

Calvert Foundation GIVING FUND



Program Circular
April 1, 2010

What is a Giving Fund?

A **Giving Fund** allows donors to increase the impact of their giving by combining it with strategic sustainable and responsible investing to build a sophisticated philanthropic endowment.

A Giving Fund is a donor advised fund established by an individual or institution through a simple tax-deductible contribution to Calvert Social Investment Foundation. A donor advised fund operates much like a private foundation, but can be created with as little as \$5,000, and without the legal complications or expense of setting up a private foundation.

Donors recommend how the Giving Fund's assets are invested – in a range of socially responsible and community development options. And, a Giving Fund may appreciate or be added to over time, increasing the donor's ability to give to nonprofit organizations.

Whether it's a church or school, a national environmental group or a hunger relief agency working half-way around the world – donors may recommend gifts to any 501(c)(3) public charity, through a fully automated web-based interface.

Please read this Program Circular for details on the Giving Fund.

The Socially Responsible Donor Advised Fund

This Program Circular describes the Giving Fund, which is the Donor Advised Fund program of Calvert Social Investment Foundation. It contains a detailed discussion regarding the establishment, maintenance, features, fees, and the Donor's relationship to a Giving Fund.

All activities of a Giving Fund and Donor participation in the program are subject to the terms and conditions of this Program Circular ("Circular"). Calvert Social Investment Foundation ("Calvert Foundation") reserves the right to modify the program at any time. Any actions of the Calvert Foundation Board of Directors may override or amend this Circular.

Calvert Foundation is registered, or has an application for registration pending, in all states and the District of Columbia, where such registration is required.

ADMINISTERED BY CALVERT SOCIAL INVESTMENT FOUNDATION



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1. INTRODUCTION: CALVERT FOUNDATION AND THE GIVING FUND

Calvert Foundation¹ is a 501(c)(3) public charity. Contributions to Calvert Foundation are irrevocable, and are immediately tax-deductible to the fullest extent under the law.²

Since 1995, Calvert Foundation has offered the Community Investment Note, a debt security whose proceeds are invested in a global portfolio of community development programs. The Foundation's investments in those programs have experienced a historical loss rate of less than 1/4th of 1%, and as a result, program investors in Calvert Foundation have never lost principal or interest. Please note that holders of the Community Investment Note have general recourse to all of the assets of Calvert Foundation, including those of the Giving Fund. There are significant security enhancements and net assets in place to cushion and protect the assets of the Giving Fund.

A Giving Fund is a charitable vehicle that offers individuals and institutions the flexibility to make grant recommendations, while Giving Fund assets are invested and managed, offering the potential for assets to grow over time. Donors may select investment allocation among approved investment options, but investment decisions rest entirely with Calvert Foundation. It is important to note that the Donor can recommend that grants be made to charitable organizations from their Giving Fund, but that the final decision on all grants rests with Calvert Foundation.³

While the terms and conditions described in this Circular generally apply to all types of Donors, some types of Giving Funds may need to add certain customized features and administrative procedures that may or may not require additional fees or agreements. Please contact a Giving Fund services representative at 800.248.0337 for more information.

2. CREATING A GIVING FUND

Individuals, companies, private foundations, public foundations, trusts, and estates all may open Giving Funds. They may establish a Giving Fund by completing an Application and providing an initial donation of **\$5,000** or more. Once the account is established, donors may make additional contributions (minimum **\$250**) at any time.

Account Name

As part of the application process, a name must be chosen for the Giving Fund account. It can be named after the donor(s), named after another individual or given a different name of their choosing.

Donor Role

Those individuals listed in section 1 of the Application will be considered the Donors for the account. A Donor may recommend investment allocation and grants from the Giving Fund, in addition to changing account and address information.

Additional Donors for an Account

A Donor may give authority (in writing⁴ to Calvert Foundation) for one or more additional parties to act as Donors of the Giving Fund. These additional parties will be given the same authority and access over the account.

Once established, a Donor may only be removed from this relationship by written communication to Calvert Foundation from that Donor.

