees, and**
- **Other information AEF deems necessary for donors to make an informed choice about using AEF as a vehicle of charitable gifts.**

**AEF does not provide advice about the tax or other treatment of gifts and encourages all prospective donors to seek guidance from independent financial, investment, tax and legal counsel relating to their gifts. Any legal counsel engaged by AEF is employed or engaged by AEF and does not act on behalf of the donor.**

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# 3.0 Acceptable Gifts

## 3.1 GENERAL

Generally, AEF only accepts gifts pursuant to its Program Description and Application which must be executed by the donor. Depending on the nature of the gift, AEF may require a donor to execute additional documents or agreements prior to AEF's acceptance of the gift.

In connection with the evaluation of any gift, the Committee may (i) communicate with the donor or his or her financial advisor as the Committee deems necessary and (ii) may conduct due diligence and request information from the donor or his or her financial advisor to assist the Committee in its review of the gift.





The acceptance of any gift is in the sole discretion of AEF. AEF will not accept any gift:

- **Unless it can be used or expended consistent with AEF's purpose and mission, or**
- **If the gift may potentially jeopardize AEF's tax-exempt status or violate any of AEF's policies or procedures in effect from time to time or local, state or federal laws or regulations.**

Upon AEF's acceptance of the gift:

- **The gift is exclusively legally owned and controlled by AEF,**
- **The gift is irrevocable and non-refundable, and**
- **AEF maintains full discretion with respect to the gift, including but not limited to, any subsequent sale, redemption, transfer or other disposition.**

## 3.2 CASH

AEF will generally accept all unrestricted gifts (see Section 3.7 for additional information) of cash or cash equivalents (assets that can be quickly turned into cash, such as money market holdings, short-term government bonds and Treasury bills). These gifts must be in U.S. Dollars and delivered by check made payable to AEF, electronic funds, transfer or wire.

## 3.3 PUBLICLY-TRADED SECURITIES

### GENERAL

AEF will generally accept gifts of stocks, bonds, mutual funds, ETFs and similar securities that are traded on a national securities exchange that is registered with the Securities and Exchange Commission (the "SEC").

### CERTIFICATED SECURITIES

Stock certificates must be endorsed by all registered owners of the contributed gift and accompanied by an irrevocable stock power form.

### RESTRICTED SECURITIES

"Restricted" securities are those that have not been registered with the SEC, and as such either have trade restrictions or have never been issued publicly. The term "restricted" also refers to securities owned by a potential donor who is considered an "affiliate" or "control person" pursuant to SEC rules and regulations. AEF's acceptance of restricted securities are subject to (i) the approval of the Committee, (ii) the marketability of the restricted securities and (iii) the issuer's approval of the sale of such restricted securities.

## PRE-APPROVAL

AEF requires pre-approval for any gift representing more than 2% of the securities of a publicly- traded company.

### 3.4 PRIVATELY-HELD SECURITIES

Gifts of securities that are privately-held, including but not limited to stock of closely-held corporations, interests in limited partnerships or limited liability companies, private equity, venture fund, hedge fund and offshore investments, are subject to the review and approval of the Committee. In conducting its review, the Committee considers any obligations created or liabilities posed by the gift for AEF, including but not limited to:

- **Marketability of the gift,**
- **Potential excess business holding issues (as further described in Section 4943 of the Internal Revenue Code of 1986, as amended (the “Code”)),**
- **Potential tax on unrelated business income (as further described in Section 511(a)(1) of the Code),**
- **Carrying costs,**
- **Ongoing fiduciary obligations, and**
- **Legal and other restrictions imposed on the transfer and acceptance of the gift contained in the entity’s governing documents. In addition, AEF generally requires a written agreement between the donor and AEF that provides for (i) the payment of administrative expenses and unrelated business income taxes generated by the gift and (ii) the donor’s indemnification of AEF against all liabilities associated with the gift. Depending on the nature, size and complexity of the potential gift, AEF may impose additional restrictions or obligations on the donor prior to the acceptance of the gift.**

Generally, AEF will not accept a gift:

- **Subjecting AEF to excise taxes pursuant to the IRS’s excess business holdings rules (subject to a written agreement between the donor and AEF to mitigate against any excise taxes), or**
- **Representing an interest in a general partnership due to the unlimited liability of general partners.**







### 3.5 INTERESTS IN REAL PROPERTY



Real property includes improved and unimproved land, residences, condominiums, apartment buildings, rental property, commercial property and farms and may encompass an immediate gift or the gift of a future interest in real property. Any gift of real property is subject to the review and approval of the Committee and requires a minimum appraised value of \$1,000,000. AEF requires that any gift involving real property is an interest in an entity that directly or indirectly owns the real property (e.g., stock in a corporation or interests in a partnership, trust, limited liability company or other entity) rather than the real property itself.

In conducting its review, the Committee considers any obligations created or liabilities posed by the gift for AEF and AEF will not accept the gift without: Evidence of fair market value,

- **Evidence of clear title,**
- **Evaluation of saleability,**
- **Evaluation of carrying costs,**
- **Lack of third-party interests, including liens and encumbrances by lenders, and**
- **Environmental scrutiny. Depending on the classification of the real property and AEF's ownership interest related thereto, pursuant to Internal Revenue Code rules and regulations AEF may require additional information and documentation from the donor and, as a result, may impose additional restrictions or obligations on the donor prior to and after the acceptance of the gift.**

#### (A) BEQUESTS

AEF generally accepts bequests from a donor through a will or trust who has directed that certain assets be transferred to AEF and complies with the language requirements set forth by AEF. A bequest is not deemed a gift to AEF until such gift becomes irrevocable.

AEF may not be named as an executor or trustee in a will or trust, as applicable, and will not serve if named.

AEF reserves the right to refuse any bequest that is inconsistent with this policy or AEF's other policies and procedures in effect from time.

#### (B) LIFE INSURANCE

AEF may accept gifts of new or existing life insurance policies provided that (i) the minimum death benefit is \$100,000, (ii) the policy



is not encumbered, (iii) the donor or financial advisor provides a life insurance illustration, (iv) AEF is named the policy owner and sole beneficiary, (v) a preference on the design for a no-lapse guarantee, and (vi) liquidity is available to maintain the policy and administration of the donor-advised fund.

If premium payments can no longer be made because the donor elects to discontinue making gifts to cover such premium payments, AEF may, in its sole discretion, elect to continue to make the premium payments, transfer the policy or surrender the policy for its cash value.

AEF does not accept term life insurance policies as gifts.

### **(C) ANNUITIES**

AEF may accept gifts of new or existing annuities provided that (i) the annuity is not in the annuitization phase, (ii) the donor or financial advisor provides an annuity illustration, (iii) AEF is named the owner and sole beneficiary and (iv) the cash value of the annuity does not exceed 50% of the balance of the donor's DAF (unless the annuity is single-premium).

Prior to acceptance, the donor is required (i) to provide sufficient liquidity to pay AEF's fees for the first year and (ii) to pay the initial annuity premium (if a flexible premium annuity).

### **(D) LIFE INCOME GIFTS AND TRUSTS**

A donor may implement planned giving options that provide income to a donor or his or her designees, as well as a financial benefit to AEF, through a charitable remainder trust or a charitable lead trust. AEF will not serve as a trustee of any trust. The donor is required to provide pages of the trust naming AEF as the beneficiary as well as the cover and signature pages of such trust.

All bequest language must be in accordance with this Section 3.6(a).

### **(E) RETIREMENT PLAN**

Subject to limitations imposed by the Internal Revenue Service ("IRS"), a donor may make a lifetime gift of retirement assets or name AEF as the beneficiary of his or her retirement plan. Retirement plans include, but are not limited to, Individual Retirement Accounts (each, an "IRA"), 401(k), 403(b) and defined contribution plans.

If the gift of retirement assets to AEF is pursuant to an IRA charitable rollover, also known as a qualified charitable distribution, IRS rules and regulations require that such gift be maintained at AEF through a designated fund rather than a donor-advised fund. AEF





requires advance written notification from the donor prior to making a qualified charitable distribution to AEF.

AEF reserves the right to refuse any bequest that is inconsistent with this policy or AEF's other policies and procedures in effect from time to time.

