

THE FULLER FOUNDATION

Donor-Advised Funds Guide

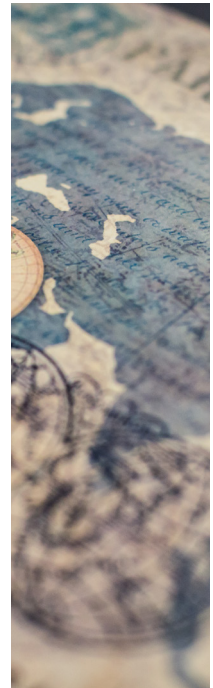


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INTRODUCTION

The Fuller Foundation (“Foundation”) Donor-Advised Funds Guide (“Guide”) describes the policies and guidelines that govern the Fuller Donor-Advised Fund Program. The Foundation reserves the right to modify the Fuller Donor-Advised Funds Guide at any time.

A Fuller Donor-Advised Fund, also known as a DAF, offers charitable-minded individuals, families, and organizations the opportunity to make tax-advantaged charitable gifts and have the flexibility to make grant recommendations at any time.

ABOUT THE FULLER FOUNDATION

The Foundation was founded in 1987 to facilitate charitable giving for Christian individuals, families, and Fuller Theological Seminary. The Foundation has been recognized by the Internal Revenue Service (the “IRS”) as a tax-exempt charitable organization that is classified as a public charity pursuant to Sections 501(c)(3), 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code of 1986, as amended (the “Code”), and is organized under the laws of the state of California. The Foundation’s services include gift planning, estate planning, charitable trust administration, donor-advised funds, endowment management, and investment management. Investment management services are provided by the Foundation’s wholly-owned subsidiary, Fuller Investment Management Company, an SEC registered investment advisor.

HOW THE FULLER DONOR-ADVISED PROGRAM WORKS

A Fuller Donor-Advised Fund is created, according to its written agreement, when an irrevocable contribution is made to the Foundation. Subsequent contributions can be made at times that are most beneficial to the donor from a tax or financial planning perspective. A donor can recommend when the contribution (or a portion thereof) should be distributed to qualifying charities with the option of a specified designation. The donor’s contribution is invested and professionally managed; creating an opportunity for the contribution to grow tax-free and result in greater support for the causes the donor cares about most.

A donor-advised fund is often used instead of a private family foundation. The Fuller Donor-Advised Fund allows a donor to “outsource” the administrative tasks, expenses, legal, and investment responsibilities associated with maintaining a family foundation while retaining most of the benefits that a family foundation provides.

ADVANTAGES OF WORKING WITH THE FULLER FOUNDATION

Simplicity: The Foundation manages the administration and financial reporting of a Fuller Donor-Advised Fund, so a donor can focus on giving to the causes they care most about.

Flexibility: A donor can recommend grants to qualifying charitable organizations over time.

Tax Benefits: Contributions to a Fuller Donor-Advised Fund allow for an immediate federal income tax deduction up to the maximum allowed by law.

Contribute Appreciated Assets: If a donor contributes long-term appreciated assets, they may receive an immediate tax deduction based on the full value of the assets and pay no capital gains tax.

Avoid Estate Taxes: Assets gifted during a donor's lifetime will avoid estate taxes.

Shared Values: An important advantage to working with the Foundation is that a donor partners with a Christian organization that shares their values.

ESTABLISHING A FULLER DONOR-ADVISED FUND

A Fuller Donor-Advised Fund can be established quickly and easily at the Foundation. An individual, family, or corporation can set up a Fuller Donor-Advised Fund by contributing cash, publicly-traded securities, real estate, and/or certain other assets. A Fuller Donor-Advised Fund agreement can be customized to meet a donor's needs, subject to the limitations of applicable law.

The Foundation's Client Services team is available to help donors complete the appropriate paperwork to establish a Fuller Donor-Advised Fund and make an initial contribution. For assistance, please call (626) 792-3232 or email clientservices@thefullerfoundation.org.

Steps for Establishing a Fuller Donor-Advised Fund

Name the Fund: A donor can personalize the name of their Fuller Donor-Advised Fund (i.e., John Smith Fund, Doe Family Fund, or Genesis Fund).