¹ Calvert Foundation, incorporated in 1988 in Maryland and classified as a public charity as described in Sections 501(c)(3) and 509(b)(1)(9A)(iv) of the Internal Revenue Code of 1986, as amended, is a separate legal entity from Calvert Group, Ltd., a mutual fund company. As of the date of this circular it has more than \$225 million in assets.

² A contribution to a Giving Fund represents an irrevocable contribution to Calvert Foundation. Contributions are tax deductible, are not refundable, become subject to Calvert Foundation's control and discretion once made, and shall not be deemed a separate trust fund held by Calvert Foundation in a trustee capacity. The assets of all Giving Funds are commingled with those of Calvert Foundation in general.

³ Grant distributions from a Giving Fund, and the investment of assets, are made at the sole discretion of Calvert Foundation. Grants may not be used to provide substantial return benefits for the Giving Fund Donor or members of their families. See Section 6 for a complete discussion.

⁴ This can be hard copy, faxed or an electronic document attached to an email.

Account Advisor Role

A Donor may also give authority (in writing to Calvert Foundation) for one or more additional parties to act as Account Advisors of the Giving Fund, with read only privileges. These additional parties will be able to view account information, but will not be able to recommend **investment allocation** and **grants** from the Giving Fund, or change account and address information.

An Account Advisor may only be removed from this relationship by written communication to Calvert Foundation from a Donor.

Professional Advisor Role

A Donor may be working with a Financial Professional who they would like to be involved with their Giving Fund account. The Donor may give authority as part of the application process (or in writing to Calvert Foundation at a later time) for a Professional Advisor to have access to their account. The Professional Advisor may be granted with full access, the same as given to a Donor, or read only access.

Once established, a Professional Advisor may only be removed from this relationship by written communication to Calvert Foundation from a Donor.

Succession and Beneficiary Options

A Donor may choose a successor(s) to take over the account after the death or incapacity of all Donor(s). A Donor may name either an individual or an institution to be a successor. The successor must provide Calvert Foundation with written notification and proof of the Donor(s)'s death or incapacity. If the successor is a minor at the time of transfer of privileges, Calvert Foundation may require that a legal guardian act in an intermediary role regarding the Giving Fund. Upon assuming the rights and responsibilities of the Giving Fund, the successor may designate his or her own successors.

Instead of or in addition to naming a successor, a Donor may choose to terminate or "sunset" their fund by recommending distribution of the assets to one or more charitable organizations subject to the review and approval by Calvert Foundation at the time of transference. Once Calvert Foundation is notified of the death or incapacity of a Donor, Calvert Foundation will distribute the Giving Fund according to the Donor's wishes. Changes to named beneficiaries require instruction in writing from all Donors of the Giving Fund.

If neither a successor nor beneficiary has been named, upon notification of the death or incapacity of all Donors on the account, Calvert Foundation will transfer the Giving Fund balance to Calvert Foundation to create a permanent fund which will be used to create jobs, build homes, and change lives.

3. MAKING A CONTRIBUTION TO A GIVING FUND

All contributions must be reviewed and approved by Calvert Foundation prior to acceptance. This review process will include a determination as to whether the assets will be in compliance with the excess business holding rules as required by Internal Revenue Code ("IRC") 4943(e). Contributions that are not accepted will be returned. Contributions that are accepted represent an irrevocable contribution to Calvert Foundation, are not refundable and become subject to Calvert Foundation's control and discretion.

Cash

Cash donations may be made in the form of a check or cash wire. Wiring instructions are available on the Additional Contribution form as well as the Application. If sending a wire, the necessary documentation must be provided to Calvert Foundation prior to initiating the transaction in order to ensure the funds are properly credited to the appropriate Giving Fund.

All checks should be made payable to Calvert Social Investment Foundation.

Contributions received under \$250 may be accepted, but will be subject to an additional transaction fee.