### 3.7 OTHER GIFTS



AEF may accept other assets on a case-by-case basis after review and approval by the Committee and may include: Interests in a trust,

- **Royalty payments,**
- **Intellectual property interests,**
- **Oil, gas and mineral property interests (provided that interests are owned is in an entity such as stock in a corporation or interests in a partnership, trust, limited liability company or other entity),**
- **Promissory notes, or**
- **Commodities.** In connection with the acceptance of such gifts, AEF may utilize a third party to assist with the evaluation and potential ownership of such gifts.

### 3.8 RESTRICTIONS ON GIFTS

The Committee reviews any gift that includes restrictions or conditions impacting AEF's ownership of the gift. Generally, AEF will not accept a gift that is subject to a material restriction or condition, including, but not limited to:

- **A donor maintaining any right to control the asset, including any subsequent sale, redemption, transfer or other disposition of the asset,**
- **Any other condition that prevents AEF from exercising exclusive control of the use of the gift to further its tax-exempt purpose,**
- **A gift that confers more than an incidental benefit on a donor as further described in Section 4967 of the Code,**
- **Any restriction that would result in a violation (i) AEF's Code of Regulations or (ii) any of AEF's policies and procedures in effect from time to time, or**
- **Any other restriction deemed inappropriate or inadvisable by AEF in its sole discretion.**

The Committee will not accept gifts that are deemed overly restrictive in purpose. All final decisions on the restrictive nature of a gift and its acceptance or refusal will be made by the Committee.

### 3.9 USE OF THIRD PARTY CHARITIES

AEF reserves the right to utilize a third party charity as an intermediary to accept a gift on behalf of AEF and distribute any proceeds related to such gift to AEF.

## 4.0 Use of Legal Counsel



AEF seeks the advice of its outside legal counsel where appropriate when the Committee is determining the acceptability of a gift. The donor will be responsible for any fees incurred by AEF's outside legal counsel and AEF may seek reimbursement of such fees through the donor's fund.

Generally, outside legal counsel is engaged for: Gifts of securities subject to buy-sell agreements or other restrictions,

- Gifts involving contracts or other legal documents requiring AEF to assume an obligation,
- Gifts imposing a fiduciary obligation,
- Gifts with potential conflicts of interest that have the potential for IRS sanctions,
- Gifts of real estate,
- Other instances in which the Committee deems the use of legal counsel appropriate.

## 5.0 Miscellaneous Provisions

### 5.1 VALUATION OF GIFTS OTHER THAN CASH AND PUBLICLY-TRADED SECURITIES

For gifts other than cash and publicly-traded securities, the IRS requires a donor to (i) obtain an independent appraisal of the gift and (ii) file a Form 8283 that requires the signature of AEF. The donor agrees to promptly provide AEF with a completed Form 8283 (including a copy of the appraisal) for signature by AEF. AEF reserve the right to withhold the donor's gift receipt pending receipt of the items referenced above.





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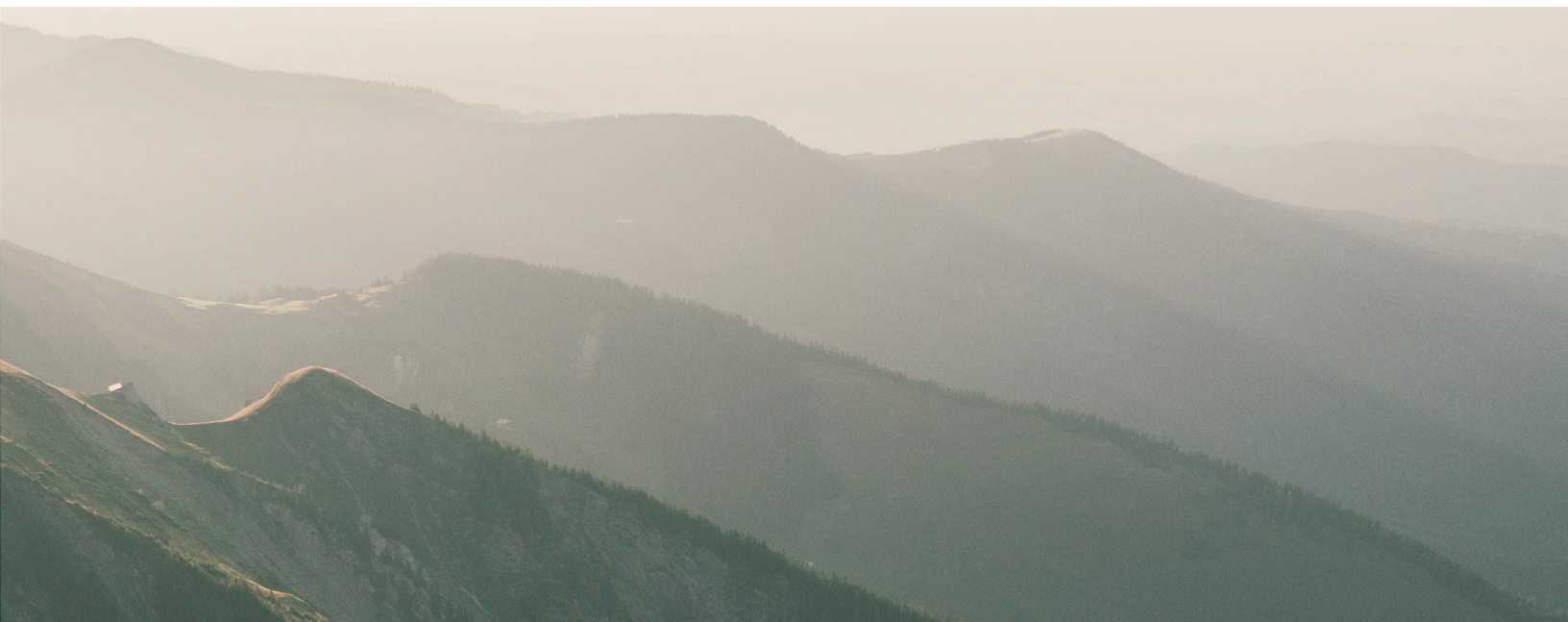
<b>5.2</b>	<b>ACKNOWLEDGMENT OF GIFTS</b>	AEF will provide acknowledgements to donors meeting current IRS substantiation requirements for certain assets received by AEF as a gift.
<b>5.3</b>	<b>IRS FILINGS</b>	AEF will complete all filing required by the IRS of AEF in connection with gifts received by AEF. AEF is not responsible for completing any IRS filings required of the donor.
<b>5.4</b>	<b>DONOR FEES</b>	Additional time and resources are necessary to analyze potential gifts. The donor's fund may incur additional costs and expenses with respect to such gifts. Any such costs and expenses will be due upon AEF's acceptance of the gift and AEF may seek reimbursement of such fees and expenses through the donor's fund.

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## 6.0 Exceptions

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Any exceptions to this policy will be reviewed on a case-by-case basis and approved by AEF in its sole discretion.





A man with a beard and glasses, wearing a dark suit and tie, is seated at a table outdoors. He is focused on a laptop, with his hands on the keyboard. A smartphone lies on the table next to him. The background shows a blurred outdoor setting with trees and buildings.

# Donor-Advised Fund Granting Policy

EFFECTIVE DATE: MAY 20, 2022





## 1.0 Overview

1.1	<b>OBJECTIVE</b>	The timely and proper processing of correctly submitted grants is fundamental to achieving American Endowment Foundation's ("AEF") mission of growing philanthropy. This policy establishes the parameters and guidelines for processing grants and is intended to be compliant with all current laws and regulations. This policy will govern the activities of the Grants Department at AEF and provide guidance to any party that has advisory privileges to a donor-advised fund administered by AEF.
1.2	<b>SCOPE</b>	This policy is applicable to all donor-advised funds that are administered by AEF.
1.3	<b>TARGET AUDIENCE</b>	This policy is intended for all parties that have granting privileges or advisors to parties with granting privileges.
1.4	<b>POLICY OWNER</b>	The Grant Administration Manager is responsible for the implementation and compliance with this policy. The Executive Vice President is responsible for the oversight of the Grants Department and review of this policy.
1.5	<b>EFFECTIVE DATE</b>	This policy was amended and effective on May 24, 2022.
1.6	<b>ROLE OF DIRECTOR OF GRANT ADMINISTRATOR</b>	The Grant Administration Manager is responsible for reviewing the grant recommendation for compliance with this policy and processing payment if a grant is approved.
1.7	<b>FUTURE REGULATORY CHANGES</b>	AEF reserves the right to modify this policy to comply with all regulatory changes or Internal Revenue Service ("IRS") regulations concerning donor-advised funds or grant recipients.

