

CLIENT CASE STUDIES

Bringing Philanthropic Visions to Life

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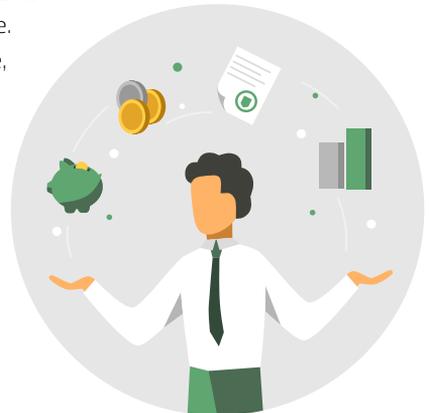
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INTRODUCTION

A private foundation is a uniquely versatile charitable vehicle with a vast array of philanthropic capabilities. In addition to making straightforward grants to nonprofit organizations, a private foundation is empowered to grant directly to individuals in need, run its own charitable programs, award scholarships and fellowships (and choose the recipients), and make loans, loan guarantees, and equity investments in furtherance of its mission. Of course, having all of these capabilities isn't of much use without the expertise and administrative bandwidth to employ them.

At Foundation Source, we help foundations advance their missions by leveraging their entire charitable toolkit. Our in-house tax, legal, administrative, and philanthropic experts give every client capacities once reserved for just the largest, professionally staffed foundations, making the impossible suddenly doable. As the examples on the following pages demonstrate, excellence in private foundation philanthropy isn't merely an ideal. At Foundation Source, it's our business.



SPREADING CULTURAL AWARENESS THROUGH A DIRECT CHARITABLE ACTIVITY



CHALLENGE:

The John and Helen Timo Foundation is dedicated to spreading awareness of the Carpatho-Rusyn culture and its people. The president of the Foundation asked our help to create a video about Carpatho-Rusyns documenting their history, their diaspora culture, and the importance of taking action when confronted with injustice and human rights abuses. She wanted to fund the documentary through the Foundation, but she wasn't sure where to start.



COLLABORATION:

Foundation Source explained that although foundations typically accomplish their missions by making grants to charitable organizations, they are also empowered to conduct direct charitable activities (DCAs). Whether that means running a winter coat exchange program or, as in this case, making a documentary, a foundation has broad latitude to undertake a wide variety of hands-on philanthropic projects.



OUTCOME:

Once we had determined that a DCA was the right option for the Foundation, its counsel drafted various vendor contracts. We disbursed and recorded all payments on their behalf. Because the Foundation was able to both create the documentary and distribute it as a charitable activity, there was no need to recoup costs from the public. The John and Helen Timo Foundation was therefore able to share the film in screenings and on YouTube, free of charge.



Private foundations can run their own hands-on programs, commonly called direct charitable activities (DCAs).

[Learn more](#) ►

OFFERING FINANCIAL SUPPORT TO SHELTER VOLUNTEERS



CHALLENGE:

Even though they had a new baby, along with busy careers, our clients retained their enthusiasm for innovative philanthropy. They wanted to help a homeless shelter in their community, but they didn't want to simply make a standard grant from their foundation to the organization. Instead, they wanted to offer financial support to the shelter's volunteers, the generous people who supplied the effort to prepare meals for shelter residents.



COLLABORATION:

Foundation Source hit upon a creative solution. The volunteers essentially became "volunteers of the foundation," which entitled them to submit reimbursement requests for their expenses related to meal preparation.



OUTCOME:

As a result of our counsel, the clients were able to contribute to the shelter in exactly the manner they desired. They were pleased that they could have a more tangible impact on the shelter volunteers than they would have if they had simply granted general use funds to the organization. Encouraged by their experience, these clients are interested in exploring other innovative capabilities of their foundation, including awarding scholarships and granting internationally.



Did you know that private foundations are empowered to do far more than make grants directly to publicly supported charities?

[Learn more about their capabilities](#) ►

ENSURING A COMPLIANT AWARDS PROGRAM FOR STEM STUDENTS



CHALLENGE:

The Broadcom Foundation was created to reflect the mission and values of its Fortune 500 parent company, Broadcom Inc., a global leader in semiconductor solutions. It supports education in science, technology, engineering, and math (STEM). To encourage achievement in these fields, the Foundation wanted to create a direct cash awards program for graduate students in connection with its University Research Competition. They turned to Foundation Source to help start this program and ensure they were staying well within compliance guidelines.



COLLABORATION:

Our Legal Team worked directly with the Foundation and its counsel to develop the criteria for the awards program. We designed the program so that the Foundation could make cash awards without advance approval from the IRS. As the Foundation implemented the program, we supplied ongoing compliance oversight.



