

Tracy Family Philanthropy Services - FAQ

April 2024

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EXPANDED FREE TFF SERVICES

Expanded Free TFF Services	
Targeted Charity Identification	Upon request, TFF will help to identify potential grantees for TFF Matching, Next Generation, and Invitation grant programs by sharing existing TFF grantees organized by topic and geography.
Basic Philanthropic Planning	TFF will help Tracy family members draft a personal philanthropic roadmap with the goal of helping each family member identify their charitable passions and potential charitable strategies to make impact.
Collaboration Coordination	TFF will track Tracy family members' giving interests and passions and connect family members for collaborative investments.
TFF Focus Area Research	Upon request, TFF will share existing TFF expertise and research within any of TFF's 5 focus areas: Education, Youth, Families, Mental Health, and Brown County.

FAQ – Expanded Free Services

1. Q: Is this going to increase operational costs?

A: Yes. All the free services will require staff time. TFF believes the expanded free services are consistent with TFF's Vision and Mission and worth the investment of staff time.

2. Q: Does TFF have the capacity to handle free services now?

A: Yes. Some of the current staff roles will be shifting to accommodate the need for more support to personal philanthropy services. In addition, TFF is adding two new staff positions in 2024, a Senior Programs Manager and a Program Associate. The addition of these positions will free up some of Dan's time to oversee the Expanded Free and Paid TFF Services.

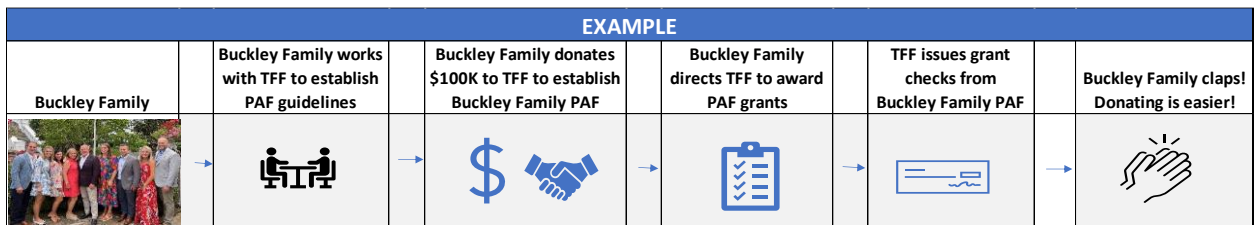
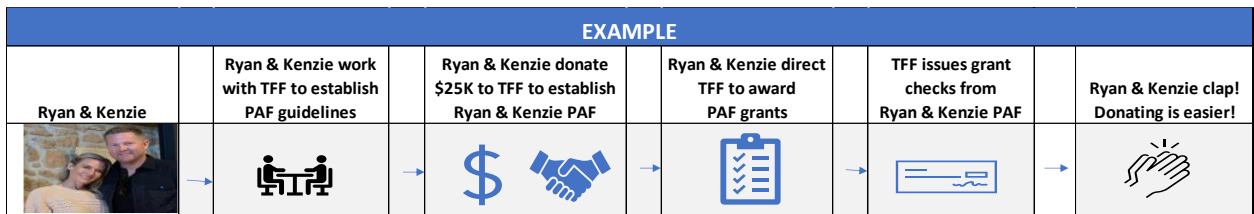
NEW PAID TFF SERVICES

Personal Advised Fund Management
 External Donor Advised Fund Management
 Private Foundation Administration

FAQ - Personal Advised Fund Management

Personal Advised Fund Management

TFF will establish a restricted TFF account (Personal Advised Fund) with funds a Tracy family member donates to TFF. Even though the funds will reside with TFF, grants will not be restricted to the TFF Focus Areas and can go anywhere in the United States for any cause consistent with Tracy family values.