## 2.0 Grant Requirements

2.1	<b>AUTHORITY TO RECOMMEND GRANTS</b>	AEF donors and authorized individuals with granting privileges ("authorized individuals") may recommend grants to eligible charities.
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2.2	MINIMUM GRANT AMOUNT	AEF has a minimum grant amount of \$250.
2.3	GRANT REVIEW	<p>AEF performs its own due diligence on all grant recommendations to assure that the grantee is in good standing with the IRS. AEF follows a strict review and approval process to:</p> <ul style="list-style-type: none"><li>• <b>Ensure all grant dollars are issued for qualified charitable purposes.</b></li><li>• <b>Avoid taxes and penalties put in place by the Pension Protection Act of 2006, and</b></li><li>• <b>Protect AEF’s tax-exempt status.</b></li></ul>
2.4	[INTENTIONALLY DELETED]	
2.5	ELIGIBLE GRANTEEES	<p>Grants can be made only to IRS-qualified public charities. These are organizations that are tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and, either are classified as public charities because:</p> <ul style="list-style-type: none"><li>• <b>The organization is a publicly supported charity (Section 509(a)(1) of the Code),</b></li><li>• <b>The organization is an exempt purpose activity-supported charity (Section 509(a)(2) of the Code), or</b></li><li>• <b>The organization is a Type I, Type II or functionally integrated Type III supporting organization (Section 509(a)(3) of the Code).Eligible public charities include the full range of charitable organizations, including, but not limited to, hospitals, scientific and medical research organizations, religious organizations and places of worship, environmental and educational organizations, libraries, museums and arts organizations and any other organization or institutions formed and operated for charitable purposes.</b></li></ul> <p>AEF may also make grants to (i) certain private operating foundations meeting specified requirements of the Code and (ii) certain units of governments (e.g., public schools, colleges and universities, town and municipal governments and police departments) meeting specified requirements of the Code. Private non-operating foundations and Type III non-functionally integrated supporting organizations are not eligible grantees.</p>





AEF qualifies an organization to ensure its charitable purpose. AEF reserves the right to require additional documentation from the charity to perform additional due diligence, including but not limited to, a reasoned legal opinion from the organization. AEF reserves the right to decline to make a recommended grant to a charitable organization.

## 2.6 **INELIGIBLE GRANT RECIPIENTS AND PROHIBITED TRANSACTIONS**



Individuals, private non-operating foundations, non-functionally integrated Type III supporting organizations and lobbying organizations, political campaigns or other political entities are not eligible to receive grants from AEF.

AEF approves only those grants that are used exclusively in furtherance of charitable purposes. In accordance with this policy, AEF will decline a grant where the grant will confer more than an incidental benefit on a donor as described in Section 3.1 of this policy,

- a. **Where the grant will be used for lobbying, for political contributions or to support political campaign activities,**
- b. **Where the grant will be used for improper purposes,**
- c. **Where the donor and related persons control the organization,**
- d. **Where AEF provides a substantial portion of the organization's public support, and**
- e. **For other reasons in accordance with AEF's policies and procedures in effect from time to time.**

AEF will inform the donor via written notice or electronic mail transmission, typically within two weeks, if a recommended charity is ineligible or the transaction is prohibited.

## 2.7 **DORMANT DONOR-ADVISED FUNDS**

In accordance with our mission, AEF encourages donors to grant funds to qualified charities for charitable purposes throughout the life of the donor-advised fund. AEF recognizes that some donors choose to delay recommending grants for a period of time, intending to allow the fund's balance to grow. In such event, AEF requires that the donor provide a written long-term charitable plan to provide for the eventual recommendation of grants.

Throughout the year, AEF will review donor-advised funds for granting history and will contact donors who have not submitted a long-term charitable plan or any grant recommendations for the past 36 months. If a grant has not been made within the past 36

months, donors will be asked to submit a grant recommendation within 30 days. If the donor fails to respond, AEF will make a grant of \$250 from the fund to the charity to which the donor last granted. If no grants have been made, AEF will make a grant to a charity as directed by policies and procedures adopted by the Board of Directors with respect to such grants.

2.8	<b>CLOSING OF DONOR ADVISED FUNDS</b>	Before a donor may close his or her donor-advised fund, a closing grant recommendation must be submitted via AEF’s secure online portal. AEF will qualify the grant recommendation in accordance with the terms of this policy and, if approved, will typically make the final grant payment within 30 to 45 days following the grant recommendation to order to complete a final accounting of the donor-advised fund.
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2.9	<b>PASS-THROUGH FUNDS</b>	From time to time, a donor may make a grant recommendation that AEF deems a “pass-through” for a particular project or organization. AEF defines a pass-through as a grant recommendation in which 80% of the fund’s assets will be granted within a 180-day period from inception of the donor-advised fund. AEF encourages donors to contact their financial advisors prior to setting up a donor-advised fund that may be deemed a pass-through as AEF will review each pass-through recommendation on a case by case basis and may decline such recommendation or impose additional terms and conditions upon such recommendation in its sole discretion.
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2.10	<b>ANTI-TERRORISM</b>	All funds and grant recommendations made from such funds will be used in compliance with all applicable anti-terrorist financing and asset control laws, statutes and executive orders.
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## 3.0 Qualified Charitable Purposes

3.1	<b>BENEFITING AN INDIVIDUAL</b>	<b>INCIDENTAL BENEFITS</b> Grants from a donor-advised fund cannot be used to benefit an individual, either directly or indirectly. A grant must be used exclusively for charitable purposes. Donors and their family members cannot receive anything beyond an incidental benefit from a charitable organization to which they made a grant. Incidental benefits include, but are not limited to, recognition, newsletters, t-shirts, key chains, and other small value tokens.
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## SUPPORT GRANTS

These grants are used to support individuals doing missionary work for a religious organization. If the named individual is related to the donor, he or she will be deemed a disqualified person and the grant cannot be approved. Related individuals include the donor and the donor's spouse, siblings (by whole or half-blood), spouses of siblings (by whole or half-blood), ancestors, children, grandchildren, great-grandchildren, and spouses of children, grandchildren and great-grandchildren.

If a donor recommends a grant to an eligible charity to support the missionary work of an individual, AEF will contact the donor to ascertain if the named individual is a disqualified person. If the named individual is a disqualified person, the grant recommendation will be denied. If the individual is not a disqualified person, the grant will be approved with a statement added to the grant letter identifying the missionary.

Donors may recommend a grant to an organization that sponsors children provided that the donor is not related to the child. Scholarship Grants Scholarship grants administered by an eligible charity can be made from donor-advised funds, but must be made payable to the organization in which the scholarship originated. The donor may not designate any individual to benefit from the scholarship. AEF will not send a grant for the payment of fees and other costs directly to the school the student will be attending on behalf of that student. The grant payment will be made payable to the organization sponsoring the scholarship for the benefit of the scholarship fund.

The donor and other members of the donor's family may participate on the scholarship committee but may not represent the majority of the committee regarding the recipients.

## FUNDRAISING GRANTS

Donors may recommend a grant for a fundraising campaign for a charitable cause (i.e., walking or biking fundraisers for a charitable organization) where an individual is responsible for the fundraising but does not receive more than an incidental benefit from the fundraising.

### 3.2 SALARY PAYMENTS

Grants may not be used to support the salary of a donor or related party working at a charitable organization, nor can AEF designate the individual holding the position a beneficiary of the grant. AEF can make grants in support of the position, but not the individual.

### 3.3 PLEDGES

Donors may recommend a grant to fulfill a pledge to a charitable organization provided that AEF makes no reference to the exis

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tence of the pledge when making the grant, the donor does not receive any benefit that is more than incidental on account of the grant, and the donor does not attempt to claim a charitable deduction with respect to the grant.

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### **3.4 QUID PRO QUO BENEFITS**

Grants may not be used for any purpose for which the donor would receive a quid pro quo benefit, such as the benefit or privilege to attend a dinner, gala, auction, athletic event, concert, or any similar charitable event. For example, AEF will not approve grants to colleges that give the donor the right to purchase tickets to athletic events at that college.

AEF will not approve grants for purposes where the donor receives more than an incidental benefit as a result of the grant.