OUTCOME:

The foundation board ratified the guidelines and ran this specific program for several years, successfully attracting the type of graduate students they wanted to showcase thanks in part to their awards program.



Foundation Source provides expert guidance, technology, and administrative support for corporate as well as family foundations.

[Find out more](#) ►

DONATING REAL ESTATE FOR CHARITABLE USE

CHALLENGE:



An architect by training, David Paoell has always understood the value of good design. He approached Foundation Source with a unique philanthropic goal: to preserve the architecturally significant Huygens House, a mid-century modern home built by Dutch-American Remmert Huygens (1932–2008) in Wayland, Massachusetts.

COLLABORATION:



We worked with Paoell as he purchased and donated the house to his foundation, Cambrooke Foundation for Arts and Science, which now pays for the property's restoration and maintenance. Because Paoell plans to use the house as an architectural museum as well as a facility for lectures and summits on architecture, advancing the Foundation's charitable purpose, the property will qualify as a "charitable use asset."

OUTCOME:



As we explained to Paoell, classifying Huygen House as a charitable use asset confers an important benefit. Private foundations are required to distribute a minimum of 5% of the previous year's net average assets annually. (This is colloquially known as the "minimum distribution requirement" or "MDR.") Classifying Huygen House as a charitable use asset excludes it from the asset base used to calculate the MDR, preserving liquidity and the Foundation corpus. Paoell is in the process of restoring the house, and he's excited to get it up and running. Thanks to Foundation Source, he is able to preserve this mid-century masterpiece for future generations.



Learn about the potential benefits of donating real estate to a private foundation.

[Find out more](#) ►

CONNECTING A FOUNDATION TO AN OPPORTUNITY FOR LITERACY PARTNERSHIP

CHALLENGE:

The board of the Charles R. Wood Foundation carries on the work of its late founder by supporting children, the arts, and healthcare in upstate New York.



While traveling in rural North Carolina, the president of the Foundation read an article in the local newspaper about Dolly Parton's Imagination Library program and its outreach to the region. This national program, which is available to any community, mails a book to children under five years of age each month. The purpose of the program is to boost early childhood literacy and foster a love of reading.

As the Charles R. Wood Foundation wanted to promote childhood literacy in upstate New York's rural counties, they asked their Private Client Advisor at Foundation Source to get them information on how they could get involved.

COLLABORATION:



The Private Client Advisor contacted the Dollywood Foundation, which was able to provide the demographic research the Foundation required to assess regional need. Dollywood also identified possible literary agencies that might be willing to partner with the Charles R. Wood Foundation. Foundation Source coordinated the effort by discussing the program with the Literacy Volunteers of Clinton County, who agreed to handle the child registration process.

OUTCOME:



The Foundation now supports the Imagination Library program, enabling 3,500 children in Clinton, Essex, Franklin, and Hamilton counties to participate. The Foundation is thrilled that Foundation Source could help connect them with the necessary partners to make this project happen, and they appreciate how easy we've made it for them to track its results, procuring semi-annual updates for their review.

ACCOMPLISHING MISSION, CUTTING COSTS WITH A DIRECT CHARITABLE ACTIVITY



CHALLENGE:

The client contacted Foundation Source because he planned to sell his company in a few days and intended to use some of the proceeds from the sale to fund his foundation, which would be dedicated to the work of advancing the theological education and teaching ministries of Latin America's seminaries, colleges, and bible institutes. He needed our help to set up the foundation quickly and, once established, he needed our compliance expertise. He had been advised that some of the foundation's intended programs, such as translating theological reference books and other teaching materials into Spanish and Portuguese, could be deemed "commercial" by the IRS if profits were realized by sub-licensed publishers.



COLLABORATION:

Foundation Source set up the foundation in just three business days, enabling the client to fund it with the subsequent sale of his business. Then, his foundation's Private Client Advisor convened our philanthropic advisors and tax and legal experts to explore the various options available to accomplish the foundation's goals in compliance with IRS regulations and with the least possible attendant cost. After examining all of the possibilities, Foundation Source recommended that the foundation formally adopt the translation project as a direct charitable activity, thereby not incurring costs for equivalency determinations or expenditure responsibility. As a direct charitable activities program, expenses could be paid by the foundation directly, even though the entities and individuals it intended to benefit reside outside the United States.



OUTCOME:

With Foundation Source's input, the foundation has implemented the recommendations made and is moving its mission forward by expanding the translation program. The client plans to use the direct charitable activities model going forward, and he's very pleased with Foundation Source's service and expertise.



