



"Giving" Advice



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ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides *resources for thoughtful giving*. Using its expertise and personalized services, **Toledo Community Foundation** helps donors transform their philanthropic impulse to measurable

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Overseas Donations on Target

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Americans have shown a growing interest in philanthropic causes overseas in recent years. But giving abroad can be complicated for those who want their money to go to a specific cause in a particular region -- say, education in Southeast Asia or health care in sub-Saharan Africa.

Ensuring that such donations reach their intended target and are used effectively, are tax-deductible and don't violate antiterrorism laws or any other U.S. government restrictions can be a daunting task. Well-known organizations like the American Red Cross provide a convenient way for many people to make contributions. But they aren't set up to target donations the way some contributors would like.

Those are some of the reasons many donors opt to work with U.S.-based intermediary charities created for international giving. These organizations act as a channel for donations, ensuring that the money goes to reputable recipients and has the desired effect, and that contributions meet all legal requirements. Because they are U.S.-based, donations made through them are tax-deductible.

Donors can fund causes in a number of ways through intermediaries, from a one-time donation of a few dollars to sustained support totaling hundreds of thousands of dollars or more. Contributors can ask an intermediary to direct money to a cause they have chosen, or choose to support projects an intermediary recommends. Contributions can be made by individuals, groups, foundations or companies.

A list of intermediaries and nonprofits involved in international philanthropy can be found on the Web site of U.S. International

community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

Grantmaking, usig.org, a project of the Council on Foundations and the International Center for Not-for-Profit Law.

When Dale Van Aken, founder of a Pennsylvania technology company, and five of his friends heard of water shortages in Zambian villages from an acquaintance who was born in that country, they decided to donate and raise money to drill wells there. They chose not to funnel the money through church groups or send it directly to nonprofits in Zambia, for a number of reasons.

To draw from the broadest pool of potential donors, they decided to work with secular organizations. And they didn't want to send money directly to Zambia because they didn't know how to ensure that they didn't violate any laws on money transfers overseas, or that the donations would be tax-deductible, another key to attracting as many donors as possible. "I didn't want to have to hire a lawyer, and I didn't want to have to study [the paperwork] for a week," Mr. Van Aken says.

He and his friends ultimately settled on using a New York-based intermediary charity, the King Baudouin Foundation U.S., as a conduit for their donations. The foundation set up a so-called donor-advised fund for the group. Contributors donate money to the fund, and the foundation then distributes money from the fund to water projects in Zambia recommended by Mr. Van Aken and his friends.

Donations are tax-deductible, and the foundation checks the background and track record of the recipients, confirms that the funds are used as directed and ensures compliance with U.S. antiterrorism laws. It charges a fee that starts at 4% for the first \$100,000 or less of each grant sent overseas and drops to 1% of the amount above \$400,000.

"Without them, we would have had a much more difficult time collecting money and complying with laws on transferring funds," Mr. Van Aken says. He estimates that over five years the fund has transferred about \$170,000 to drill wells in villages across Zambia.

It takes a minimum of \$15,000 to set up a donor-advised fund at the King Baudouin Foundation U.S., but there is no minimum for subsequent gifts.

Intermediaries can also take a more active role in directing donations, providing a bridge to recipients that donors otherwise might not have known about or been able to reach.

Pandju Merali, an 80-year-old retired businessman in Seal Beach, Calif., says he turned to intermediary groups after he wrote to education departments in developing countries about his interest in funding women's education and received no response. "I was having a difficult time [giving] money," he says.

Now, he works with a handful of intermediary charities to identify and donate to universities and young women in need of funding. He

established a foundation named for his wife, the Shirin Pandju Merali Foundation, that has funded more than 700 students in India, Afghanistan and elsewhere by making donations through GlobalGiving, a nonprofit in Washington, D.C.

GlobalGiving works with hundreds of grass-roots groups around the world, which it vets to ensure they meet U.S. tax and antiterrorism rules. Some local partners help identify the universities and students who meet Mr. Merali's requirements. GlobalGiving provides Mr. Merali progress reports on the performance of the students he supports. GlobalGiving usually charges 15% of the size of each grant, though on rare occasions fees may be negotiated on large grants. Mr. Merali, for instance, pays a 10% fee.

"I like that they provide me the proof," Mr. Merali says. "I feel my money is going the way I want it to go." Jim Krejci, a senior adviser at GlobalGiving, estimates Mr. Merali has donated \$1.5 million through GlobalGiving over the past year and a half.

Donors with less to give can still direct their contributions to specific causes abroad.

The King Baudouin Foundation U.S. allows donors to make what it calls an advised gift of \$5,000 or more to support a nonprofit of the giver's choice overseas. As it does for advised funds, the foundation vets recipients of advised gifts and ensures that the money is put to good use. It charges a fee that starts at 5% of the first \$100,000 of each gift and drops to 1% of any amount over \$400,000. Donations are tax-deductible.

The Fidelity Charitable Gift Fund allows a donor to set up what it calls a giving account of \$5,000 or more and then distribute that money to any of the U.S.-based charities vetted by the fund that do international work, or to domestic charities. Contributions are tax-deductible. An administrative fee starts at 0.6% for the first \$500,000 in an account and declines for amounts above that level.

Much smaller donations can be targeted to specific causes through intermediaries including GlobalGiving. Donors can go to the GlobalGiving site, choose among projects posted by charities the organization has vetted and make tax-deductible donations of as little as \$10. One recent post, for example, sought donations for learning centers for rural Afghan women. A \$25 donation would help 15 women learn to read, it said; \$75 would pay for a month of a teacher's salary for 30 literacy students.

Of course, people can give directly to organizations abroad if they're willing to forgo a tax deduction. Such donors also forgo having the recipients' track records and effectiveness checked out for them. And they need to check for themselves with the Treasury Department whether the country the recipient is based in has an embargo imposed on it by the U.S. government or whether the recipient is on a government list of known terrorist organizations.

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