



DONOR ADVISED FUND PROSPECTUS

The Donor Advised Fund, offered by the BSA Foundation, is an effective and easy way for donors to accomplish many of their most important philanthropic objectives. These funds give donors the opportunity to create a flexible fund to support their council, any part of the BSA, and even other qualified, non-BSA charities.

Advised funds in the BSA Foundation are like those offered by community foundations, commercial common funds (such as Fidelity and Vanguard) and others. But there are two exceptions: a) we think donors to a BSA advised fund will get better, personal service, and b) unlike other entities that offer advised funds, donors who establish funds at the BSA Foundation are assured that Scouting will always benefit from the funds.

Annual distributions are typically made from each advised fund, and usually made from the fund's income – but they may also come from capital appreciation and principal. The donor(s) provide advice to the Foundation related to the amount, timing, and beneficiaries of the Fund, and the Foundation always tries its best to honor the donor's advice. But the Foundation does have ultimate control over all distributions from the Fund.

Establishing a Donor Advised Fund

To set up a named Advised Fund, the donor completes a fund agreement and transfers the funding assets to the Foundation. The donor can establish a “default” list for recipient(s) of the annual distributions, pending later changes if desired. Or, the distribution may be left open and discretionary, making no distributions until requested by the donor or the fund advisors. Typically, the original donor(s) serve as fund advisors, though some donors add or substitute children, grandchildren, or other family members as fund advisors as well.

Minimum Gifts and Distributions

A minimum gift of \$50,000 – or a short-term pledge for at least that amount – is normally required to establish an Advised Fund, but funds have been established for less than that, depending on circumstances. Most donors establish their Fund with cash, marketable securities, or distributions from mutual funds and similar accounts. The Foundation may, at its discretion, accept other types of property to establish a named fund.

We recommend an annual, minimum distribution of 5% of the fund value. Funds are revalued each year, usually in January. At that time, fund advisors for each fund are given an estimated or recommended distribution amount for the upcoming year. Distributions may be either unrestricted or designated for specific purposes. Of course, much more than 5% of the fund value may be distributed, if requested by the donor or fund advisor.

Distributions are usually made in the name of the fund (e.g., the Robert and Mary Jones Family Advised Fund), though distributions may be anonymous at the request of the donor. Unless otherwise advised by the donor or fund advisors, distributions tend to be made between November 1 and December 15 of each year.

If a fund's balance falls below \$10,000, the donor or fund advisors will be so advised by the Foundation. The donor may then: (a) make additional gifts to bring the fund balance above \$10,000, or (b) provide advice as to closing out the fund and distributing the remaining fund assets.

Donor Advice and Advisory Period

Advice about fund distributions may be given to the Foundation at any time. If distributions have not yet been made from a fund by November 30th in any given year, the Foundation reminds the Fund Advisors about the available distribution amount. If no advice is received during the year for a particular fund, the Foundation may either make a discretionary distribution, or retain all funds for distribution at a later date.

The Foundation wants to make every effort to help its donors meet their philanthropic needs and objectives. As such, the Foundation typically follows the distribution advice of the donors or Fund Advisors, unless the Foundation determines that circumstances or special situations warrant a different distribution.

The advisory period for a named fund usually terminates on the death of the original donor(s). Others will terminate when the fund balance drops below \$10,000, unless

the fund donors, within a reasonable time and with notice, choose to add to the fund to keep it above the \$10,000 threshold. Under certain circumstances, discussed with the Foundation in advance, the advisory period may last longer than this.

Grant Recipients

Most advised fund distributions go to BSA local councils. However, other Scouting entities, programs, or initiatives of national or international character are often requested as well – High Adventure bases, the Summit, NESA/Order of the Arrow, etc. These may be unrestricted or designated as for a specific need, program, etc.

Charitable organizations not affiliated with Scouting are also eligible for fund distributions. Any non-BSA organization that receives a distribution from a named Fund must be: (1) recognized as tax-exempt under IRC Section 501(c)(3); and (2) have a mission or charitable purpose similar to, or compatible with, the values, principles, and tenets of the Boy Scouts of America. Examples of non-BSA recipients typically include numerous universities, health charities, other youth charities, and wounded veteran organizations, just to name a few.

Regardless of who the recipient is, because of IRS restrictions, distributions may not be used to satisfy a previously committed, legally enforceable obligation of the donor (such as a campaign pledge). Similarly, distributions may not go directly to a Scout pack, troop, crew, or other Scout unit (but they may be distributed to a local council and earmarked for a specific pack, troop, etc.).

Administration of Fund

The Foundation provides all fund administration. This includes (but is not limited to) gift acknowledgement, receipts, regular fund statements, sending checks to charitable beneficiaries, and confirming distribution requests.

Management and oversight of Foundation investments are provided by an outstanding mix of financial professionals and Scout volunteers through the BSA Finance and Investment Committee, the BSA Treasury Division, and the Foundation Advisory Committee. State Street Global Advisors provides the fund management and distribution of funds. As with other funds, trusts, and assets of the Foundation, approximately .37 percent of the principal (37 basis points) in fees are assessed against each fund to cover State Street's administration, and an additional .75 percent (75 basis points), to cover more general expenses and fundraising costs incurred by the Foundation.

Information on investment performance and portfolio mix is available from the Foundation upon request. Funds may, at the discretion of the Foundation, be commingled with the Foundation's other assets for investment purposes. Funds may be listed in the annual report of the Foundation, but may be listed anonymously upon request of the donor.

Final Distributions

A donor may state a preference for the final distribution of the Fund when the advisory period ends. As with all distributions, the Foundation gives great weight to the donor's advice; it makes every effort to honor that request. If no final designation is made, or if no advice given as to the termination of the Fund, the Foundation may distribute the balance of the Fund at its sole discretion. When the final distribution from a named Fund is made, the Fund will be closed.

Sample Documents and Additional Information

For more information, sample documents, or questions as to funding, distributions, advisory options, or other matters, please contact the BSA National Foundation.

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