Foundation Source can set up a new private foundation in just three days.

[Learn how](#) ►

ORGANIZING AND INFORMING GIVING WITH AN ONLINE SOLUTION

CHALLENGE:



When we met her, this successful actress already had a private foundation, and she had a good handle on its finances. She didn't need us to monitor the finances or prepare the foundation's tax returns, but she did need help organizing her giving. Every time she wanted to review her grantmaking history with the various organizations she supports, she had to comb through files stuffed with acknowledgment letters and receipts. Researching new potential grantees was a hassle and, since she expected her grandkids to take over the foundation in a few years, she wanted to get an organizational system in place that would make it easy for them to take the reins.

COLLABORATION:



To fund her grantmaking, Foundation Source set up an operating account for the client at Sterling National Bank. Going forward, since all of the grants and qualified expenses would be paid out of this operating account, the actress, her accountant, and anyone else she permits will be able to quickly and easily review the foundation's transactions. Foundation Source also introduced her to *Foundation Source Online*[®], our exclusive "command center" that enables clients to research nonprofit organizations, make grants, and review their grantmaking history from any location, at any time.

OUTCOME:



The client loves how easy it is to make grants using *Foundation Source Online*. In fact, it has completely changed the way she gives, helping her track how many times (and how much) she's given to a specific charity and enabling her to access important information on organizations through sources like Guidestar[®] and Charity Navigator.[™] Moreover, now that the foundation's house is in order, the actress doesn't worry about burdening her grandchildren with its day-to-day operations. "Foundation Source has made my life so much easier," the client says, "It's a gift from heaven!"



Our award-winning web console, *Foundation Source Online*[®], makes it simple to manage a private foundation from any Internet-enabled device.

[Try it out here](#) ►

PRESERVING ANONYMITY WHILE FACILITATING GRIEF COUNSELING

CHALLENGE:



The family is passionate about providing grief counseling services to families who have suffered serious trauma—especially women and children. They wanted to run their own grief counseling services through their foundation but because they are intensely private and unassuming people, they didn't want their names associated with the program.

The family came to Foundation Source because their counsel suggested that a single-member LLC housed in the foundation could provide a layer of privacy. We were asked to provide the private foundation expertise to realize this concept.

COLLABORATION:



We created a single-member LLC with a DBA name, so it could both write and accept checks in that name, rather than the foundation's name. Because we are responsible for the foundation's tax return, we set up a second profile on our system in order to track the activities of the LLC while still ensuring that it is associated with the primary foundation's activities. We also provided ongoing compliance oversight for both entities.

OUTCOME:



The LLC is, for all intents and purposes, a separate entity from the foundation. The LLC "owns" multiple former vacation homes that once belonged to the family, and these are used as grief counseling and recreational retreats. The LLC covers all the associated expenses, so the family can maintain their privacy while bringing comfort to grief-stricken individuals and families.

REDUCING A CORPORATE FOUNDATION'S WORKLOAD FOR A HIGH-VOLUME PROGRAM



CHALLENGE:

This corporate foundation awards grants of up to \$5,000 to fund projects at schools located in markets where the parent company has a presence. As many as 2,000 schools submit applications for projects annually, and last year, the foundation made over 300 grants. The foundation's program was achieving its intended objectives, but the large volume of applications and grants was making the process extremely time-consuming and difficult for staff to manage.



COLLABORATION:

Foundation Source moved the entire grantmaking cycle online with *Requests*[®], our online grants management system that makes it easy to accept, organize, track, and reply to charitable requests. *Requests* is available as an add-on to *Foundation Source Online*[®], our award-winning web platform for managing a foundation.

Using *Requests*, we were able to set up a public-facing website for the foundation where grant-seekers can review funding criteria, fill out a customized grant application, and then submit it electronically. Through *Foundation Source Online*, foundation reviewers, who are given "limited views" to see only the applications that were assigned to them, then score the application.

Because the foundation uses a blind application review process, Foundation Source manages the way information is displayed so that the school's name and other identifying details are hidden from reviewers. To ensure that the schools are eligible to receive grants from the foundation, we also vet them and add them to our database. With *Foundation Source Online*, the foundation can easily organize and manage the applications, centrally communicate about them, and generate data and reports. Automated responses make it convenient to acknowledge receipt of applications and inform grant-seekers of their status.



OUTCOME

Foundation Source has streamlined the entire application process, saving the foundation significant time and administrative effort. The foundation is very pleased with their new process, but we revisit it each year and continue to refine it based on their evolving needs.



Learn more about *Requests*[®], Foundation Source's proprietary online grants management system.

