



VALOR CHARITABLE

Instant Corporate Foundation™

Program Guidelines

What is an Instant Corporate Foundation™?

Instant Corporate Foundation™ is a donor-advised fund through Valor Charitable, a 501(c)(3) public charity. Many corporations create foundations to handle their charitable giving. An Instant Corporate Foundation™ through Valor Charitable is not a foundation, but provides nearly all of the benefits of one, with significantly lower administrative costs.

Who is Valor Charitable?

Valor Charitable is a 501(c)(3) public charity that administers donor-advised funds.

What is a Donor-Advised Fund?

- A donor-advised fund is an account held at a private charity in the name of the donor's choosing. The donor has the privilege of advising on which charities should receive grants from that account.
- Contributions are tax deductible at the time they are made to Valor Charitable
- Contributions are non-revocable and non-refundable
- Donors recommend grants to IRS-qualified public charities of their choice

Why create an Instant Corporate Foundation™ through Valor Charitable?

- An Instant Corporate Foundation™ is less expensive than managing your own corporate foundation.
- Valor Charitable provides all back-office services typically found in a corporate foundation.
- An Instant Corporate Foundation™ allows you to gain brand recognition for your philanthropic activities.
- Working with Valor Charitable provides assurance that you're complying with the complex rules and regulations associated with corporate philanthropy.

Who can establish an account?

Any corporation, sole proprietor or individual can establish an account with Valor Charitable. Existing corporate foundations are not eligible for an account, but please inquire about foundation conversion services.

How do you establish an account?

Valor Charitable has a specific account sign up process, and can provide the application to you. Upon approval of your application, an account will be set up on your behalf based on the information presented in your application. There is no minimum contribution required to set up an account.

Naming your account

During the account set up process you will have the opportunity to give your account a name. For branding purposes, most corporations choose a name like "*Acme Corporation Foundation.*" One of the benefits of an Instant Corporate Foundation™ is that you can change the name of your fund at any time. This is especially useful for law and accounting firms who may occasionally change partners.

Contributions are non-refundable

It's important to understand the contributions mechanism behind a donor-advised fund. Valor Charitable is a public charity, allowed by the IRS to accept donations that may be tax deductible. When you fund your account at Valor Charitable, you are making the tax deductible gift at that time. When a charity receives a grant from your account, you do not get an additional tax benefit.

As with all charitable gifts, donations to Valor Charitable are irrevocable and non-refundable.

Acceptable contributions

Valor Charitable can accept funds denominated in U.S. dollars via check, EFT or wire. Contributions of currency or cash-like monetary instruments (e.g., cashier's checks, traveler's checks, money orders) cannot be accepted.

Valor Charitable can also accept publicly traded securities, such as mutual funds, stocks and bonds.

Shares in privately held companies, real estate, in-kind gifts, or other non-publicly traded assets may also be accepted, but are evaluated on a case-by-case basis.

Third-party contributions

Valor Charitable accepts contributions to donor-advised funds by persons or companies other than the account holder. This allows companies to operate internal employee giving programs in which each employee can receive any available charitable tax deduction.

Contribution processing time**Checks and publicly traded securities**

Depending upon the type of contribution, it may take up to 10 business days for funds to appear in an account. Checks typically post within one business day.

It is the policy of Valor Charitable to sell any contributed securities at the earliest possible date.

Non-publicly traded assets

During the review of the non-publicly traded assets, Valor Charitable will let the donor know how long it will take to settle the transaction. The donor will be allowed to agree to this timing prior to making the donation.

Contribution confirmations

All contributors will receive a tax receipt at the time the donation is made.

The IRS prohibits Valor Charitable from estimating fair market value on some assets.

For checks, EFT and wires in U.S. dollars, the amount of the gift will be stated. For publicly traded securities, the following information will be reported on the tax receipt:

- the date of the transfer,
- the number of shares transferred, and
- an estimated fair market value based on the closing share price on the day of the transfer.

For non-publicly traded assets, Valor Charitable will acknowledge receipt, but is prohibited from providing a valuation. Depending on the type of property, an independent appraisal (paid for by the donor) may be required. As all donations of non-publicly traded assets require prior approval, this information will be made available to the donor before the transaction is accepted.

Valor Charitable will also provide donors with IRS Form 8283 when appropriate.

Who can recommend a grant?

When organizations set up their accounts, they designate one or more authorized individuals who may recommend grants from the account. Only these individuals may recommend grants. An organization may add, change or delete authorized individuals from this list at any time.

