

Inspiring philanthropy beyond borders



**International
Community
FOUNDATION**

A close-up photograph of a group of diverse children. In the foreground, a young boy with dark hair is smiling broadly, showing his teeth. Behind him, another boy is looking towards the right with a slight smile. To the right, a girl is laughing joyfully, her mouth wide open. The children are wearing dark blue or black jackets with yellow and white accents. The background is slightly blurred, showing other people in a crowd.

**A Guide to
International Charitable Giving**

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The Benefits of International Charitable Giving

International charitable giving involves strategic social investing across borders and making a difference in communities around the world. It's an opportunity to give back and assist a particular community or to provide funding for a specific project, cause or issue.

With the proper research and expertise guiding the way, such a social investment can be truly transformative, creating lasting change and positively improving the lives of those who are touched either directly or indirectly by a donor's gift.

Make Your Gift Go Further

International charitable giving can afford donors all the traditional tax benefits associated with making a charitable donation here in the U.S. Yet beyond our borders, in countries where a single U.S. dollar goes much further, the impact of one's gift can often be far greater. Even the smallest charitable gift to a community in a developing country, such as Mexico, Guatemala or Peru, can have substantial impact. Here are just a few examples:

- \$32 allows a family of four in Mexico or Central America to have reliable, clean water through the use of a low-technology UV lighting system.
- \$125 purchases one ONIL stove for a rural Guatemalan family. The use of which

reduces destruction of rain forests and improves reproductive health for Guatemalans by reducing smoke emissions from within dwellings by 99 percent.

- \$400 pays for one year of tuition for a high school student in Mexico.
- \$8,500 pays for an elementary school librarian in Mexico for one year.
- \$10,000 allows a child with cancer to receive one year of treatment in a Tijuana hospital.
- \$20,000 provides long-term access to safe drinking water for 350 Guatemalan households.

Identifying meaningful opportunities for giving and maximizing the impact of such donations is where the International Community Foundation can help. With the International Community Foundation's extensive international networks, expertise, and geographic knowledge, the foundation provides a unique service for donors, acting as an expert intermediary and strategic partner to make giving easy, meaningful and highly effective.

Who We Are

Established in 1990, the International Community Foundation has a proven track record in strategic international grant making. The foundation's mission and focus is to increase charitable giving across U.S. borders to benefit overseas communities and nonprofit organizations.

To further its mission, the International Community Foundation spearheads coalitions on a variety of important causes and also represents over a 1,000 donors with diverse international interests. To achieve real economies of scale, the majority of the International Community Foundation's charitable giving is focused on assisting registered public charities throughout Mexico and Central America.



A Wide Spectrum of Giving

Charitable gifts facilitated by the International Community Foundation have supported a range of worthwhile projects including:

- Erosion control and storm water management in the Tijuana River basin.
- Revolving micro-credit loans in Oaxaca and Guatemala that support agriculturally-based productive employment opportunities for would-be migrants.
- Community-based border health interventions that address priority infectious and chronic diseases such as HIV/AIDS, tuberculosis, and diabetes.
- Library construction and funding for reading programs that promote literacy in marginalized communities throughout Mexico.
- K-12 environmental education programs in water scarce and environmentally threatened communities along the Baja California peninsula.

An International Network of Contacts and Collaborations

Critical to the International Community Foundation's philanthropic efforts is its well-established international network of contacts and collaborations that includes local, state and federal governmental agencies, academic institutions, and nonprofit organizations throughout Mexico and throughout Latin America. These relationships are vital. They provide the foundation with the insight necessary to identify and fund meaningful grant making opportunities and programs that create lasting change.

Why Work With the International Community Foundation?

The International Community Foundation is more than a mechanism for giving. The foundation works as a partner and strategic advisor for donors, helping to identify where donations can have the greatest impact, guiding donors through each complex step involved in international philanthropy. The International Community Foundation makes the process easy for donors, while implementing due diligence to ensure that grants are distributed effectively and have maximum impact, all the while staying in strict compliance with U.S. laws and regulations governing charitable giving internationally.



International Expertise

The International Community Foundation's team consists of international development and nonprofit professionals who are leaders in the field. The foundation's staff members are multilingual and have lived and traveled throughout the countries where the foundation is active. This experience translates into a staff that is able to utilize their unique cultural insight, sensitivity and first-hand knowledge to the benefit of donors, and the projects and programs they support. Where specific subject matter experience is not available in-house, the International Community Foundation has proven success in tapping its extensive network of expert academic advisors from top universities throughout the U.S. These advisors assist in finding practical solutions that included costal land conservation, urban planning, chronic disease management and improvement to literacy.