Appoint Advisors: The individual(s) establishing the fund is the donor and serves as Primary Advisor. A donor may appoint additional Advisors, allowing them the privilege of recommending grants from the Fuller Donor-Advised Fund.

Designate Successor Advisor(s) or Charitable Beneficiary: A donor may name a Successor Advisor(s) to take responsibility for the Fuller Donor-Advised Fund upon the death of the surviving Advisor or select one or more charities as the beneficiary of the fund.

Recommend an Investment Option: Recommend how to allocate your contributions by choosing among the available options shown in the Investment Fund section. If no selection is made, the fund will be allocated to the Fuller Money Market Pool.

Make an Initial Contribution: The minimum initial contribution to establish a Fuller Donor-Advised Fund is \$5,000.

CONTRIBUTING TO A FULLER DONOR-ADVISED FUND

Subsequent Contributions

After the initial contribution, additional contributions can be made in any amount, at any time to maintain the \$5,000 minimum fund balance. Gifts of cash may be sent to the Foundation via check or electronic funds transfer. Please make checks payable to The Fuller Foundation.

Gifts of publicly-traded securities may be sent to the Foundation's custodian. Client Services can provide instructions for this type of transfer. For gifts of property or other assets, please contact Client Services at (626) 792-3232.

Types of Gifts

Gifts of cash, stocks, mutual fund shares, and/or bonds can be made easily to the Foundation. Donations of property, including real estate, restricted or non-publicly-traded securities, closely held business interests, partnership interests, LLC interests, tangible personal property, and retirement plan benefits may require special handling, but are often an excellent choice for funding a Fuller Donor-Advised Fund. Please contact Client Services for assistance.

Deferred Gifts

A Fuller Donor-Advised Fund is an excellent vehicle for deferred giving and an important part of an estate plan. Fuller Donor-Advised Funds can be named as the beneficiary of a bequest from a will (i.e., cash, securities, real estate, etc.), retirement plan, life insurance policy, or as the remainder beneficiary of a charitable remainder trust. Please contact Client Services for suggested language to use when designating a Fuller Donor-Advised Fund as the beneficiary of such assets. We would be pleased to discuss how a Fuller Donor-Advised Fund and an estate plan can work together.

CONTRIBUTION PROCESSING

The Foundation must review and approve all contributions. Once a contribution has been accepted, it is irrevocable, unconditional, and can qualify for an immediate tax deduction subject to the limitations of federal and state income tax law.

Types of Gifts

Gifts of Cash: A Fuller Donor-Advised Fund will be credited with the value of a donor's cash contribution upon receipt by wire transfer or clearing of a check.

Gifts of Publicly-Traded Securities: The Foundation will promptly liquidate all securities upon receipt and credit the Fuller Donor-Advised Fund with the net proceeds. Exceptions may be made upon request.

Gifts of Non-Liquid Assets: The Foundation will coordinate the contribution, receipt, and liquidation of illiquid assets. The Fuller Donor-Advised Fund will be credited with the net proceeds after deducting costs associated with the receipt and liquidation of the contribution.

Gift Receipts

A donor will receive a gift receipt from the Foundation for the contribution of cash or publicly-traded securities (including mutual funds) estimating the fair market value of the gift. For contributions of other property, appraisals are required to facilitate the valuation process. The foundation can assist in obtaining a qualified appraisal.

TAX CONSIDERATIONS

In most cases, the IRS allows individuals who itemize deductions to deduct charitable contributions on their tax return. Assets contributed to a Fuller Donor-Advised Fund are eligible for an income tax deduction.

However, limitations may apply to deductions for charitable contributions based on a donor's particular circumstances. Consequently, the Foundation urges a donor to consult their tax advisor regarding all tax-related matters.

Deduction Limitations

Cash: A donor may deduct the amount contributed subject to a limitation of 60% of the donor's adjusted gross income ("AGI") for the year in which the contribution is made.

Publicly-Traded Securities: For contributions of publicly-traded securities held for more than one year, the deduction is equal to the mean (mid-point) of the high and low prices reported on the day of the contribution, subject to a limitation of 30% of the donor's AGI for the year in which the contribution is made.

Mutual Funds: For contributions of mutual fund shares held for more than one year, the deduction is based on the closing price on the day of the contribution, subject to a limitation of 30% of the donor's AGI for the year in which the contribution is made.