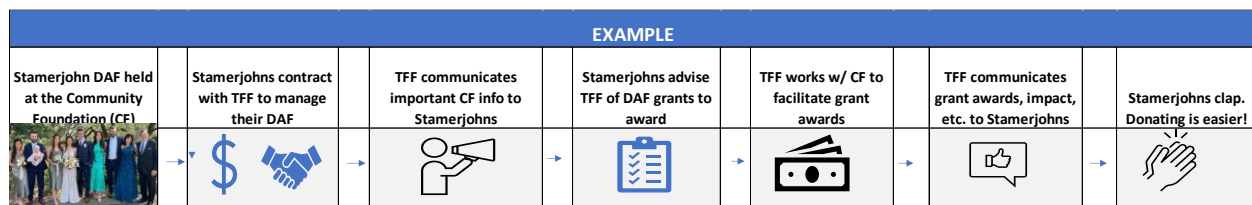
PERSONAL ADVISED FUND Q & A	
Question	Answer
What are the primary reasons why a family member would choose to start a PAF rather than a DAF?	Trust in TFF. Customer service. Convenience. Custom data tracking of donor's giving and impact in a steam-lined process.
What is the minimum amount to establish a PAF?	\$25,000
Why \$25,000?	We felt the dollar amount was significant enough, but not out of reach for many.
Can family members pool their money to set up a Fund?	Yes

Is there a minimum balance that must be in the Fund?	\$5,000. If the fund dips below \$5000, the restricted fund could be closed, and the funds would revert to TFF's general corpus.
Who will be the authorized person(s) to advise on Fund grant distributions?	The authorized person(s) will be determined by the individual(s) that establish the PAF.
What is the minimum grant award that can be issued from a PAF?	\$1,000
What would the grant management process look like for a PAF?	It can be a formal or informal process. The donor(s) may elect to just inform TFF of grant decisions. Or, the donor may elect to enter grant applications into the TFF on-line system similar to the process that is used for family members for the Matching Grant program. Either way, the grant applications, documentation of awards, etc. will be housed with TFF's on-line grant system, CyberGrants.
Is there a minimum that must be distributed annually from a PAF to public charities?	Yes. 5% of the PAF balance.
Will a PAF grant check to a nonprofit come from TFF?	Yes. The check will come from TFF, but the letter with the check will state that the funds came from the PAF. For example, the check letter could say that this grant was distributed from the Tracy Family Foundation's "Ben and Annie Tracy family fund".
Can a PAF be funded by Dot stock?	Yes. But there are rules around a private foundation holding privately held stock. The rule is that the combined holdings of a private foundation and all its disqualified persons cannot exceed 20% in a business enterprise. Foundations with excess holdings have 5 years to divest such stock.
Will the assets of the PAF be commingled and co-invested as part of the overall investment portfolio of TFF?	Yes.
Will the Fund Donor receive an annual report from TFF? What will be included in the report?	Yes. Included in the report will be things such as the assets of the Fund, the grants distributed from the Fund, expenses deducted from the Fund (e.g., annual excise taxes, investment expenses and annual administrative fee).
What information about a PAF will be provided in the TFF Annual Report?	The aggregate grant amounts for all the Foundation's Family Funds (PAFs) will be listed in the report. Grant recipients from each PAF will not be listed in the TFF annual report.
What is the tax treatment of a CASH gift to TFF vs a Community Foundation?	<u>Community Foundation:</u> Tax deduction of up to 60% of Adjusted Gross Income (AGI). <u>Private Foundation:</u> Tax deduction of up to 30% of Adjusted Gross Income (AGI).
What is the tax treatment of an APPRECIATED CLOSELY HELD STOCK gift to TFF vs a Community Foundation?	<u>Community Foundation:</u> Tax deduction of 100% of fair market value up to 30% of AGI. <u>Private Foundation:</u> Tax deduction generally limited to cost basis up to 20% of AGI.

What is the cost to establish and maintain a PAF?	\$1000 (one-time fund establishment fee), \$1500 (annual maintenance fee), \$x (proportionate share of TFF costs of investment fees and excise tax), and potential grant transaction fee (no charge to process a max of 15 grants annually)
What are typical annual fees at a sponsoring organization (e.g., Fidelity or a community foundation)?	Fidelity Typically, total fees are 1% of the fund balance. An account balance of \$100k would have a fee of \$1,080. Community Foundation 1-1.5%
Would TFF have the ultimate authority and control over a PAF?	Yes.
Is the Fund an irrevocable gift to TFF?	Yes