Extensive Due Diligence

The International Community Foundation's due diligence process ensures that potential grantees are properly constituted, programmatically effective, financially stable, and have effective organizational leadership. The International Community Foundation also ensures that projects and programs are well thought through and will have measurable outcomes and deliverables. Throughout the life of the grant, the foundation continues its due diligence with follow-up phone interviews, e-mail correspondence and site visits. The International Community Foundation takes very seriously its responsibility to ensure that donor's wishes are carried out in accordance with the law as well as adhering to "best practices" in international grantmaking. To further ensure a donor's goals are met, the foundation has the following steps in place once staff has vetted a grant for potential funding:

- All grant distributions are first approved by the International



Community Foundation's Board of Governors to ensure oversight at the highest level.

- All financial and grant making procedures are transparent. All grants are posted on the International Community Foundation's Web site and the foundation participates in a yearly independent audit.
- Donors are encouraged to ask questions and make comments.

Tax Deductibility

The International Community Foundation is a fully tax exempt 501(c)(3) public charity in the U.S. with its core mission focused on international grantmaking. Because of the due diligence undertaken by the International Community Foundation for all grants made to charities abroad, donor gifts enjoy the same tax benefits as gifts made to U.S. charities.

Additionally, the International Community Foundation possesses a thorough understanding of U.S. laws regarding international charitable giving by individual and corporate donors and constantly monitors new IRS and U.S. Treasury guidelines regarding international giving to

ensure that donors receive all available tax benefits.

The Complexities of International Giving

There are many complex and challenging U.S. government regulations surrounding international giving. The International Community Foundation ensures that each and every charitable gift made on behalf of donors is in full compliance with the law. The foundation works diligently to promote full compliance with:

The Internal Revenue Code (IRC) —

The IRC allows the giving of international grants under the condition that the foundation either certify foreign charities as 501(c)(3) equivalent organizations or the foundation employs a process called "expenditure responsibility," which requires a pre-grant inquiry, grant agreement, separate accounting for charitable funds, and financial tracking and reporting.

Pension Protection Act of 2006 —

Classifies permissible international giving through donor advised funds under certain conditions.

USA Patriot Act of 2001

(reauthorized in 2005) — This law increases, among other things, existing criminal penalties for knowingly or intentionally providing material support or resources for terrorism through international grantmaking.

Executive Order 13224 — This order prohibits transactions with any charitable organization deemed by the Executive Branch and other U.S. agencies to be associated with terrorism. This executive order

freezes all assets controlled by or in the possession of any charity or other entity that supports terrorists. To ensure full compliance with the law, the International Community Foundation regularly checks the names of nonprofit staff and directors against lists of prohibited persons.

U.S. Department of the Treasury: Anti-Terrorist Financing

Guidelines — These “Voluntary Best Practices for U.S.-Based Charities” provide guidance regarding compliance with the USA Patriot Act and Executive Order 13224. The guidelines describe how international funders should make grants and transfer funds to non-U.S. organizations. The International Community Foundation procedures, from approving charities through grant administration, follow these best practices recommended by the U.S. Department of the Treasury.

Cost Effectiveness, Economies of Scale

Because the International Community Foundation has established economies of scale in the communities where it is active, the foundation is able to keep administrative costs comparatively low and maximize the percentage of a donor's gift that directly funds the donor's cause or project.

Transparency and High Ethical Standards

As a registered public charity in good standing, the International Community Foundation adheres to best practices in charitable gifting, promoting

transparency in its operations with full financial disclosures.

Donor Privacy

The International Community Foundation has a strict donor privacy policy protecting the information of our donors from unauthorized persons. Additionally, all staff, volunteers and board members sign confidentially agreements to protect donor interests. For a variety of reasons, some donors choose to remain anonymous and their privacy is respected.

Peace of Mind

Working with the International Community Foundation, as opposed to establishing a private foundation, affords donors the ability to focus on one's passion, leaving the International Community Foundation to handle the day-to-day administrative and legal complexities associated with managing an international grant. This approach relieves donors of the administrative burdens and allows donors to not lose sight of their philanthropic passions and interests.