Mutual Funds and Securities

A Donor may contribute mutual fund shares, stocks, bonds, and other securities via DTC or certificate. In the event of a donation of publicly traded securities, Calvert Foundation will seek to sell them promptly. For non-publicly traded securities or other securities for which no readily liquid market exists, Calvert Foundation will exercise discretion as to the time of sale. Any costs incurred to dispose of the securities, such as appraisal or legal fees, will reduce the net proceeds available to the Giving Fund.

The value available to the Giving Fund (but not the amount of the charitable deduction available to the Donor) is determined on the date on which Calvert Foundation receives the net proceeds from the sale of contributed securities. Therefore, the net proceeds and the corresponding value of the Giving Fund may differ from the charitable deduction amount.

The Letter of Instruction form is required when transferring securities or mutual funds. A copy should be sent to Calvert Foundation prior to sending the original form to the holding firm.

Non-traditional Contributions

Calvert Foundation will work with Donors to accept non-traditional contributions such as real estate, artwork, etc. Donors should contact Calvert Foundation prior to attempting to contribute so proper arrangements can be made. There may be additional costs associated with processing these transactions which will reduce the net proceeds available to the Giving Fund. Donors considering a contribution of private securities or property should obtain an independent appraisal.

Estate Planning

A Donor may name a Giving Fund as the beneficiary of a bequest from trusts or securities accounts, including mutual fund shares and IRA assets. In addition, a Donor may name a Giving Fund as the beneficiary of a charitable remainder trust, charitable lead trust, or life insurance policy. Donors should consult their tax and/or legal advisor when considering this type of gift. Please also contact Calvert Foundation to discuss a potential gift of this kind.

Notification of Receipt of Contribution

All contributions will be acknowledged via written confirmation. This confirmation will be sent to the donor and will contain all information required by IRS guidelines for substantiation of charitable deductions for tax purposes. For contributions of publicly traded securities, confirmation will include a good faith estimate of the fair market value on the date the contribution is made, computed as the average of the high and low pricing for the day on which Calvert Foundation received the security.

IRS Form 8283

The IRS requires that Form 8283 be completed and filed with federal income tax returns if the amount of your deduction for all noncash gifts⁵ is more than \$500. Calvert Foundation is not required to and will not provide a form 8283 to the donor. If the donation made is in the form of publicly traded securities, Calvert Foundation is not required to endorse this form, and will not do so.

If the donation made is a noncash and non-publicly traded asset, the donor should complete (with an independent appraisal as needed) the form 8283 and provide to Calvert Foundation as soon as possible after making the donation. Calvert Foundation will complete Section B, Part IV of the form as required. This acknowledges our receipt of the gift but provides no endorsement of the valuation on the form.

After disposal of donated assets, Calvert Foundation will, when required by the IRS, file a form 8282 with the IRS and furnish a copy to the donor.

Investment of Contributions

Giving Fund contributions are allocated in units among various investment Pools (see Section 5) after liquidation. Units are generally issued at the next-determined value on the business day Calvert Foundation receives the cash or proceeds from the sale of assets.

⁵ Examples of noncash gifts include, but are not limited to, publicly traded and non-public securities, real estate, works of art, and collectibles. See IRS form 8283 and related instructions for additional information.

4. DISCUSSION OF TAX DEDUCTIBILITY

A Donor should be eligible for an itemized tax deduction on the date that a charitable contribution is made to a Giving Fund, subject to IRS Tax Regulations. The amount of the allowable deduction will vary depending on the type of asset contributed. *The below discussion is offered for informational purposes only, and is not meant as tax advice:*

Cash

For cash, the tax deduction is usually the amount of the cash contribution on the date postmarked or wired. A Donor may be eligible for an itemized deduction of up to 50% of their adjusted gross income ("AGI") in the tax year in which a cash contribution is made, subject to certain limitations, with the potential to carry forward deductions for up to five years.

Publicly Traded Securities

For publicly traded securities held for more than one year, the deduction is generally the average of the high and low prices reported on the date the contribution is received by Calvert Foundation. For mutual fund shares held for more than one year, the deduction is generally the closing price on the date the contribution is received. For securities or mutual fund shares held for one year or less, the deduction is generally the lesser of cost basis or fair market value. A Donor may be eligible for an itemized deduction of up to 30% of their AGI in the tax year in which a contribution of publicly traded securities is made, subject to certain limitations, with the potential to carry forward deductions for up to five years. Note that deductibility limits are lower for publicly traded securities (30%) than cash (50%).