Publicly-Traded Securities and Mutual Funds Held Less Than One Year: The deduction is limited to the lower of the cost basis, or the current fair market value on the day of the gift, subject to the limitation of 50% of AGI for the year in which the contribution is made.

Non-Publicly-Traded Securities, Real Estate and Other Assets: For these classes of assets where the holding period is longer than one year, the deduction is the fair market value determined by an independent qualified appraisal secured by the donor, up to 30% of the donor's AGI. The IRS requires a donor to provide an independent qualified appraisal for any contributed property for which a charitable deduction of \$5,000 or more is claimed. For assets held less than one year, the deduction is the lesser of the cost basis or the fair market value on the date of the gift.

Five-Year Carry Forward of Contribution Deduction: In cases where a donor cannot take the full tax deduction in the year of the gift because the amount of the gift exceeds the AGI limitations, the deduction can be carried forward for five additional years after the year in which the original contribution is made.

Estate Tax Deduction: Contributions made during a donor's lifetime are removed from the estate and are not subject to the estate tax. Bequests in a will or in trust form to donate to a Fuller Donor-Advised Fund may entitle the donor's estate to an estate tax charitable deduction. The Foundation would be pleased to discuss ways to maximize estate tax deductions.

Tax Treatment of a Fuller Donor-Advised Fund Income: Income from investment growth, dividends or capital gains that accrues to the fund belongs to the Fuller Donor-Advised Fund and not the donor. Therefore, a donor cannot be taxed on this income and cannot claim an additional charitable deduction when the income is earned. Income or loss to the account will be reflected in the value of each account and shown in the account statements.

Tax Treatment of Grants Made from the Fuller Donor-Advised Fund: When grants are made to charities based on a donor's recommendation, the Foundation is granting assets that are legally owned by the Foundation.

Accordingly, a donor will not be eligible for additional charitable deductions for the grants made from the Fuller Donor-Advised Fund.

The discussions of the tax consequences of a donor's gift in these guidelines are merely intended as general information and should not be viewed as tax advice.

INVESTMENT FUNDS

The Foundation seeks to align its investment strategies with the charitable purposes and giving goals of a Fuller Donor-Advised Fund. To enhance efficiency and reduce the cost of operations, contributions to Fuller Donor-Advised Funds are pooled with donations from other sources for investment management and administration purposes.

Available Investment Strategies

The Foundation offers five investment strategies for Fuller Donor-Advised Funds, strategies which have daily liquidity and aim to cater to the different needs and risk tolerances of donors. If a donor chooses not to recommend one of the strategies below, the Foundation will allocate 100% of the fund balance to the Fuller Money Market Pool. In addition to the summary descriptions that follow, please note that every quarter the Foundation publishes an investment performance report that includes detailed descriptions of the latest asset allocation of each strategy. The five strategies include:

Fuller Conservative Pool is designed for donors with a low risk tolerance who desire long-term capital preservation. The portfolio invests in active fund managers with a target asset allocation of 20-30% equities, 60-75% fixed income, and 5-10% alternatives. The portfolio's conservative exposure to equities offers diversification benefits, and the high allocation to fixed income allows the portfolio to protect against inflation and to generate current income. This portfolio is best for donors who prefer less risk and volatility while still allowing for limited asset growth.

Fuller Balanced Pool caters to donors who seek a balance of current income and long-term asset growth. The portfolio consists of active managers and has a target asset allocation of 40-50% equities, 40-55% fixed income, and 5-10% alternatives. The balance of exposure in equities and fixed income in this portfolio takes slightly higher risks than the Fuller Conservative Pool in order to obtain higher growth potential. The Fuller Balanced Pool is best suited for donors who want to grow their assets moderately while still benefiting from modest income distribution.

Fuller Growth Pool is designed for donors who want to focus on growing their assets at a more aggressive rate. This portfolio invests in active fund managers and has a target asset allocation of 65-75% equities, 10-20% fixed income, and 10-20% alternatives. In order to generate higher risk-adjusted returns, a greater percentage of assets are invested in higher volatility asset classes such as international, US large, and US small cap equities. The Fuller Growth Pool is recommended for donors with a high risk tolerance and a goal of capital appreciation.