Who can a grant be recommended to?

Authorized individuals can recommend grants to most tax exempt 501(c)(3) nonprofit organizations in the United States, provided that the organizations are considered public charities under Section 509(a)(1), (2), or (3) of the IRS code. Valor Charitable provides assistance to help you determine whether or not your preferred charity meets these requirements.

What organizations cannot receive grants?

Organizations that are not tax exempt under Section 501(c)(3), or are not public charities under Section 509(a)(1), (2), or (3) are not eligible to receive grants. This includes non-U.S. charities, candidates for political office, groups organized for lobbying, private foundations, noncharitable organizations, and individuals. In addition, the IRS prohibits donor-advised funds from making grants to “disqualified supporting organizations.”

How do you make a grant recommendation?

Authorized individuals make grant recommendations by filling out the grant recommendation form, provided here: www.valorcharitable.org/recommend. While authorized individuals are given the privilege of advising on which charities should receive grants from your account, Valor Charitable will make final decisions on the charities that will ultimately receive grants.

Who approves a grant recommendation?

Grant recommendations are approved by the staff of Valor Charitable, subject to the procedures for investigating prospective grantees approved by Valor Charitable’s board of directors.

What is the grant approval process?

After receiving the grant recommendations, Valor Charitable staff verifies that the grantee meets the IRS requirements for a public charity. Staff then requires proposed grantees to provide sufficient information to enable Valor Charitable to evaluate the organization and its use of the funds. Finally, staff will review the recommendation to ensure that it does not result in any private inurement, private benefit or quid pro quo to the donor.

For what reasons might a grant recommendation not be approved?

Grant recommendations are typically not approved if there is not a guarantee that the grant is being used for a wholly charitable purpose. Grants to ineligible organizations as described above will not be approved.

In addition, any grant that provides a benefit to the donor will not be approved. Some examples include:

- Tickets to a gala event*
- Ticket purchasing rights to sporting events
- Goods or services, unless the items are of *de minimis* value, e.g., a t-shirt or coffee mug
- Non tax-deductible membership benefits
- Raffle tickets, charity auctions
- School tuition or fees
- Donor designated scholarships

Because pledges are tax deductible at the time the pledge is made, and not at the time the pledge is paid, Valor Charitable cannot make grants to pay off any previously made pledge. Grant recommendations for pledge payments cannot be approved.

Grant recommendations that exceed the current balance of the donor's account will not be approved.

What happens if a grant recommendation is not approved?

If a grant recommendation is not approved, Valor Charitable staff will contact the recommending organization, and provide the reasons the grant cannot be approved. Recommending organizations will have the opportunity to amend the request or make another recommendation.

Are there minimum and maximum grant amounts?

There are no minimum or maximum grant amounts. Grant requests under \$500 may be subject to an additional \$25 fee.

How many grants can you make?

There is no limit to the number of grants a donor can recommend in a year.

* In some circumstances, a portion of a gala event ticket is tax deductible. In these cases, Valor Charitable can pay for the tax deductible portion, while the account holder pays for the non-deductible portion from separate funds.

Can you designate grants for particular purposes?

Donors will be allowed to request (but not designate) that grant funds be used for particular purposes. In general, however, Valor Charitable prefers to distribute unrestricted grants to eliminate costly application, processing and reporting expenses. Restricted grants may be subject to additional fees, negotiated on a case-by-case basis.

Can grants be made anonymously?

Grants can be made anonymously by making that designation on the grant recommendation form.

Do you have to make grants?

Yes. The purpose of the Instant Corporate Foundation™ is to provide grants to charitable organizations working in our communities. Valor Charitable provides no other program services, so the funds must be distributed.

How often do you need to make grants?

Valor Charitable expects that donors will recommend grants at least annually. If more than twelve months elapse without a grant distribution request, staff will reach out to the donor organization to start the grant recommendation process.

What happens if grants are not made in a particular time period?

If an account has no distribution transactions for a period of five years, Valor Charitable will transfer 25% of the balance of the account to the Valor Charitable general account. An additional 25% of the balance will be transferred to the Valor Charitable general account each successive year that no distribution requests are made.

The board of directors of Valor Charitable makes grant requests for the general account.

How do you determine that accounts are abandoned?

If there are no contribution or distribution transactions in an account for a period of five years, the account is considered abandoned.

What happens to abandoned accounts?