Non-Publicly Traded Securities or Property

For property or securities that are not publicly traded which have been held for more than one year, the deduction is generally the fair market value determined by the Donor in a reasonable manner on the date the contribution is made. The IRS will require the Donor to provide an appraisal for any contributed property for which they claim a deduction of more than \$5,000. For property or securities held one year or less, the deduction is generally the lesser of cost basis or fair market value. A Donor may be eligible for an itemized deduction of up to 30% of their AGI in the tax year in which a contribution of non-publicly traded securities or property is made, subject to certain limitations, with the potential to carry forward deductions for up to five years. Note that deductibility limits are lower for non-publicly traded securities or property (30%) than cash (50%).

Giving Fund Account Income

Any interest and dividend income and capital gains that accrue to a Giving Fund are treated as income of the Giving Fund, not of the Donor, and will generate neither additional tax liabilities nor additional charitable deductions for the Donor.

A Donor will not be eligible for additional charitable deductions for grants made from the Giving Fund, as the Donor will have received the full tax deduction at the time of initial contribution to the Giving Fund.

Before claiming any tax deduction, or determining tax deductibility limits, a Donor should consult with their tax specialist.

5. INVESTMENTS

Investment Philosophy

Financial stability and performance are essential to Calvert Foundation's investment strategy and the investment options it selects. In addition, a number of other core strategies are considered, including:

Social Screening and Analysis – screens out companies with objectionable environmental, social or governance practices and screens in those which excel in these areas.

Shareholder Advocacy – ongoing dialogue with companies, proxy voting, and shareholder resolutions in an effort to encourage companies to address key social issues such as diversity.

Social Venture Capital – invests in non-publicly traded socially responsible businesses that provide market-based solutions to complex social, environmental, and health problems.

Community Investment – directs financing to local communities by supporting nonprofits working to create affordable housing, small enterprises, and other community development activity. Note: All Calvert Group mutual fund community investment (High Social Impact Investment) is done through Calvert Foundation's Community Investment Note.

Investment Pools and Allocations

A Donor may select that a Giving Fund's assets be allocated to any combination of Calvert Foundation approved Investment Pools ("Pools"), choosing from the **Standard** or **Balanced Allocation** or selecting from the list of Pools in a customized manner.⁶

If a Donor does not select an investment allocation, contributions will be invested in the default Standard Allocation.

Investment Reallocation

A Donor may select a reallocation of their Giving Fund's investments a maximum of four times per year. All changes to investment allocation must be made in writing by an authorized advisor on the account.

Professional Advisor Managed Accounts

For certain Giving Funds, Donors may have the opportunity to recommend an outside Professional Financial Advisor to manage the investments in their Giving Fund. The Professional Advisor will be able to select investments that are consistent with the Calvert Foundation mission from outside the Pools. Donors interested in this program should contact Calvert Foundation for additional information regarding terms and fees. Minimum account balance requirements may apply for participation in this program.

See Section 7 Expenses and Other Policies for fees related to the various investment options.

6. GRANTMAKING

Appropriate Grants Distributions

Grants can be made to all charitable organizations that are tax-exempt under IRC Section 501(c)(3) and are public charities under Code Section 509(a).

Calvert Foundation may elect to consider distributions of grants to foreign charitable organizations or other non-501(c)(3)s, on a case by case basis, although this grant-making activity may incur additional costs to the Giving Fund in question.

Ineligible Grant Recipients

In most cases, grants cannot be made to private non-operating foundations, individuals, and corporation soles or any other organization not described in section 170(b)(1)(A) of the IRC.

The IRC also imposes restrictions and penalties on grants to nonfunctionally integrated Type III supporting organizations. Donors should contact Calvert Foundation prior to making a grant recommendation to any type of supporting organization.