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### **3.5 MODIFYING OR DIVERTING**

Donors may not attempt to modify the purpose of a grant from their donor-advised fund, attempt to exert control over the funds, or divert the funds to an improper purpose.

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### **3.6 BIFURCATED GRANTS**

AEF does not bifurcate grants. Bifurcation occurs when a grant is split into two parts, the tax deductible and non-tax deductible portions. One part is for an event or membership. The other part is for more than incidental benefits. Current IRS regulations require AEF must send the full amount of the grant to the organizer. The donor must waive any and all benefits associated with the event or membership.

Grants cannot be used to pay any portion of a donation split into deductible and nondeductible portions. AEF will not approve the recommendation if the receipt of any benefit (i.e., attendance at a charitable event) is contingent upon the grant from the donor-advised fund as part of a larger donation.

Current IRS guidance defines the relief of the donor's obligation to pay full price of a ticket or admission to a charity sponsored event a direct benefit that is more than incidental.

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### **3.7 GRANTS FOR IMPROPER PURPOSES**

AEF may decline or modify any grant recommendation that, in its sole discretion, is inconsistent with any of AEF's program policies and guidelines in effect from time to time or AEF's charitable purposes. AEF will provide written notice or electronic mail transmission to a donor or authorized individual within 10 business days of such determination by AEF. If AEF discovers that grants have been made for improper purposes, AEF reserves the right to take remedial action.





<b>3.8</b>	<b>TERMINATION OF GRANTING PRIVILEGES</b>	In AEF's sole discretion, AEF may terminate any privileges with respect to a donor-advised fund or amounts held in a donor-advised fund resulting from the violation of this policy and any of AEF's other programs policies and guidelines in effect from time to time. AEF will provide written notice or electronic mail transmission to a donor or authorized individual within 10 business days of such determination by AEF.
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## 4.0 Grant Process

<b>4.1</b>	<b>NUMBER OF GRANTS</b>	Donors may submit an unlimited number of grant recommendations.
<b>4.2</b>	<b>SUBMISSION OF A GRANT RECOMMENDATION</b>	AEF offers a password protected online system to facilitate grant recommendations; donors and authorized individuals must submit grant recommendations through AEF's secure online portal. Any exceptions to this Section 4.2, including any technical difficulties using AEF's online portal, will be made on a limited, case by case basis upon a written request by the donor stating the reason for the exception. AEF will not process grant recommendations submitted as photographs or scanned images.
<b>4.3</b>	<b>GRANT PRIVILEGES TO AUTHORIZED INDIVIDUALS</b>	AEF will allow authorized individuals designated by the donor to have granting privileges; provided that the donor has specified such designation on the donor-advised fund application or by requesting approval in writing at a later date. AEF will provide to the authorized individual access to the donor's online portal to submit grants. Financial advisors who have not been given granting privileges have read-only access to the donor's online portal.
<b>4.4</b>	<b>SUFFICIENCY OF FUNDS AND FALLING BELOW AEF'S MINIMUM ACCOUNT BALANCES</b>	<p>AEF will review the donor-advised fund account for sufficiency of funds to satisfy the grant recommendation. If funds are insufficient, AEF will not approve the grant. AEF will also contact the donor and/or financial advisor to confirm the insufficiency of funds or request an additional gift. Upon AEF's receipt of an additional gift into the donor-advised fund, the donor and/or financial advisor may re-submit the grant recommendation for processing. Insufficiency of funds includes AEF's administrative liquidity requirements in effect from time to time due at the time of the grant request.</p> <p>In the event the balance in a donor-advised fund falls below AEF's minimum account balance requirements in effect from time to time, the donor will be asked to submit an additional gift. If the</p>

donor fails to timely respond and the donor-advised fund remains below AEF's minimum account balance, AEF will close the donor-advised fund in accordance with its policies and procedures in effect from time to time.

**4.5 FINANCIAL ADVISOR'S  
ROLE IN PROVIDING CASH  
FOR GRANTS**

After AEF approves a grant recommendation, AEF contacts the financial advisor with a letter of authorization from the fund's investment account. The financial advisor is responsible for making the required cash available and transferring the funds for the approved grant(s) within five business days. AEF reserves the right to suspend a donor's granting privileges until the outstanding letter of authorization has been satisfied.

**4.6 TIME TO PROCESS  
GRANT RECOMMENDATION**

Once an organization has been approved as an eligible grantee, payment is typically issued within 7-10 business days. Processing time may be longer during certain times of the year due to a high volume of charitable giving or insufficiency of funds described in Section 4.4. This process may take longer for new charities not previously verified by AEF.

**4.7 METHOD OF GRANT PAYMENT**



AEF's preferred method of transmitting a grant is through automated clearing house ("ACH") transfer. AEF may request the organization's information for payments made via ACH transfer or wire transfer for current and future grant payments exceeding \$100,000. These electronic transfers will be sent to the charitable organization's depository account. All grants will be issued and sent by AEF to the charitable organization. Donors may not deliver grant checks.

In the event that AEF transmits a grant through a check, typically checks under \$100,000 will be sent via USPS mail. Checks in excess of \$100,000 will be sent complimentary via USPS Priority Mail. Donors may request any check be sent via USPS Priority Mail or overnight delivery, with the fees charged to their donor-advised fund.

Upon request, AEF may send grants electronically via wire transfer. Any wire fees will be charged to the donor-advised fund.

**4.8 ADDRESSEE OF GRANT**

Grant payments will be made payable to organizations as they are registered with the IRS.

**4.9 MAY CONTACT GRANTEE**

As part of the due diligence process, AEF may contact prospective grant recipients to obtain information about their charitable activities, particularly if the charitable organization is a first-time recipient. AEF may contact a charity to verify matters including, but



not limited to, its tax identification number, preferred mailing address, or to discuss the requested grant.

Occasionally, AEF may contact a charity after a grant was issued to determine if the grant was used for its stated purpose. All recipient charities of grants in the amount of \$1,000,000 or more will be contacted by AEF prior to approval.

If the charity cannot be reached after multiple attempts or fails to supply the requested information within 30 days, AEF will inform the donor and the grant recommendation may be denied.

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#### **4.10 GRANT ATTRIBUTION OR ANONYMITY**

When the grant recommendation is approved, AEF will process a check or ACH payment identifying or bearing the name of American Endowment Foundation along with an acknowledgement letter including contact information for the donor(s) and any statement for the organization provided by the donor. During the grant recommendation process, the donor will select how they would like to be acknowledged by the charity. Options include by fund name, donor name(s) and address, both fund name and donor name(s) and address, or to remain anonymous.

All grant acknowledgement letters will be sent on AEF letterhead.

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#### **4.11 RECURRING GRANTS**

Donors and authorized individuals can submit grant recommendations which may be made on a recurring basis through AEF's online portal with the donor or authorized individual's selection of the frequency of the recurring grant recommendation.

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#### **4.12 LETTER FROM DONOR TO GRANTEE; STATEMENT OF PURPOSE**

AEF will forward personal letters, attachments, and enclosures from the donors to the charities, provided they are consistent with AEF's program policies and guidelines, in effect from time to time. AEF allows donors to include a statement and/or designate a preferred purpose for the grant funds on the accompanying letter if the statement or designation is consistent with AEF's Program Policies and Guidelines. The donor may not alter the official language of AEF's letter except adding a statement as stated above.

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#### **4.13 GRANTS TO OTHER DONOR ADVISED FUND SPONSORS**

AEF will review grant recommendations to other donor-advised fund sponsors using the same qualifications as all other grant recommendations. If the grant is approved, assets will be liquidated and a grant check will be delivered by check or ACH transfer.