Fuller Endowment Pool aims to provide donors with long-term returns through an allocation of 30-40% equities, 10-20% fixed income, and 40-60% alternatives. The portfolio invests strategically in alternative investments to generate returns that are not correlated with public equities and fixed income. The Fuller Endowment Pool is best suited for donors who feel comfortable investing in alternatives and desire long-term capital preservation throughout market cycles. Due to the nature of its long-term investment approach, this pool has limited liquidity and may require a redemption notice.

Fuller Socially Responsible Pool caters to donors who not only aim for strong financial performance but also believe that these investments should contribute to advancements in social practices. The Fuller Socially Responsible Pool is invested 100% in the Green Century Equity Fund. The fund seeks to achieve long-term total return that matches the performance of an index comprised of companies selected based on Environmental, Social, and Governance (ESG) practices. The fund invests in stocks that make up the MSCI KLD 400 Social ex Fossil Fuels Index excluding companies in the index that explore, process, refine, or distribute coal, oil, or gas. The KLD400 Index provides exposure to companies with outstanding ESG ratings and aims to exclude companies whose products have negative social or environmental impact.

Important Considerations

Donors should be mindful that investment markets are subject to volatility and possibly significant performance fluctuations. All investments are subject to market risk, including the possible loss of principal. Individual pool strategies and asset allocations are subject to change without notice. Past performance is no guarantee of future results. Donors may recommend a reallocation of investments at any time.

RECOMMENDING GRANTS FROM A FULLER DONOR-ADVISED FUND

Donors and Advisors may recommend grants to qualified charitable organizations within the United States and to qualifying foreign charities according to the Foundation's grant policy. Grant recommendations may be submitted through our online Fuller Donor-Advised Fund portal called *DonorView* or by submitting a grant recommendation form by email or US mail.

Before processing any grant, the Foundation reviews each recommendation to verify compliance with IRS guidelines and the Foundation's policies and guidelines. The recommended charity for a grant should share the Foundation's commitment to aiding, promoting, and supporting religious, charitable, educational, literary, and scientific purposes.

Grant Guidelines

To expedite the review and processing of grant recommendations, donors should follow the below guidelines:

Grant Minimum: The minimum grant amount a donor can recommend is \$100. If the amount of a grant recommendation exceeds the donor's Fuller Donor-Advised Fund balance, a donor will be asked to recommend a grant in a different amount or to make an additional contribution to their Fuller Donor-Advised Fund. The minimum fund balance is \$5,000.

Timing/Frequency of Grants: Grants can be recommended at any time, as long as the proposed charitable organization meets the Foundation's policies and guidelines. In most cases, contributions that have been posted to a Fuller Donor-Advised Fund are available for grant recommendations the next business day.

Recurring Grants: A donor may recommend that a grant be made to a charity on a recurring basis (i.e., monthly, quarterly, semi-annually, annually). Please note that recurring grants may be discontinued due to insufficient funds, a change in status of the charity, or if a donor suspends the grant through *DonorView* or by notifying the Foundation in writing.

Number of Grants: The Foundation currently allows a donor to make an unlimited number of grants from their Fuller Donor-Advised Fund, subject to the Foundation's policies and guidelines.

Donor Recognition or Anonymity: When recommending a grant, a donor may choose a number of ways to be recognized:

- Fuller Donor-Advised Fund name only
- A donor's name, address, and the Fuller Donor-Advised Fund name
- In honor of or in memory of someone
- Anonymously, neither the donor nor the Fuller Donor-Advised Fund will be named

If a donor chooses anonymity, the Foundation will not release the donor's name or address to the recipient charity.

Qualified Charities: Grants can be made to qualified nonprofit organizations which are exempt from taxation under Section 501(c)(3) of the Code. Organizations must be classified as either public charities under Section 509(a) of the Code or exempt private operating foundations under Section 4940(d)(2). Some charities classified as "supporting organizations" under Section 509(a)(3) or certain organizations engaged in testing for public safety under Section 509(a)(4) will not qualify. Grants can also be made to some non-501(c)(3) organizations, which include some religious and educational institutions, upon verification of their nonprofit status and purpose by the Foundation. Grants to community foundations are allowed, but only to their general fund or to a designated fund.

