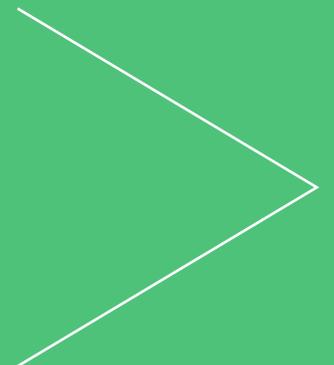




WELCOME TO

Your Donor Advised Fund

2019





INTRODUCTION

The Founders Pledge Donor Advised Fund (DAF) is housed with the National Philanthropic Trust (NPT). In this introductory guide, you will find answers to all of your questions about how the Founders Pledge DAF works and what you can expect.

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About Founders Pledge

Founders Pledge is a community of entrepreneurs finding solutions to global challenges. On joining, every member commits a portion of their future proceeds on liquidity to charity. So far, the community has collectively pledged over \$1.6 bn to social causes.

Launched in London in 2015, the Founders Pledge community spans over 1000 members in 30 countries, and operates registered charities in the UK, the US, and Germany.

We help entrepreneurs become strategic philanthropists. Our team is at your disposal with expertise, research, and streamlined giving infrastructure, to elevate the impact of your giving. We take a high-touch approach with our DAF members so that we can best meet your needs. Our research team works across a wide

variety of causes and areas to provide bespoke guidance, rigorous research, as well as charity sourcing, vetting, and impact analysis, all at zero cost. Our unique Value Discovery Approach has been especially developed to match your individual, intrinsic values with the latest evidence on effectiveness in the charity sector.

For any questions about how we can support your philanthropic goals, please email our Deployment Director, Eddie at: eddie@founderspledge.com





Opening a Founders Pledge Donor Advised Fund

Founders, investors and their families are eligible to open a DAF with Founders Pledge. You can open an account with us by completing a DAF Contribution Agreement and making an irrevocable contribution of \$25,000 or more.

Contributions

YOU CAN CONTRIBUTE A RANGE OF ASSETS TO YOUR ACCOUNT:

- > **Cash Contributions:** You should deliver cash via wire transfer, the instructions for which are included on our contribution agreement.
- > **Publicly-Traded Stock:** You can transfer stocks via wire to our brokerage account. Forms and further instructions for completing this type of transfer are available.
- > **Shares of a Privately Held Company:** If you are contributing infrequently traded stocks, or restricted securities, NPT must first approve any proposed liquidation schedule. Any costs NPT incur to sell the securities, such as legal or appraisal fees, will reduce the net proceeds of your account balance. You are responsible for securing a qualified appraisal to substantiate your charitable tax deduction.
- > **Other Property:** You can also transfer illiquid assets into your account, which include real estate, art, collectibles, and non-publicly traded assets. We work with NPT to manage all aspects of liquidating the asset with the goal of maximizing its value. Any cost incurred to sell the assets will be discussed with you in advance of liquidation, and invoiced to you accordingly.

LIQUIDATION

Once a contribution is accepted, assets are liquidated as soon as practically possible. Certain assets, such as publicly-traded stock, may be liquidated immediately while other contributions will be liquidated on a schedule to maximize their value. The net proceeds of all liquidated contributions are reflected in the asset value of your account.

ACCEPTED CONTRIBUTIONS

Once we approve and accept your contribution, it is irrevocable. All contributions will initially be deposited into a holding account for reallocation into your preferred investment option, on the first of the month (see below). Our DAF provider, NPT, has legal control over the contributed asset and you may not impose any material restriction or condition on the gift.

GIFT RECEIPTS & TAX FORMS

NPT will issue you with a contribution receipt, which serves as your tax receipt.



Tax Considerations

Our DAF provider, NPT, is a public charity, which allows donors to take the most favorable charitable tax deductions. You should consult your tax advisor to determine the appropriate deduction limits for your giving.

TAX ELIGIBILITY

Eligible donors will receive an itemized income tax deduction on the date that you irrevocably gift your asset(s) into the DAF. Any deduction will depend on the type of asset(s) you contribute and your personal financial circumstances.