4.14	<b>LOST OR UNCASHED GRANT CHECK</b>	<p>If records indicate that a grant check has not been deposited within 45 days of the issue date, AEF will contact the charity. If AEF confirms that the charity did not receive the check, AEF will initiate a stop-payment order on the check and forward a new check with a revised letter within a reasonable amount of time as determined by AEF in its sole discretion depending on the circumstances . If the issue cannot be resolved, AEF will stop the check and credit the grant amount back to the fund.</p>
4.15	<b>GRANT PAYMENT NOTIFICATION</b>	<p>Once a grant has been paid, it will be visible through the online portal under “Grants Paid.” The authorized individual making the grant recommendation also receives a copy of the letter sent to the charitable organization either electronically or by USPS standard mail.</p>
4.16	<b>INTERNATIONAL GRANTS AND FEES</b>	<p>AEF may approve grants to foreign charities through an intermediary organization. These grant recommendations are vetted pursuant to a third-party review and approval process, which may lengthen processing time.</p> <p>Grants processed to foreign charities through AEF’s intermediary will be assessed additional transactional fees for vetting and processing by our international partner. Applicable fees are either taken from, or added to, the proposed amount. AEF will discuss the fees with the donor upon submission of the grant recommendation and before processing.</p> <p>If the intermediary is unable to process the grant recommendation after vetting, the fee charged by the intermediary will not be returned to the donor’s fund. However, the funds originally designated for the foreign charity will be available for a grant to another qualified charity, either international or domestic.</p>



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# Donor-Advised Fund

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# Investment Policy Statement

EFFECTIVE DATE: NOVEMBER 17, 2023





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# 1.0 Overview

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1.1	OBJECTIVE	American Endowment Foundation (“AEF”) is a 501(c)(3) non-profit corporation which seeks to expand philanthropy in the United States. The purpose of this Investment Policy Statement (this “Policy”) is to establish guidelines that will govern the investment activities of AEF and any Registered Investment Advisor or Financial Industry Regulatory Authority Registered Representative (“Financial Advisor”) recommended by donors and approved by AEF’s Investment Committee (“Investment Committee”) to manage the donor-advised fund for which a donor retains advisory privileges (“DAF”) and/or to provide investment advice regarding a DAF. The policies and guidelines set forth herein are intended to be sufficiently specific to be meaningful, but flexible to permit the Investment Committee to exercise informed discretion necessary to achieve AEF’s investment objectives.
1.2	SCOPE	This Policy applies to the investment of all assets owned by AEF and held in DAFs (the “Assets”).
1.3	EFFECTIVE DATE	This Policy was approved and effective on November 17, 2023.

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# 2.0 Governance

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2.1	ROLE OF THE INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS	<p>The Board of Directors of AEF (the “Board”) has overall authority for this Policy and hereby delegates to the Investment Committee the responsibility for administration of this Policy. The Board will maintain oversight authority for the overall investment management process. The Investment Committee members will be those individuals appointed by the Board from time to time.</p> <p>With regard to this Policy, the Investment Committee has responsibility for (a) formulating investment strategies, (b) investment authority retained by AEF and authorizing the acquisition and/or disposition of investments, and (c) delegating to the Office of Business Oversight (the “Office of Business Oversight”) certain responsibilities for enforcing this Policy.</p> <p>The Board recognizes that no policy can anticipate all situations, conditions, and opportunities that may arise. Therefore, the Investment Committee may prudently deviate from this Policy with such actions reported at the next regular meeting of the Board.</p>
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## **2.2      ROLE OF THE OFFICE OF BUSINESS OVERSIGHT**

The Investment Committee has delegated certain responsibilities to the Office of Business Oversight, which, as it relates to this Policy, will be responsible for (a) reviewing and monitoring this Policy and AEF's internal policies and procedures related to this Policy; (b) approving, terminating, overseeing, and monitoring all Financial Advisors; (c) reviewing and monitoring all DAF portfolios for performance and compliance with the approved policies and guidelines; (d) approving for DAF portfolios alternative private investments, certain investments and transactions as outlined under Sections 5.7(b) and Section 5.8, and exceptions to this Policy; (e) reporting to the Board on all material matters relating to the DAF portfolios; and (f) such other responsibilities as are outlined in this Policy or delegated by the Investment Committee from time to time.

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## **2.3      STANDARD OF OVERSIGHT**

AEF is not a registered investment advisor. AEF is a donor-advised fund sponsoring organization, as defined in Section 4966 of Internal Revenue Code of 1986, as amended (the "Code"), that exercises prudent institutional oversight of gifted funds. The Investment Committee and the Office of Business Oversight will exercise prudent and appropriate care in accordance with all applicable rules and regulations, including but not limited to the Uniform Prudent Management of Institutional Funds Act as adopted in Ohio. In overseeing the Assets, each member of the Investment Committee and the Office of Business Oversight will act in good faith, in a manner that such member believes to be in AEF's best interests and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

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## **2.4      FIDUCIARY RESPONSIBILITY**

As representatives of AEF, the Board, the Investment Committee, and the Office of Business Oversight intend to follow the general "safe harbor" guidelines listed below in managing their fiduciary responsibilities:

- Act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances;
- Utilize the services of qualified, professional consultants, Financial Advisors, and custodians;
- Demonstrate that all of the aforementioned professionals were selected by following an appropriate due diligence process;

- Have each professional retained by AEF or approved by the Office of Business Oversight, where appropriate, acknowledge their fiduciary status; and
- Monitor the activities of all parties to ensure that they are performing their agreed upon tasks.

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## **2.5      ROLE OF THE DONOR**

Each DAF is composed of contributions made by individual donors. Once a donor makes a contribution, AEF has legal control over such contributed assets. However, the donor or the donor's representative retains advisory privileges with respect to the distribution of the funds and the investments in the DAF. While the Board, to the extent not properly delegated, exercises ultimate control over all of AEF's investments, the donor's objectives and advice are key considerations in each DAF's investment allocation.

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# **3.0      AEF's Overall Investment Objectives and Philosophy**

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## **3.1      INVESTMENT OBJECTIVES AND PHILOSOPHY**

Generally, AEF's investment objectives are to provide for long-term growth of principal without undue risk exposure to ensure that donors are able to recommend grants on a continuing and reasonably consistent basis. Notwithstanding the foregoing, AEF acknowledges that Financial Advisors will work with donors to establish the recommended investment objectives and strategy for the managed DAF, considering the donor's plans for recommending grants, target returns, risk tolerance and other unique considerations which may alter AEF's general investment objectives. The Assets should be invested in a manner that will meet the investment objectives contained in this Section.







<b>3.2</b>	<b>GENERAL INVESTMENT PRINCIPLES</b>	<p>The Investment Committee or its designee will adhere to the following investment principles with regard to the Assets:</p> <ul style="list-style-type: none"> <li>• Investments will be made in AEF's best interest and consistent with the guidelines and objectives established by the Investment Committee;</li> <li>• The Assets will be invested with care, skill, prudence, and diligence under the prevailing circumstances that a prudent person in a like position would exercise under similar circumstances and in a manner that the Investment Committee reasonably believes to be in AEF's best interest; and</li> <li>• The Assets will be invested utilizing a diversification of asset styles managed by financial advisors of varying styles and philosophies to attain the overall investment objectives.</li> </ul>
<b>3.3</b>	<b>VOLATILITY OF RETURNS</b>	<p>AEF recognizes that in order to achieve its objectives for the Assets, the investments will experience volatility of returns and fluctuations in market value. AEF will tolerate some volatility as measured against the risk/return analysis of standard market indices.</p>
<b>3.4</b>	<b>MARKETABILITY OF ASSETS</b>	<p>The Investment Committee generally requires that the majority of the Assets be invested in liquid publicly-traded securities, subject to the exception process described in this Policy. Liquid securities are those that can be transacted quickly and efficiently for AEF absent significant liquidation penalties or fees and with minimal impact on market price.</p>

## 4.0 Professionally Managed DAFs

<b>4.1</b>	<b>GENERALLY</b>	<p>The investment objectives of a professionally managed DAF portfolio will be consistent with AEF's investment objectives as established and overseen by the Investment Committee and as set forth in this Policy.</p> <p>A donor must recommend to AEF a specific Financial Advisor to manage the DAF for which the donor has advisory privileges. All Financial Advisors are responsible for managing assets held in DAFs under the Board's or its designee's supervision in accordance with the applicable portions of this Policy, including, if applicable,</p>
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any appendices, as well as their respective service agreements, prospectuses, or trust agreements. The Financial Advisor will work with the donor to establish the recommended investment objectives and strategy for the managed DAF, considering the donor's plans for recommending grants, target returns, risk tolerance, and other unique considerations, consistent with this Policy.

## 4.2 CRITERIA FOR FINANCIAL ADVISORS

The Office of Business Oversight must approve a donor's recommended Financial Advisor before the Financial Advisor can be appointed to a DAF. The relationship between a Financial Advisor and AEF will be evidenced by an investment advisory agreement (the "Investment Advisory Agreement"). In evaluating a Financial Advisor, the Office of Business Oversight will consider, among other factors, the Financial Advisor's (or investment management firm's) investment experience and history, educational credentials, registrations with applicable regulatory agencies, nature of investments to be made, fees, and financial information and assets under management.