FAQ - External Donor Advised Fund Management

External Donor Advised Fund Management	TFF will manage distribution instructions, reporting, and impact measurement for DAFs held at sponsoring organizations on behalf of Tracy family members.
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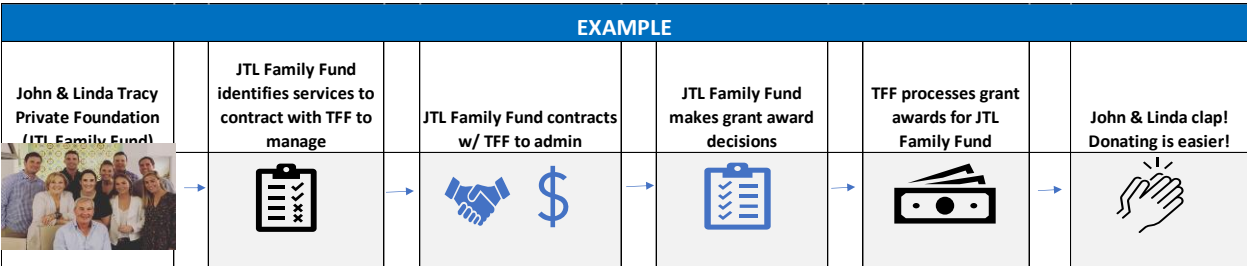


EXTERNAL DONOR ADVISED FUND MANAGEMENT – Q & A	
Question	Answer
What are the primary reasons a family member would choose to have TFF manage a DAF?	TFF Trust. TFF Customer Service. TFF nonprofit knowledge. Succession planning from 2Gs to 3Gs.
What TFF staff positions will be involved in managing the DAF?	The TFF President and TFF Tracy Family Engagement Program Manager.
What will be the role of the TFF President in managing the DAF?	The TFF President will oversee the DAF management and provide final approval for distribution recommendations to the Sponsoring Organization holding the DAF.
What will be the role of the Tracy Family Engagement Program Manager?	<p>The Tracy Family Engagement Program Manager will...</p> <ul style="list-style-type: none"> be the Primary Contact Person for the Tracy family donor advisor(s) be the DAF Primary Contact Person for the Sponsoring Organization work with the DAF donor advisor(s) to meet deadline requirements of the Sponsoring Organization. <p>All DAF communication from the Sponsoring Organization will flow through the TFF Primary Contact Person who will then communicate the info to the DAF Donor Family as needed.</p>

What other services will TFF provide in managing a DAF?	TFF will provide a list of the grants approved.
	TFF will pass on “special” thank you notes from donors.
	When Successor Advisors of the DAF are needed to replace the Founding Fund Donors, TFF will shepherd the process in selection of the Successor Advisors.
	TFF could follow-up on DAF distributions and provide impact data and/or stories demonstrating the effect of the contribution.
Who will the TFF take direction from regarding the DAF?	The DAF Donor(s) will have a designated person or committee who will be authorized to provide instructions and decisions to TFF.
What is the cost for TFF to manage a DAF?	Pricing will primarily be driven by TFF staff time dedicated to managing the DAF. Tentative hourly pricing is as follows: TFF President (\$100), TFF Program Manager (\$45), TFF Clerical (\$30).
Besides staff time, are there other expenses for TFF to manage a DAF?	There could potentially be some overhead and expenses.
Will the DAF still be charged annual fees by the Sponsoring Organization?	Yes.
Would TFF have the ultimate authority and control over the DAF?	No. The Sponsoring Organization has the authority and control of a DAF.

FAQ - Private Foundation Management

Private Foundation Administration	TFF will provide a menu of services such as staff support, board meeting preparation, process and procedures, grants management and distribution, accounting, IRS and state reporting, issue or topic research, and other needed services to support a private foundation maintained by a Tracy family member. Some of these services may be provided by 3 rd party providers.
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PRIVATE FOUNDATION MANAGEMENT – Q & A	
Question	Answer
What are the primary reasons a family member would turn to TFF to manage their private foundation?	Trust in TFF. Customer service. Potential cost savings. Outsourcing to TFF frees up the donor(s) to focus on their philanthropic goals, rather than being bogged down with