Foreign Charities: The Foundation will consider grant recommendations to foreign charities; however, additional rules and fees are associated with processing a foreign grant. The foreign charity must qualify as the equivalent of a US 501(c)(3) public charity through an Equivalency Determination (ED) process. This process may take up to 4-6 weeks.

Fees associated with processing a foreign grant vary, as outlined below, depending on whether the foreign charity has had an ED previously performed. In addition to the fees listed below, a \$100.00 handling fee will be charged by the Foundation for processing the grant. These fees will be deducted directly from the Fuller Donor-Advised Fund and may not be reimbursed even if it is determined that the foreign charity does not qualify as a US 501(c)(3) public charity equivalent.

- For charities who have never been issued an ED certificate, the fee is \$1,760.00.
- For charities who have been previously issued an ED certificate and it is still current, the fee is \$250.00.
- For charities who have been previously issued an ED certificate and it is not current, the fee is \$850.00.

An ED certificate is typically valid for one to two years. Please contact Client Services to discuss foreign grants.

Ineligible Grants: Grants may not be made directly to individuals, private non-operating foundations, political candidates or parties, some supporting organizations under Section 509(a)(3), or public safety organizations under Section 509(a)(4).

Grants may not confer a private benefit on a donor, an Advisor, or any persons related to them. This prohibition includes, but is not limited to, payment of membership fees, purchase of benefit tickets, educational tuition for self or family members, or items bought at a charitable auction. This policy ensures that grants are 100% charitable in nature.

Grants cannot fulfill pre-existing binding pledge obligations, as the IRS views paying a pledge on the same terms as paying any other debt that a donor owes, and therefore takes the position that paying a pledge confers an impermissible private benefit to the donor.

Grants, loans, compensation, expense reimbursement, or other similar payments cannot be made to a donor, an Advisor, or any persons related to them, directly or indirectly.

GRANT PROCESSING AND DISTRIBUTION

Grant Processing

The Foundation reviews recommended grants for accuracy and researches the recipient charity's tax-exempt status. If the Foundation identifies any concerns regarding the mission or operations of a recommended charity, we will contact the donor to discuss the situation immediately. The Foundation strives to process a grant recommendation and distribute the funds the following Friday after receipt of a grant recommendation. Certain grants may take more time to process. The Foundation reserves the right to deny or delay any grant request for any or no reason.

Grant Distribution

Grant checks are mailed directly to the recommended charity accompanied by a letter identifying the donor and specifying the intent of the grant, as outlined in the grant recommendation. A donor's name, address, and the name of their Fuller Donor-Advised Fund are listed in the letter accompanying the check, unless a donor specifies otherwise on the grant recommendation form. Larger grants may be processed electronically by ACH or wire, in which case a letter or e-mail will be sent to the grantee separately.

Grant History

A donor may review completed or in process grants from their Fuller Donor-Advised Fund through *DonorView*. Monthly Fuller Donor-Advised Fund statements reflect grants completed during the month.

RESEARCHING QUALIFIED CHARITIES

If a donor has a particular area of interest in addition to Fuller Theological Seminary (i.e., Christian education, missions, poverty, or literacy), we are able to research and discuss charities that fit those goals.

DESIGNATING FUND ADVISORS AND SUCCESSORS

Fund Advisors

Advisors: For an individual Fuller Donor-Advised Fund, the person establishing the fund is the donor and serves as the Primary Advisor. The donor may name additional Advisors (i.e., spouse, child) who then receive the privilege of recommending grants. Advisors must be of legal age, unless represented by a legal guardian. For non-individual Fuller Donor-Advised Funds, representatives who act on behalf of the nonprofit, corporation, trust, or foundation which established the Fuller Donor-Advised Fund serve as Advisors.

Succession Options

Fuller Donor-Advised Funds may be established for a term of years or in perpetuity. When a Fuller Donor-Advised Fund is established, the donor should also specify a succession plan that designates what should be done with the donor-advised fund's assets upon the death of the surviving Advisor or in the event of incapacity. Successor Advisors must be of legal age at the time of succession, unless represented by a legal guardian.