The Office of Business Oversight will approve a Financial Advisor to manage a DAF on a discretionary or non-discretionary basis. If the Office of Business Oversight approves a non-discretionary role for a Financial Advisor, such Financial Advisor will make arrangements to execute all trades approved by the Office of Business Oversight.

All Financial Advisors, whether managing assets on a discretionary or non-discretionary basis, must adhere to the investment guidelines provided for in Section 5 of this Policy in addition to any specific guidelines provided for in the Investment Advisory Agreement.

AEF delegates prudently and in good faith authority to Financial Advisors, approved by the Office of Business Oversight, to manage and invest assets held in DAFs. The Office of Business Oversight and AEF require that all financial advisors cause their respective firms to provide statement on a least an annual basis that evidences the DAF's investment performance results. The Office of Business Oversight will periodically review and monitor (a) the Financial Advisor's performance to ensure compliance with this Policy; and (b) any adverse changes to the Financial Advisor's qualifications.





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**4.3**      **PROXY VOTING AND  
OTHER LEGAL AND  
CORPORATE ACTIONS**

If provided for in the Investment Advisory Agreement, a Financial Advisor may vote proxies and respond to legal and corporate actions (such as tender offers, rights offerings, notices of bankruptcies, and class action lawsuits) consistent with its policies, including any policies it has adopted under Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended, and in a manner that is in AEF's best interest and in accordance with AEF's investment objectives as described in this Policy. Each Financial Advisor must keep detailed records of the voting of proxies and related actions and must comply with all applicable regulatory obligations. A Financial Advisor may disclaim this responsibility in writing to AEF. If disclaimed, AEF will not notify the Financial Advisor as to whether or how the proxies were voted.

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## **5.0      Investment Guidelines for Advisory and Discretionary Financial Advisors**

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**5.1**      **MANAGEMENT OF  
DAF INVESTMENTS**

Financial Advisors must manage a DAF's investments in compliance with Section 4.1 of this Policy and this Section 5, and in a manner which provides sufficient liquidity to support the donor's recommended grants and to cover AEF's administrative fees and expenses. Each Financial Advisor must advise the Office of Business Oversight of any restriction within this Policy that prevents the investment plan developed by the Financial Advisor from complying with the objectives, goals, and guidelines set forth herein.

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**5.2**      **SPECIFIC RESPONSIBILITIES**

- a. Each Financial Advisor approved only to provide investment advice ("Non-Discretionary Advisors") must acknowledge, in writing, its acceptance of responsibility described in this Section 5. Such acknowledgment may be made in the Investment Advisory Agreement. Specific responsibilities of a Non-Discretionary Advisor include:
  - Promptly executing trades to buy or sell individual securities in accordance with the Office of Business Oversight's instructions;
  - Promptly liquidating investments to satisfy grant requests, fees and other disbursements in accordance with the Office of Business Oversight's instructions;





- Providing to the Office of Business Oversight investment advice regarding changes to the DAF based on this Policy and the donor's goals;
  - Reporting to the Office of Business Oversight the DAF's investment performance results, on at least an annual basis, which report will include an overall summary of the market during the reporting period including the performance of any relevant benchmark for the DAF;
  - Providing to the Office of Business Oversight statements on at least a quarterly basis;
  - Communicating to the Office of Business Oversight any major changes in the investment strategy, or any other factor that may affect implementation of the investment program or affect the achievement of the investment objectives;
  - Informing the Office of Business Oversight of any qualitative change in the investment management organization (examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.);
  - Voting proxies on behalf of AEF;
  - Disclosing in a clear and understandable format all direct and indirect expenses incurred by AEF attributable to services rendered by the Non-Discretionary Advisor and/or their respective firm; and
  - Using the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in like activities for like accounts with like aims in accordance and compliance with all applicable laws, rules, and regulations.
- a. Each Financial Advisor approved to provide discretionary management of assets held in DAFs ("Discretionary Advisor") must acknowledge, in writing, its acceptance of responsibility as a fiduciary and as further described in this Section 5. Such acknowledgment may be made in the Investment Advisory Agreement. Each Discretionary Advisor will have full discretion to make all investment decisions for the assets held in DAFs placed under its jurisdiction, while observing and operating



within all policies, guidelines, constraints, and philosophies as outlined in this Policy. Other specific responsibilities of a Discretionary Advisor include:

- Practicing discretionary investment management, including making decisions to buy or sell individual securities and to alter asset allocations;
- Monitoring the cash position and, when necessary, liquidating investments in a timely manner to satisfy grant requests, fees, and other disbursements authorized by the Office of Business Oversight;
- Reporting to the Office of Business Oversight the DAF's investment performance results, on at least an annual basis, which report will include an overall summary of the market during the reporting period including the performance of any relevant benchmark for the DAF;
- Providing to the Office of Business Oversight statements on at least a quarterly basis;
- Communicating to the Office of Business Oversight any major changes in the outlook, investment strategy, or any other factors that may affect implementation of the investment program, or affect the achievement of the investment objectives;
- Informing the Office of Business Oversight of any qualitative change in the investment management organization (examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.);
- Voting proxies on behalf of AEF;
- Disclosing to the Office of Business Oversight in a clear and understandable format all direct and indirect expenses incurred by AEF attributable to services rendered by the Discretionary Advisor and/or their respective firm; and
- Using the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in like activities for like accounts with like aims in accordance and compliance with all applicable laws, rules, and regulations.

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**5.3 ASSET ALLOCATION PRINCIPLES**

The Investment Committee recognizes that asset allocation is a key determinant of investment return over the long term. A globally diversified DAF portfolio with less correlated returns from various assets should help reduce volatility of returns over long periods of time. In determining the appropriate asset allocation for a DAF, a Financial Advisor should decide to include or exclude an asset class based on the impact to the overall managed DAF portfolio, rather than judging the asset class on a stand-alone basis. General investment guidelines mandate that a Financial Advisor prudently diversify the overall managed DAF portfolio, even within asset classes, to avoid undue exposure of the DAF to any single economic sector, industry group, or individual security.

The Office of Business Oversight delegates to Discretionary Advisors that are utilizing customized target allocations responsibility for determining asset allocation ranges in accordance with the foregoing principles. A Discretionary Advisor should assume an investment horizon of at least five years for managed DAFs, unless instructed otherwise and consented to by the donor and approved by the Office of Business Oversight. In determining a customized asset allocation, a Discretionary Advisor should take into account the donor's time horizon and planned granting strategy.

To remain in compliance with this Policy, Financial Advisors must ensure that managed DAFs adhere to a target allocation to which the donor agrees.

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**5.4 REBALANCING**

Each Financial Advisor for a DAF will monitor and review on a regular basis the DAF's investment performance results. A Financial Advisor should consider rebalancing a managed DAF on a quarterly basis, based on a consideration of market conditions.

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**5.5 LIQUIDITY**

Sufficient liquidity in a DAF is necessary to support a donor's grantmaking recommendations to pay AEF's administrative fees and expenses. In managing a DAF, a Financial Advisor must balance investment objectives with the liquidity needs of the DAF. A Financial Advisor must invest assets with due consideration of the cash flow and liquidity needs of the DAF. The Financial Advisor must construct portfolios that permit immediate liquidity. Each DAF must have cash or cash equivalents to allow for anticipated grantmaking and the payment of AEF's administrative fees and expenses as of the beginning of each calendar year. AEF, in its sole discretion, reserves the right to require a larger allocation of cash to be maintained in the DAF and the Office of Business Oversight will notify the Financial Advisor of such. Cash raised at the beginning of the year for grantmaking and AEF's administrative fees and expenses will be maintained by the Office of Business Oversight rather than the Financial Advisor.





A Financial Advisor of a DAF should notify the Office of Business Oversight immediately of any exceptions to this Section with a recommended plan of action. Other reports or information may be requested by the Office of Business Oversight.