TAX TREATMENT OF DONOR-ADVISED FUNDS

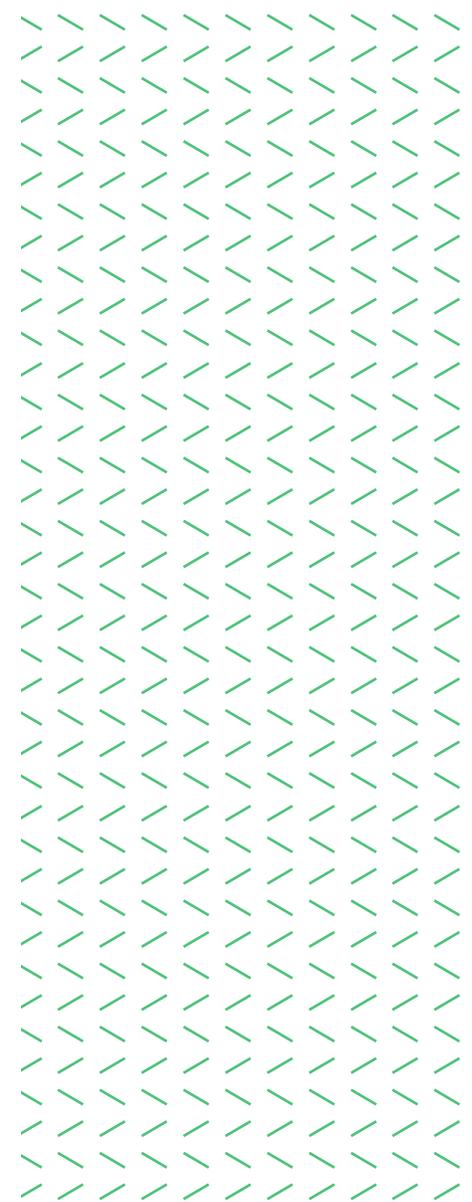
The assets in your DAF may accrue income from investment growth, dividends or capital gains. The income accrued is part of the DAF and as such cannot be taxed except in limited circumstances. In addition, any income cannot be claimed as an additional charitable tax deduction. "No additional tax deductions are available in respect of grants made to charities from the DAF."

COMMON TAX DEDUCTIONS

- > **Publicly-Traded Securities** deduction is the fair market value (FMV) of securities (held longer than one year). We'll calculate the FMV of publicly-traded securities as the mean of the high and low price reported on the date of contribution.
- > **Privately Held Shares** deduction is typically the FMV of securities that are not publicly traded (such as closely-held or some restricted securities) that have been held for longer than one year. The IRS requires a qualified independent appraisal to determine their FMV. The cost of the appraisal must be paid by the donor (we cannot pay for it).
- > **Short-Term Securities** deduction is limited to the cost basis or the current market value (whichever is lower) for securities (both publicly-traded and other) or mutual fund shares that have been held less than one year.

TAX DEDUCTION LIMITS

- The Internal Revenue Code rules for charitable contributions impose "percentage limitations" against adjusted gross income (AGI) in the year you make the gift.
- > **Cash** deduct the full fair market value of a charitable gift up to 50% of your AGI in the tax year in which the contribution is made.
- > **Appreciated Securities** For securities held longer than one year, you may deduct the full fair market value of a charitable gift up to 30% of your AGI.
- > **Carry Forward Deductions** If you cannot use the full deduction in the year you make a contribution, you may use or "carry forward" any excess tax deduction for five additional years.





Investment Options

We have three standard investment options you can utilize to invest the funds held in your account and a fourth bespoke option for larger account balances. Please note that if you choose to invest your contribution, you are accepting that the value of this investment, and as a result your account balance, may go up as well as down.*

While we do not charge investment fees ourselves, we will deduct all third-party Investment Management fees and expenses that become due to those providers in the course of investing the account funds.

* NPT's Board of Trustees have sole responsibility for investing the DAF assets and may adjust the composition of the investment pools at any time.

Please let us know if you would like more information regarding the portfolio allocation for each option:

- > **Money Market Fund** most conservative approach, 5-year returns of 0.14%.
- > **Conservative Index Fund** low risk w/ lower growth, 5 year returns of 4.24%.
- > **Balanced Index Fund** low-moderate risk with moderate growth, 5-year returns of 6.86%.
- > **Investment Advisor Option** bespoke option that allows you to work with an independent investment advisor of your choice to develop and implement investment strategies for your account.

This option is only available for account balances of \$500,000 or more and we pass on fees of 10bps to your account

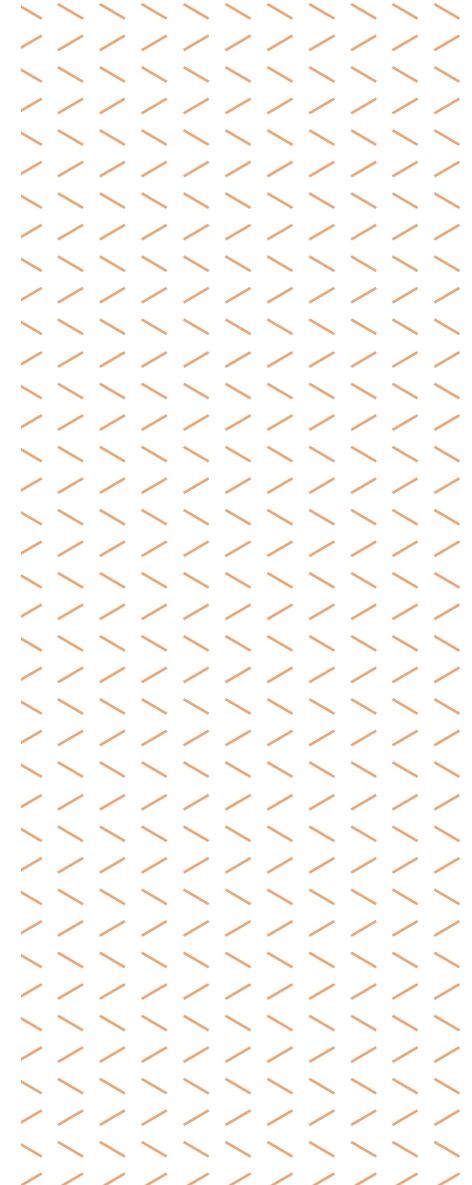
Fees

CHARITABLE ADMINISTRATIVE FEES

Founders Pledge does not charge Administrative Fees for accounts with balances of less than \$5 million. Account balances in excess of \$5 million will be subject to an annual Administrative Fee of 8 basis points (0.08%)* as follows:

Asset Value in DAF	Annual Admin Fee
0 – \$5,000,000	0 Basis Points
> \$5,000,000	8 Basis Points (.08%)

* This fee is only assessed on the portion of your balance above \$5m. For example, if your balance is \$7m, you will only be charge an admin fee on the \$2m in excess of \$5m.





Grant - making

The assets in your DAF are available for grant making purposes only. You can get in touch with our Deployment team to recommend grants to qualified charitable organizations at any time.

GRANT-MAKING RECOMMENDATION PROCESS

If you would like to recommend a grant, notify us via email that you would like to do so, including relevant information on the charity and the amount to be granted. Once received, we will verify that the organization is eligible to receive a grant and begin to process your donation.

It will take 5 - 10 working days to process a grant to a U.S.-based organization, though in certain cases it will take longer.

We will account for any and all grants in your account statement that will be sent on a semiannual basis, or upon your request. Please note:

- Each grant must be worth at least \$1,000.
- If you'd like your grant to be anonymous, please let us know.
- You can make grants to non-US

registered charities, but this will take 10-15 working days to be processed, and in certain cases, it may take longer.

ELIGIBLE GRANT RECIPIENTS

We can make grants to registered 501(c)(3) organizations, and public charities under codes section 509(a),(1),(2) and (3). We can also make grants to private operating foundations described in section 4942(j)(3).

INELIGIBLE GRANT RECIPIENTS

Even if you are donating to a 501(c)3, your grant cannot:

- Pay for your attendance at a charitable event, like an auction or fundraising lunch.
- Pay for goods or services purchased at a charitable auction.
- Pay for membership fees.
- Support a political campaign or lobbying activity.
- Provide more than incidental benefit

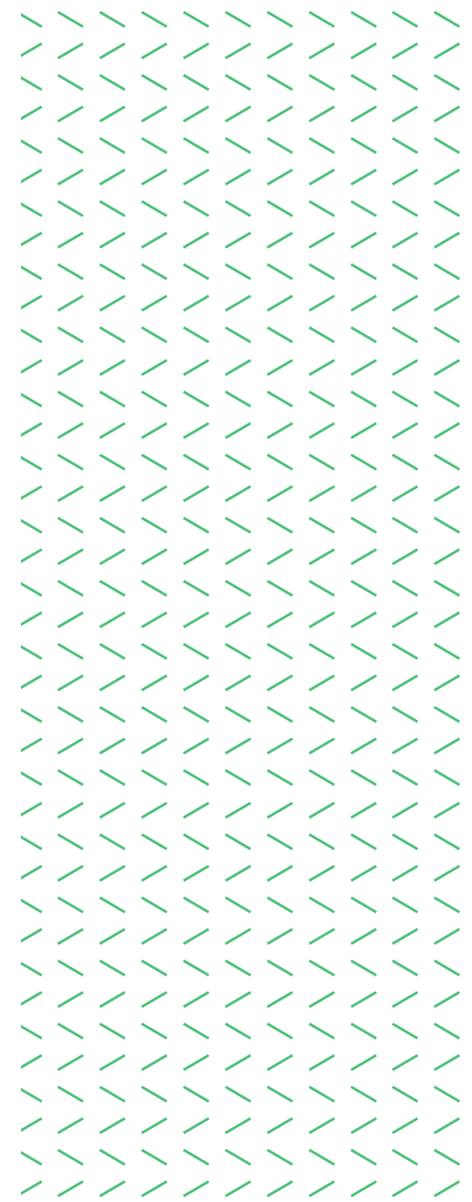
to yourself or another individual.

- Support a private, non-operating foundation.

GRANT REVIEW AND DISTRIBUTION

We process grants weekly. Grants requiring additional due diligence (like overseas grants) will take longer. We will send a grant check and award letter to the recipient charity once the grant has been processed, approved and deployed, and will notify you via email once the grant has been made.

We will account for any and all grants in your account statement, or on request.





Support

We are always here to support your giving, so if you have any questions, comments, concerns, or if you just want to run through your thinking on an issue, please don't hesitate to be in touch. The following people are here to help:

Eddie Moore, Deployment Director
eddie@founderspledge.com

John Halstead, Research Director
john@founderspledge.com

Neil Jansen, Chief Operations Officer
neil@founderspledge.com

Doing good has never been easier.

Block A Unit 402A, The Biscuit Factory,
100 Clements Road, London SE16 4DG

info@founderspledge.com
+44 (0) 208 068 0425