Single Successor Advisor: The donor may choose a Successor Advisor to succeed them in advising on the Fuller Donor-Advised Fund upon the death of the surviving Advisor or in the event of incapacity.

Multiple Successor Advisors: The donor may choose to retain assets in the Fuller Donor-Advised Fund, and Successor Advisors will share the responsibility of fund administration. The donor may also elect to divide the remaining assets into new, separate Fuller Donor-Advised Funds.

Charitable Beneficiary: If a donor does not wish to name a Successor Advisor(s), the donor may choose to name one or more charities as the beneficiary of all or a percentage of the Fuller Donor-Advised Fund. If a recommended charity no longer exists or is no longer qualified based on the Foundation's grant policies and guidelines at that time, the Foundation will distribute grants to a charity similar to the original charity and grant purpose.

PROGRAM FEES AND EXPENSES

Administrative Fees

These fees are payable to the Foundation and deducted monthly from the Fuller Donor-Advised Fund to help cover donor-advised fund operating expenses such as grant making, recordkeeping, annual audits, tax filing, quarterly statements, and other legal and fiscal responsibilities. Please see the recent fee schedule for current fees. Fees are subject to change at any time.

Investment-Related Fees and Expense

These are deducted from the Foundation's investment funds, which may or may not include any Foundation oversight expenses or investment management fees, third-party investment advisor charges, mutual fund fees and expenses, consulting fees, custodial charges, and/or trading costs. For allocations to the Fuller Endowment Fund and Fuller Credit Fund, a management fee is payable to Fuller Investment Management Company, the wholly-owned subsidiary of the Foundation.

Non-Liquid Asset Fees

The fees charged on gifted assets other than cash and publicly-traded securities (such as real estate, restricted or non-publicly-traded securities, closely held business interests, partnership interests, LLC interests, tangible personal property, and retirement plan benefits) and may be subject to costs associated with the special handling required to receive and liquidate these assets. The Foundation will provide a donor with estimates in advance of any additional fees related to gifts of this nature.

The Foundation reserves the right to charge a contribution fee to a Fuller Donor-Advised Fund when funds are contributed and immediately granted out.

RECEIPTS AND STATEMENTS

Gift Acknowledgement

Upon acceptance of any gift to a Fuller Donor-Advised Fund, the Foundation will provide a donor with a gift receipt either estimating the fair market value of the gift (for cash and publicly-traded securities) or acknowledging the gift (in the case of an illiquid gift for which the donor has a basis or has received an independent qualified appraisal). Any fair market value computation is a good-faith estimate, and donors should consult with their tax advisors about the availability and amount of any charitable contribution deductions.

Monthly Statements

Monthly account statements are made available to the Primary Advisor(s) detailing account transactions, contributions, grant activity, fund balances, and funds available for grant making. Upon written request to the Foundation, account statements can be made available to additional Advisors.

MANAGING A FULLER DONOR-ADVISED FUND ONLINE

Advisors can view the fund's balance and activity on the Foundation's online *DonorView* portal. The Foundation can provide Advisors with a user ID and password so they may access the fund online. Advisors can check the fund balance, view and print fund activity and reports, recommend a grant, research giving opportunities, update the profile, and contact the Foundation. Additional information on *DonorView* is available by contacting Client Services.

PRIVACY AND DISCLAIMERS

Privacy

All non-public personal information of donors is maintained in strict confidentiality and security. Information provided to the Foundation will be used only to service the Fuller Donor-Advised Fund, process transactions, respond to inquiries from donors, and create new and improved levels of service for our clients. The Foundation holds itself to the highest standards of care in protecting the privacy and confidentiality of all donor information. Information regarding fund contributions, distributions, and investment activity will be discussed only with individuals receiving express written consent by the donor.

Disclaimers

Each individual's tax situation is unique and is likely to be impacted by specific facts and circumstances that are beyond the Foundation's control or knowledge. Additionally, tax laws and regulations change frequently, and their application to a particular taxpayer's circumstances can vary widely. We strongly encourage donors to consult with their tax advisor. The Foundation disclaims any responsibility for the accuracy or adequacy of any position taken by donors in their tax returns.

These policies and guidelines are designed to protect the interests of both the Foundation and our donors. Exceptions to these policies may be made by approval of the Foundation's Board of Directors or Executive Director.