## 5.6 PERMITTED INVESTMENTS AND TRANSACTIONS

- a. The following investments and transactions are permitted and, thus, do not require prior written approval from the Office of Business Oversight:
  - Cash and cash equivalents;
    - Treasury bills
    - Money market funds
    - Commercial paper
    - Repurchase agreements
    - Certificates of deposit so long as AEF's exposure for the investment account does not exceed the insurance limits available through the Federal Deposit Insurance Company, National Credit Union Administration, and/or similar agencies
    - Interest-bearing checking and savings accounts
  - Publicly traded fixed-income securities, exclusive of flow-through entities;
    - U.S. government and agency securities
    - Corporate notes and bonds
    - Mortgage-backed bonds
    - Preferred stock
    - Securities of foreign (non-U.S.) entities denominated in U.S. Dollars
  - Publicly traded equity securities, exclusive of flow-through entities; and
    - Common stocks
    - Convertible notes and bonds
    - Convertible preferred stocks
    - American Depositary Receipts of non-U.S. companies
  - Publicly traded mutual funds, publicly traded real estate investment trusts ("REITs"), exchange-traded funds, and exchange-traded notes, exclusive of flow-through entities.
- b. In addition, the following investments and transactions may be permitted with additional review and prior written approval by the Office of Business Oversight in its sole discretion:
  - Investments owned or managed by a Financial Advisor, subadvisor, or their affiliates, provided the investments



- comply with their respective firms' compliance policies and the Internal Revenue Service's rules and regulations, including but not limited to rules on excess benefit transactions;
- Derivative securities including structured notes and options and futures contracts;
- Publicly traded flow-through or pass-through entities which may expose AEF to Unrelated Business Income Tax under Section 511 of the Code;
- Alternative private investments;
- Private REITs;
- Private and closely held companies;
- Interval funds;
- Any interest in an operating business which, taken together with a donor's personal or affiliated holdings in that business, represents 20% or more of the ownership of such business;
- Any investment representing more than 2% of a publicly-traded company's securities within a DAF; and
- Investments with trading restrictions.

## 5.7 PROHIBITED INVESTMENTS

The following investments and investment practices are prohibited without prior written approval from the Office of Business Oversight:

- Short sales;
- Spread, straddle, and uncovered option positions;
- Business development companies;
- Master limited partnerships;
- Investments ineligible for institutional investors;
- Debt-financed investments, including margin purchases;



- Debt instruments issued by foreign governments;
- Loans to individuals or businesses (except specifically allowed fixed income securities as previously defined); and
- Any other investment as determined by the Office of Business Oversight in its sole discretion.

## 6.0 Oversight of DAF Investments Managed by Financial Advisors

### 6.1 ANNUAL PERFORMANCE REVIEW AND EVALUATION

The Office of Business Oversight will measure investment performance of DAFs based on total return; that is, the aggregate return from capital appreciation, dividend, and interest income. Performance reports generated by each Financial Advisor for managed DAFs will be compiled at least annually and submitted to the Office of Business Oversight. The investment return on the DAFs will be measured against the benchmarks established by the Financial Advisor and applicable standard market indices. In evaluating a DAF's performance, the Office of Business Oversight will give consideration to the extent to which the investment results are consistent with investment objectives, goals, and guidelines set forth in this Policy.

The Office of Business Oversight intends to evaluate a DAF's performance annually with a three-year look back period. The Office of Business Oversight will prepare a written summary of AEF's aggregate portfolio of assets to the Investment Committee for review at regularly scheduled meetings.

### 6.2 BENCHMARK

All Financial Advisors must provide appropriate benchmarks for the DAF's investments. The asset allocation and the performance of the DAF's investments will be measured against the stated benchmark and standard market indices. If a Financial Advisor expects performance to deviate significantly from the agreed-upon benchmark due to a change in the DAF's long-term investment strategy, the Financial Advisor may, with the donor's agreement, submit a revised benchmark.

### 6.3 RIGHT TO TERMINATE INVESTMENT ADVISORY AGREEMENT

The Office of Business Oversight reserves the right to terminate any Investment Advisory Agreement at any time upon written notice to the Financial Advisor for any reason, including but not limited to, the following:



- Investment performance that is significantly less than the established benchmark for a given DAF given the discipline employed and the risk parameters established, or unacceptable justification for poor result;
- Failure to adhere to any aspect of this Policy, including communication and reporting requirements, or the Investment Advisory Agreement;
- Assumption of excessive risk;
- Taking any action that would damage the reputation of AEF or impede the ability of AEF to fulfill its charitable mission; or
- Significant qualitative changes to the investment management organization.

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## 7.0 Management of DAFs

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AEF's policies and procedures provide that each DAF be managed by a Financial Advisor. If a Financial Advisor retires, dies, or is otherwise unavailable, the Office of Business Oversight will work directly with the donor and custodial firm to engage a new Financial Advisor to continue the management of the DAF. In the event a new Financial Advisor is not selected, the Office of Business Oversight reserves the right to suspend granting on the DAF until such Financial Advisor is engaged.





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## 8.0 Exceptions

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Any exceptions to Prohibited Investments contained in Section 5 of this Policy or significant deviations to the Asset Allocation Principles contained in Section 5 of this Policy must be approved in writing by the Office of Business Oversight in advance of the investment. If a Financial Advisor desires to invest in a manner that requires approval by the Office of Business Oversight, the Financial Advisor agrees to submit a written investment plan to the Office of Business Oversight. The Office of Business Oversight may require additional information and documentation from the Financial Advisor and donor prior to granting an exception.

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## 9.0 Investment Policy Review

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The Investment Committee will review this Policy at least annually.





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# Liquidity Account Explanation







# Liquidity Account Explanation

## WHAT IS A LIQUIDITY ACCOUNT?

The Liquidity Account represents a small portion of assets held at AEF. It allows AEF's quarterly administrative fees to be withdrawn without investment disruption and is replenished annually.

## WHERE IS IT HELD?

Liquidity Accounts for each AEF DAF are held in cash equivalents, such as money market funds and short-term U.S. Treasuries.

## HOW DOES IT WORK?

Within 30-60 days of a DAF being funded, AEF will request an initial contribution to the Liquidity Account for 1% of the donor's Fund balance. The remaining assets stay in the Investment Account.

- **Quarterly, AEF will assess its administrative fee from the Liquidity Account.**
- **Annually, AEF will request cash from the Investment Account to replenish the Liquidity Account balance to approximately 1% (actual percentage dependant upon current liquidity balances and total Fund size.)**
- **The financial advisor completes this transfer by processing an ACH/EFT to AEF's bank on file.**

## AEF ADMINISTRATIVE FEES

- 1st Quarter
- 2nd Quarter
- 3rd Quarter
- 4th Quarter

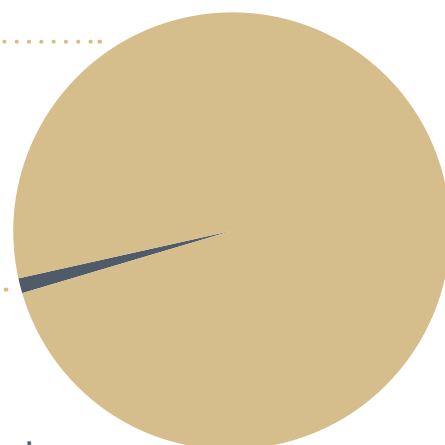
## Donor-Advised Fund (DAF)

**Investment Account** .....  
99% of total value of DAF

*Typically held with donor's chosen financial advisor.*

**Liquidity Account** .....  
1% of total value of DAF

*Held with AEF.*



**\*May vary depending on Fund size, current liquidity balance or outstanding liquidity results.**

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Giving that grows.  
Legacies that last.




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# Donor-Advised Fund Program Description





A scenic view of a wooden boardwalk leading to a lake, with a large quote overlaid on a tan background. The boardwalk is made of wooden planks and has a rope railing. The lake is calm and reflects the sky. In the background, there are trees and hills. The quote is in white text on a tan background.

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

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WINSTON CHURCHILL



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# The Sharing of Values: What is Your Legacy?

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There are many paths to charitable giving. Each individual and family must select the course that seems best for their particular needs. In recent years, donor-advised funds (DAFs) have grown to be the most popular charitable giving vehicle in the U.S. having been proven as a simple, practical and tax effective means for donors to achieve their charitable wishes.

American Endowment Foundation (AEF), the nation's leading independent non-profit sponsoring organization of donor-advised funds, was founded in 1993. Since its inception, AEF has been dedicated to fostering the growth of charitable giving by making it more attractive and enjoyable for donors to give through an independent donor-advised fund program.