The assets of abandoned accounts are transferred to the Valor Charitable general account, which assets are used to give grants to charities chosen by Valor Charitable without the advice of donors.

How do we get confirmation that grants have been made?

Valor Charitable provides a confirmation when each grant distribution is approved and submitted. Grant confirmations are not tax receipts, which are sent when contributions are made to the Instant Corporate Foundation™ account.

What statements are sent, if any?

Valor Charitable sends periodic statements to account holder, the frequency of which can be set by the account holder at any time.

How do we know how much is in our account?

Statements provide a transaction history, as well as the current balance of funds remaining in the account, if any.

What other reports does Valor Charitable provide?

Valor Charitable provides an annual report, containing audited financials and a summary of the total community impact provided by donors. The IRS form 990 and other governance materials can be found on Valor Charitable's website.

What fees are charged on the accounts?

- Account setup fee (one time): \$1000
- Transaction fee: 4% of contributions to the account
- Small grant fee (assessed on grants under \$500): \$25
- Restriction fee (assessed on grants with restrictions): varies, negotiated on a case-by-case basis

What are the fees used for?

One of the ways that Valor Charitable expands corporate philanthropy is by consolidating in one organization the governance, accounting and legal expenses that would typically be spread over hundreds of individual corporate foundations. While this saves a lot of money, it is still expensive. Fees are used to ensure that governance practices remain sound, that all regulations are being adhered to, and that 100% of grantees are qualified charities.

GLOSSARY

AGI (Adjusted Gross Income): is an individual's total gross income minus specific deductions. Generally, contributions to public charities are subject to a 50% AGI limit, but non-publicly traded assets are subject to a lower, 30% AGI limit. In other words, you can't claim more than 50% (or 30%) of your AGI in charitable deductions.

Appreciated securities: Securities that have increased in value over the time that you have held them.

Charity: see Public Charity

De minimis benefit: a benefit that, considering its value and the frequency with which it is provided, is so small as to make accounting for it unreasonable or Impractical.

Disqualified supporting organization: Non-functionally integrated Type III supporting organizations, organized under Section 509(a)(3) of the IRS Code. See [https://www.irs.gov/Charities-&-Non-Profits/Section-509\(a\)\(3\)-Supporting-Organizations](https://www.irs.gov/Charities-&-Non-Profits/Section-509(a)(3)-Supporting-Organizations) for more information.

Donor: a person or organization who donates something

Donor-advised fund: an account held at a private charity in the name of the donor's choosing. The donor has the privilege of advising on which charities should receive grants from that account.

Excise tax: Taxes levied on certain activities of a private foundation. Nonprofit organizations operating donor-advised funds are subject to some excise taxes if they make particular kinds of grants.

Fair market value: A selling price for an item upon which a buyer and seller can agree. For specifics on fair market value and charitable gifts, see IRS Publication 561.

General account: A donor-advised fund maintained at Valor Charitable in which the board of directors has the authority to recommend grantees.

In-kind: Contributions of goods, such as inventory.

Instant Corporate Foundation™: The brand name of donor-advised fund accounts provided by Valor Charitable.

Internal Revenue Code section 501(c)(3): The section of the IRS code that describes public charities and private foundations as exempt from some federal income taxes.

Internal Revenue Code section 509(a): The section of the IRS code that describes an organization as a public charity, and not a private foundation.

Irrevocable contribution: Gifts made to public charities are not refundable, and are considered irrevocable contributions.

IRS Form 8283: A tax form filed by individuals and corporations to report information about noncash charitable contributions greater than \$500.

IRS Form 990: The tax return of a nonprofit organization. There are several versions, including the 990-PF, filed by private foundations, and the 990-EZ, filed by smaller nonprofits.

Non-publicly traded assets: Assets that are not regularly traded on a stock exchange or in an over-the-counter market, e.g., privately held stock or real estate.

Private Foundation: A tax-exempt organization that is not described in IRS Section 509(a).

Private Inurement: When income or assets of a tax-exempt organization are used to benefit a private shareholder or individual, rather than by serving the public interest.

Public charity: A tax-exempt organization described by sections 501(c)(3) and 509(a) of the IRS code.

Tax-Exempt organization: An organization described by section 501(c)(3) of the IRS code.

Type III Supporting Organizations: A nonprofit organization that supports one or more other nonprofit organizations, does not receive 33% of its contributions from the general public, and is not operated, supervised or controlled by the organizations it supports.