[Learn how](#) ►

KEEPING AN (EXTENDED) FAMILY TRADITION GOING STRONG

CHALLENGE:

The foundation has its roots in a humble frontier feed store. Founded in the 1890s, the store eventually grew into a sizable company with a household name. Relatives of the three brothers who grew that company founded their foundation in the 1940s, and it has been in operation ever since.

Today, the board of the foundation, which is comprised of descendants of the brothers, pays homage to its history by keeping track of other descendants through familial records. There are now dozens of descendants and, upon reaching the age of 18, they are all eligible to join the foundation as a non-voting member and attend board meetings. The foundation will match up to three member gifts to charity for as much as \$1,500 total in a given year. Members are also able to provide feedback via grant committees for organizations that have applied for funding.

The foundation's tradition of making giving a (very large) family enterprise is one of its most cherished hallmarks. Even so, all that gift-matching and grant committee activity makes for an enormous amount of paperwork and a sizable administrative burden.



COLLABORATION:

Foundation Source set up their gift-matching program on *Requests*[®], our online grants management system for accepting, organizing, tracking, and replying to charitable requests. (*Requests* is available as an add-on to *Foundation Source Online*[®], the web console our clients use to manage their foundations.)

Family members use *Requests* to apply for their gift match. Foundation Source verifies that the family member made a donation and that the recipient organization is eligible to receive grants from the Foundation. We also customized *Requests* so that when a family member is a part of a grant committee, they can log in, review their committee's applications, and then leave comments for board members.



OUTCOME:

Thanks to their experience with *Requests*, the foundation now benefits from a seamless, paperless process for its gift-matching program. The foundation is free to celebrate its heritage without worry that the growth of its family tree will outstrip its administrative capabilities.



BUILDING A LEGACY TO LAST



CHALLENGE:

After an impoverished childhood, our client became the first of her family to attend college. She then rose to great heights in commercial real estate and, although she no longer called it home, she wanted to give back to the Pennsylvania community in which she was raised. She particularly wanted to help residents afford a college education and to involve her adolescent children in the effort. Our client was concerned, however, that the years would diminish her children's already tenuous ties to her hometown, and she wanted to ensure that they would remain active and involved in philanthropy.



COLLABORATION:

The client's financial advisor referred her to Foundation Source. As the advisor explained, with a private foundation, the client and her family could design their own scholarship program and select the beneficiaries. (Other charitable vehicles, such as donor-advised funds, don't offer this capability.) Foundation Source's tax and legal experts offered guidance to her counsel designing a program that complied with IRS regulations, and our philanthropic advisors worked with her to engage the children in the work of the foundation. They also suggested ways the foundation could evolve its mission over time, becoming more relevant to the children's interests and community ties.



OUTCOME:

The client was gratified to help people like her younger self achieve success and security. Because the foundation had both an elastic mission and a completely externalized support team handling its every need, our client was confident that her children would be ready and able to keep it going, building an enduring family legacy of good work.

Why Foundation Source?

We provide full management and philanthropic support to nearly 2,000 family, corporate, and professionally staffed foundations, making us the largest independent foundation services firm nationwide.

To learn more about Foundation Source and what we have to offer, call us at: 800.839.0054.



ADMINISTRATION

Full administrative and support services to keep the foundation running smoothly and compliantly. We provide administration, compliance monitoring, transaction processing, tax preparation and filing, and financial and regulatory reporting.



ADVISORY

Personalized support from a dedicated Private Client Advisor who gets to know both the client and the foundation. He or she is backed by in-house philanthropy, tax, legal, and accounting professionals who provide expert guidance and responsive service.



DIGITAL PLATFORM

Foundation Source's secure online command center provides full transparency and control, so clients can manage their foundation anytime, anywhere.

ABOUT FOUNDATION SOURCE

www.foundationsource.com

Foundation Source is the nation's largest provider of comprehensive support services for private foundations. Our complete outsourced solution includes foundation creation (as needed), administrative support, active compliance monitoring, philanthropic advisory, tax and legal expertise, and online foundation management tools.

Now in our third decade, Foundation Source provides its services to nearly 2,000 family, corporate, and professionally staffed foundations, of all sizes, nationwide. We work in partnership with wealth management firms, law firms, accounting firms, and family offices as well as directly with individuals and families. Foundation Source is headquartered in Fairfield, Connecticut.

Have a question? Call 800.839.0054 or send us an email at info@foundationsource.com.

55 Walls Drive, Fairfield, CT 06824

T: 800.839.0054

F: 800.839.1764

www.foundationsource.com

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