Ineligible Grant Purposes

Grants may not be used for any pre-existing pledge, dues, membership fees, benefit tickets, and goods bought at charitable auctions or for any private benefit to Donors, other Account Advisors or their relatives. Donors can not be reimbursed from a Giving Fund for expenses incurred undertaking fundraising activities. Grants also may not be used for lobbying, political contributions, or to support political campaign activities.

Calvert Foundation will reject grant recommendations for improper purposes. If a non-eligible grant was inadvertently paid, the Calvert Foundation may request that the grant be returned or that the donor make an additional non-deductible contribution to the Giving Fund.

⁶ See Investment Supplement document for more information on investment options.

Minimum Grant Amount

A Donor may recommend grants of **\$250** or more.

Making Grant Recommendations

Donors can make a grant recommendation by submitting a Grant Recommendation Form to Calvert Foundation. Completed Forms can be mailed, faxed, or scanned and emailed to Calvert Foundation.

In addition Donors can log into their Giving Fund account via the DonorWeb and submit grant recommendations.

Grant Approval

Calvert Foundation will review all grant recommendations prior to distribution. Recommendations to organizations that are not pre-approved may take two weeks to process (or longer in some cases) depending on the responsiveness of the organization and availability of information necessary for Calvert Foundation to complete the due diligence process.

If the recommendation is not approved, we will notify the Donor. If approved, Calvert Foundation will distribute the proceeds to the recommended organization.

In certain situations, as requested by Donors, grant distributions may be expedited. Donors should notify Calvert Foundation as soon as possible if such a situation arises. The ability to expedite a grant request may not be possible in all situations and Calvert Foundation retains the right to deny such a request. Additional transaction fees will apply.

Recurring Grants

Donors have the opportunity to set up annual, quarterly, semiannual, or monthly recurring grants to approved organizations. These requests can be submitted using the Grant Recommendation form or via the DonorWeb.

Grant Distribution

Calvert Foundation will generate cash to pay the grant by redeeming the appropriate number of units in one of two ways: 1) from the Pools in proportion to the current investment allocation (the default method), or 2) from specific Pools that the Donor requests. Either way, redemptions are based upon the next-determined unit value⁷ **after** the grant is approved. Therefore, the value of the Pool at the time of recommendation may not be the same as its value at the time of grant approval.

If the amount of a grant recommendation exceeds the balance of a Pool that has been designated, the remaining amount of the grant will be funded proportionally from other allocations.

Grant Letters

Grants are made on checks bearing the name of Calvert Social Investment Foundation, accompanied by a letter from Calvert Foundation recognizing the Giving Fund name, Donor name, and address unless a Donor requests anonymity. The Donor may view all grant activity via password protected online access.

Uncashed Grant Checks

If a charitable organization has not cashed or deposited its check within 90 days of issuance, Calvert Foundation will investigate the outstanding check with the charitable organization. When appropriate, Calvert Foundation will initiate a stop-payment order on the check and forward a new check to the organization with a cover letter. The Donor who recommended the grant will receive a copy of this letter. Please note, if a request is made to replace the check, it cannot be replaced until it has been outstanding for at least 30 days.

Annual Grant-Making Allotment

Giving Funds over \$25,000 may make unlimited grants without charge. Giving Funds under \$25,000 are limited to an allotment of twelve (12) grants per calendar year without charge. Grant requests in excess of this will be charged a \$20 administrative fee per grant. The balance immediately preceding the grant request will determine whether an allotment is used or a fee is charged. If there is an insufficient balance to pay both the recommended grant amount and the fee, the amount of the grant will be reduced to accommodate the fee.

⁷ The unit value is updated daily based on the change in value of the underlying investments held in the Pool. It represents the value of one unit, or share, of the Pool.

Five Percent Grants per Year Requirement

The distribution policy for each Giving Fund requires that grants be at least 5% of the Fund’s average net assets for each year on average, in any rolling three fiscal year period. If this requirement is not met, Calvert Foundation may ask for grant recommendations from the Donors. If recommendations are not provided within 90 days, the required amount will be transferred to operating support for Calvert Foundation.