	the “devil in the details” in administering a private foundation.
What type of services will be available?	To name a few....Board Meeting prep, grants management, oversight of 990-PF prep. In the meetings this summer, we will provide a listing of the services.
Can a private foundation pick and choose which of the services they want TFF to admin the foundation?	Yes. TFF understands that the donor(s) of the private foundations have different services they need and want.
What would the grant management process look like?	It can be a formal or informal process. The donor(s) may elect to just inform TFF of grant decisions. On the flip side, the donor may elect to have a formal, on-line process in which nonprofits submit grant applications. Either way, the grant applications, documentation of awards, etc. will be housed with TFF’s on-line grant system, CyberGrants.
What if I have a private foundation already set up but need help developing a Mission Statement, selecting Focus Areas, and Geographic Areas? Can TFF guide the family through this process?	Yes. Depending on the complexity of the needs, TFF may partner with a 3rd party provider, but TFF can work with the family member to design the private foundation’s mission, funding focus areas, geography, and grant programs and processes. <i>NOTE: Same answer for someone who is thinking about starting a foundation.</i>
What is the cost for TFF to manage a Private Foundation?	The tentative costs are: One-time relationship set-up fee (\$2500 - \$5000), TFF Staff Hourly Rates (range from \$30 - \$100), and potentially some Overhead & Misc. expenses. If a 3 rd party provider is involved, there will be a separate expense from the provider.
Are there other organizations besides TFF who could administer a family member’s private foundation?	Yes. TFF is familiar with 2 such organizations, but there are others too: 1) Foundation Source https://foundationsource.com/ 2) Bolding Go Philanthropy https://boldlygophilanthropy.com/ If a family member is interested in learning more about these 2 options, we can provide this information.
If the donor(s) of the private foundation chose to outsource the admin of the PF to a 3rd party provider such as Foundation Source could TFF still provide support to the donor(s) in the admin?	Yes. TFF could be the Primary Contact Person that the 3rd party provider would work with. In this situation, the PF would pay TFF an hourly rate for staff time, plus pay the expense of the 3rd party provider administering the foundation.
What is the typical fee of a 3rd party provider to manage a private foundation?	Fees vary. TFF will secure pricing for a family member if they are interested in going down this path.

FAQ - All New Paid TFF Services

Q: Why would TFF offer a service if only 1 family member wants it?

A: Three reasons: 1) We believe that even if only one family member wants it now, others will take advantage of the offering when they see its benefit. 2) For most services, there are not significant economies of scale that necessitate us needing multiple users to make it worth our time. 3) Family members will be paying for the service and will cover TFF's costs for the services.

Q: Will processes, procedures, and policies/guidelines be developed for all the new paid TFF services?

A: Yes, assuming there are “customers” for the services. This will be part of the work over the next year.

Q: Self-dealing is a concern that TFF has been cognizant of in determining what services TFF can provide. Has TFF spoken to legal counsel about providing this service?

A: Yes. TFF has consulted with Michael Lehmann from the Dechert law firm.

<https://www.dechert.com/people/l/michael-lehmann.html>

Mike gave 3 opinions: strong position not self-dealing; reasonable basis for not self-dealing; not a great argument that it is not self-dealing. Mike has taken a strong position of no self-dealing for the following services: Personal Advised Fund Management and Private Foundation Administration. He has taken a reasonable position for not self-dealing on the External Donor Advised Fund Management. TFF will be consulting again with Mike and securing written opinions prior to finalizing the Tracy Family Philanthropy Services Plan.

Self-dealing is defined to include almost all business and financial transactions between a private foundation and its “disqualified persons”—a broad category of foundation “insiders” that includes contributors to the foundation, its trustees and managers, and certain public officials.

GOVERNANCE & OVERSIGHT

It will be critical to have dedicated oversight of expanded and new services to continually assess what is working well, where there is room for improvement, and relevance of the personal services that TFF is able to offer to the Tracy family. A Steering Committee and the TFF President will assume responsibility of overseeing the Personal Philanthropy Services.

Question	Answer
Who will shepherd the process of getting the Tracy Family Philanthropy Services up and running?	Jean will be the Project Lead and work closely with Dan.
Who will be the Chair of the Tracy Family Philanthropy Services?	The Tracy Family Engagement Program Manager
Will the Chair position be a paid position?	The Scope of Work will fall under the Job Description of the Tracy Family Engagement Program Manager.
Who will serve on the Tracy Family Philanthropy Services Committee?	The committee will be populated with a combination of 2Gs and 3Gs.