AEF's vision, mission and values exist to be of service to each of our donors. Our goal is to be a trusted leader, a valued resource and a respectful partner in their goals for charitable good.

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## What is a Donor-Advised Fund?

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A donor-advised fund is a charitable investment account that provides a simple, flexible and 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 grant making.

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## AEF's Unique Independence

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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



AEF makes grants to recipient charities across the country and the world, offering donors the most flexibility when selecting causes to support.\* Many other donor-advised fund sponsors place limits on what kinds of assets donors can contribute, or limit donor grants to a specific range of recipient organizations or geographic locations. AEF offers maximum flexibility in the types of assets donors can contribute, the investment decisions donors and their advisors desire, and the range of charities donors can support.

AEF traditionally relies upon participation and investment recommendations of your financial advisor(s) with regard to investments in your AEF Donor-advised Fund.

AEF provides donors the utmost in flexibility concerning timeliness of their gift. A placeholder fund allows a donor to open a fund presently and gift assets at a later date in the current tax year when the gift funding details have been determined. For those utilizing their AEF DAF for testamentary or estate planning purposes, they can create a legacy fund. A legacy fund would receive the gift of assets at a future date when a bequest or similar estate planning strategy takes effect.

**\*Please note that some grants to charities based overseas may require that an AEF partner organization engage in equivalency determination which may result in additional fees.**

# Donor-Advised Fund Program Description

## PURPOSE

The following sections describe policies, rules and regulations of an American Endowment Foundation Donor-advised Fund. An [Application Worksheet](#) is available to assist your trusted financial advisor in completing our online application.

## PUBLIC CHARITY STATUS

American Endowment Foundation (AEF) is classified as 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. A donor-advised fund is not intended as a tool for fundraising.





## CONTRIBUTION ACCEPTANCE INFORMATION

The minimum initial contribution is \$25,000. Additional contributions of at least \$1,000 may be made at any time. Acceptable asset types include traditional, complex, and alternative assets such as:

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

Note that the IRS requires donors to obtain, at their own expense, 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 acknowledgment letter containing all the information necessary to document the contribution for tax purposes.

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

Henry Ward Beecher

## FUND MAINTENANCE

An AEF Donor-advised Fund is subject to a \$10,000 minimum balance. If the balance falls below \$10,000, the donor will 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 AEF 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. When naming a fund, the words “trust” or “private foundation” cannot be used in the name of the fund. These words have specific legal definitions and cannot be part of the fund name.

## DONOR-ADVISOR

Each AEF Donor-advised Fund must name at least one Donor-Advisor serving as initial donor of the fund. Additional Donor-Advisors can also be named at the start of the fund. Donor-Advisors have equal and joint privileges over the recommendations of the fund. Married couples typically name both spouses as Donor-Advisors.

In the event one of the joint donors were to die or become incapacitated, the remaining Donor-Advisor maintains fund privileges. The Donor-Advisor 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**

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## **SUCCESSION/DISPOSITION PLAN**

The donor will specify a disposition plan for their AEF Donor-advised Fund. This plan will either be a Successor Advisor (not the secondary Donor-Advisor named in the original fund application) or a disposition plan for distributions from the fund. The death of the initial donor, their spouse, or another event if so specified, triggers the enactment of the fund's disposition plan.

Many 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. The Successor Advisor is intended to be a person who does not currently have privileges over the fund, such as a family member or friend. 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 that must be approved by AEF.

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## **INVESTMENTS**

The donor must recommend a financial professional to work with AEF to invest the assets of his or her AEF Donor-advised Fund. All funds except the liquidity account held at AEF will be managed by the donors' trusted advisor. This liquidity account balance allows AEF's quarterly administrative fees to be withdrawn without investment disruption. It is replenished annually.

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## **STATEMENTS**

AEF provides 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**



## 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 IRS-qualified public charities, foreign charities through an approved intermediary and vetting process, or to government entities (e.g. state universities, public school systems, and park systems) for charitable purposes. Non-operating private foundations, lobby organizations, and political campaigns are not eligible to receive grants.

AEF only approves grants that are used exclusively in furtherance of charitable purposes. Per IRS regulations related to donor-advised funds, donors and related persons may be subject to excise taxes and other penalties if they receive more than an incidental benefit from a donor-advised fund (IRC 4967). A benefit is more than incidental if, as a result of a distribution from a DAF, such person receives a benefit that would have reduced or eliminated a charitable contribution deduction if the benefit was received as part of the transaction. Some examples the IRS may consider prohibited are:

### Examples of More Than Incidental Benefits (Not OK)

- Meals
- Certain dues or membership fees
- Preferential access/seating not available to the general public

### Examples of Incidental Benefits (Generally OK)

- Coffee mugs
- Key chains
- Calendars
- Posters

Other impermissible individual benefits include grants for school tuition or scholarships sent directly to individuals. Also, grants may not be used for political contributions, or any other non-charitable purpose.

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

Richard Jefferies





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## CHARITABLE EVENTS, GALAS, AND TICKET PURCHASE (BIFURCATED GRANTS)

Grants from a DAF cannot be used to pay any portion of a donation split into tax deductible and non-tax deductible portions. AEF will not approve the recommendation if the receipt of any benefit (such as attendance at a charitable event) is contingent upon the grant from the DAF as part of a larger donation. The IRS considers the relief of the donor's obligation to pay full price of a ticket/admission to a charity

sponsored event a direct benefit that is more than incidental. A donor may make a grant to support or sponsor a charitable event or gala and receive acknowledgment for that support. However, if in exchange for the grant, the charity offers a ticket to the event (or any benefit), and the value of that ticket is more than incidental, the donor must decline it.

Current information on our grant making policy is available online at: [www.aefonline.org/grant-making](http://www.aefonline.org/grant-making)

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## GRANT PROCEDURE

After a fund is established, the donor may submit grant recommendations through the AEF website at [www.aefonline.org/online-donor-access](http://www.aefonline.org/online-donor-access). The minimum grant amount is \$250.

AEF reviews each grant recommendation. Upon approving a grant recommendation, AEF liquidates fund investments, prepares a payment, and sends it to the charitable organization. Communication attributing the grant in the name of the fund accompanies the payment. (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 grants within several days of receiving a grant recommendation, though international grants may take longer. If AEF experiences a problem approving a particular grant recommendation, the donor will be contacted in a timely manner to discuss the matter.

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## ADMINISTRATIVE FEE

AEF charges each fund a tiered administrative fee. Contact your financial advisor for details. AEF reserves the right to deem a fund to be pass-through in nature. AEF defines a pass-through as a grant recommendation in which 80% of the fund's assets will be granted within a 180-day period from inception of the donor-advised fund. In these rare cases, AEF will substitute the above described fee approach with an administrative fee of up to 1.0% or the minimum fee structure, whichever is greater. Gifts of complex/illiquid assets (privately held securities, commodities, etc.) may have additional fees and expenses.



## INVESTMENT CHARGES

Professional investment management fees, commissions, transaction expenses, etc. are charged directly to the relevant funds. These charges are typically related to the selection of investment options.

## OTHER CONSIDERATIONS

Although the AEF Donor-advised Fund program provides the donor a great deal of latitude in tailoring a fund to meet their individual needs, it must be understood that:

- Funds will be operated exclusively for charitable purposes and in accordance with IRS rules and regulation. 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, the terms and conditions of AEF's Articles of Incorporation and Code of Regulations and AEF's policies and procedures in effect.
- Each fund will be treated as a component fund of American Endowment Foundation and not as a separate entity or trust.
- Contributions, once received and accepted by AEF, become the legal 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.
- AEF reserves the right, in its sole discretion, to place a hold, suspend, or terminate the donors' advisory privileges if any person or entity associated with an AEF fund violates AEF's policies or procedures, the terms and conditions of AEF's Articles of Incorporation or Code of Regulations, federal, state or local law or regulation, or for any other reason that AEF, in its sole discretion, deems appropriate.



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**FOR MORE INFORMATION**

American Endowment Foundation  
5700 Darrow Road, Suite 118  
Hudson, Ohio 44236

[www.aefonline.org](http://www.aefonline.org)

1-888-440-4233 Toll-free  
330-655-7552 Phone  
330-656-2063 Fax

AEF's Employer ID Number:  
34-1747398



American Endowment Foundation is registered in all states, and the District of Columbia, where such registration is required. A copy of such record is available upon request.