Minimum Grants Activity

If the Donors of a Giving Fund provide no grant recommendations over a five (5) year period, Calvert Foundation will send written notification to the Donors. If no recommendations are received after 90 days, the total value of the Giving Fund may be transferred to operating support for Calvert Foundation.

7. EXPENSES AND OTHER POLICIES

Administrative Fees

Each Giving Fund is subject to fees to cover administrative expenses associated with its operation, which impact the Giving Fund’s value.

Account Balance	Annual Fee
First \$100,000 at	1.00%
Next \$400,000 at	0.75%
Next \$500,000 at	0.50%
Amounts above \$1 million	0.25%

Calvert Foundation’s Board of Directors reviews and approves administrative fees periodically and may adjust them from time to time.

Additional administrative fees may be assessed for specialized recommendations to the Global Impact Ventures (“GIV”) investment options (ask a customer service representative for GIV program details), other customized social purpose investments, or grant making to non-501(c)(3) organizations. In all cases, proposed administrative fees will be disclosed before a Donor undertakes such activity.

Minimum Account Maintenance Fee

Any Giving Fund whose balance falls below \$2,500 will be assessed an account maintenance fee at a rate of \$25 per calendar year, in lieu of the standard administrative fee discussed above. If at the time of the assessment of the maintenance fee, the account balance is less than the assessed fee, then the entire balance of the account will be removed and the account will be closed.

Investment Management Fees

For the Community Investment Note there are no investment management expenses. Each mutual fund is subject to varying operating and management expenses expected to be between .75% and 2.75% of each fund’s average net assets per year. These expenses impact the daily net asset values of the funds in the Pools. They are not charged separately to Giving Funds, and are the same expenses that any direct investor in these funds would incur. Calvert Foundation does not pay a load charge on the purchases of these funds.

GIV investment options may be subject to varying operating and management expenses. If such fees exist for a particular investment option, they are not charged separately to Giving Funds, and are the same expenses that any direct investor in these investment options would incur. To inquire about the current expenses on various Pools, call a Giving Fund service representative at 800.248.0337, or visit the investment section at www.calvertgiving.org.

Account Depletion Policy (in effect for the first 12 months)

Calvert Foundation reserves the right to charge a \$500 fee if a Giving Fund’s balance is brought to below 20% of its opening balance, resulting from grant activity (Investment Pool depreciation will not trigger this fee), in the *first 12 months* of the account being opened. The fee will be deducted from either the final grant amount or the remaining balance in the account when the above criteria are met. This fee and policy enable Calvert Foundation to recapture some of the costs associated with setting up the Giving Fund, asset transfers, Investment Pool allocation, and grants management. After the first year of an account being opened, this fee no longer applies.

GIVING FUND FEATURES

Minimum Account: \$5,000 initial contribution
\$250 additional contribution

Minimum Grant Amount: \$250 (to any approved charity)

Number of Grants/Year: Accounts Under \$25,000 12 (Add'l \$20 ea.)
Accounts Over \$25,000 Unlimited

Administrative Fees/Year: First \$100,000 1%
Next \$400,000 3/4 of 1%
Next \$500,000 1/2 of 1%
Over \$1,000,000 1/4 of 1%

Investment Options: *Socially Responsible Mutual Funds:*
Use screening and shareholder engagement to improve the social, environmental, and governance practices of publicly-held companies.

Community Investment:

A professionally managed portfolio of affordable loans to leading nonprofit organizations and social enterprises that focus on alleviating poverty in key impact sectors such as affordable housing, microcredit, small business funding, and Fair Trade.

Global Impact Ventures:

Specially reviewed, professionally managed funds that have private debt and/or equity stakes in social enterprises, innovative nonprofits and microfinance institutions. (Minimums apply)

Web-based Access: *Investing* - View/Track Changes
Giving - View/Recommend Grants

For up-to-date program information, or to open a Giving Fund:

www.calvertgiving.org

800.248.0337

**Calvert Social Investment Foundation
7315 Wisconsin Ave., Suite 1100W, Bethesda, MD 20814**

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