Benefits of International Charitable Giving through the International Community Foundation

- Expert grant making assistance and extensive follow-up services,
- Maximum tax benefits for international giving,
- Administrative and legal details handled by experts in international giving,
- Donor privacy is maintained,
- Unique community based knowledge and program area expertise, and
- Extensive network of nonprofit, foundation, government and academic contacts both domestically and internationally.

What Makes the International Community Foundation Unique?

While the International Community Foundation is not the only public charity intermediary in the U.S. focused on international giving, there are a number of factors that distinguish the foundation from others and make it unique.



Emphasis on Place-Based Giving:

Although the Foundation's geographic focus is Mexico, it has made grants throughout Latin America, the Caribbean, and China. The International Community Foundation has developed in-depth community-based knowledge in four key regions: the U.S.-Mexico border, Northwest Mexico, Oaxaca and Panama.

Internationally Oriented

Established in 1990 as a way to assist donors to respond to challenges in Tijuana, Mexico the International Community Foundation has evolved into a unique “international community” of donors. Today, the foundation’s donors are located throughout the U.S.

Many of the foundation’s donors are immigrants with a desire to make a difference in their country of origin. A significant number of donors are also Americans living in communities abroad as working expatriates, retirees, or second homebuyers.

Programmatic Expertise

Besides expertise in international giving, the International Community Foundation’s program staff has proven expertise in three key programmatic areas: environment, education, and border & migrant health issues. The International Community Foundation undertakes research, maintains strong, lasting relationships and connections with professionals in these fields and initiates programmatic initiatives and convenings aimed at addressing critical issues.

Ways to Give

There are various ways donors can make a difference, no matter one's income level or personal interests. The International Community Foundation offers internationally oriented charitable giving options to a wide range of donors including individuals, businesses, corporations, family foundations, and community foundations. The foundation can accept gifts of cash, appreciated property, publicly traded or closely held securities (stocks, bonds, mutual funds) and life insurance.



Primary Categories of Giving

Endowment – An endowment is a permanent fund through which net investment proceeds are available for grant making in perpetuity.

Non Endowment – A non endowment fund allows both the earnings and the principal of a donation to be used for granting. It is a non-permanent fund.

Specific International Donor Giving Options

Donor Advised Fund – This type of fund can be established by individuals, corporations, family foundations, and community foundations. It can be funded using either an endowment or non endowment funding mechanism. Donor advised funds are the foundation's most widely used giving vehicle. A donor advised fund allows active donor participation in grantmaking, with donors making recommendations to the International Community Foundation board regarding charitable giving preferences. Private foundations

may also be converted into a donor advised fund.

Friends of Fund – A friends of fund is an agreement between a non-governmental organization (NGO) and the foundation allowing the foundation to accept contributions on the behalf of the NGO. The foundation manages those funds and issue grants to the NGO as needed. Friends of funds provide U.S. donors the opportunity to make a tax-deductible contribution – large or small – to support worthy organizations overseas.

Field of Interest Fund – Contributing to the foundation's "field of interest funds" provides donors the opportunity to directly impact priority issues and needs in regions served by the foundation, without having to establish a donor advised fund. Donors can contribute at any level. Some of the International Community Foundation's field of interest funds include: the Border Environment Fund, Sea of Cortez Fund, Baja Disaster Relief Fund and the International Children's Fund.

Deferred or Planned Gifts

Charitable Bequests - Bequests are the most frequent type of planned gift made to nonprofit organizations. Bequests to the International Community Foundation are not subject to estate or inheritance taxes, thus ensuring the maximum benefit for the charitable fund. Life insurance and retirement life insurance policies or retirement plans (IRA, 401k) can be used as a charitable gift. To ensure that your charitable intentions are fulfilled in perpetuity, a testamentary fund can also be established. Such a fund can be established with a gift from your estate, either immediately by a bequest or after a period of time through a planned gift to be executed by the foundation, upon your passing, precisely as you wish.

Charitable Remainder Trusts - Charitable Remainder Trusts enable donors to transfer assets to a trustee to be held on behalf of specified beneficiaries during the trust's

lifetime. Donors receive an immediate federal tax deduction for the year the trust is established, subject to Internal Revenue Service limitations. Distributions of income from the trust are made to the donor and to other beneficiaries for the life of the trust. When the trust terminates, the proceeds are used to create a charitable fund in the donor's name or in any other name as designated in the original trust agreement.

Charitable Lead Trusts - A

Charitable Lead Trust is the reverse of a Charitable Remainder Trust. This type of trust allows for payments to a charitable fund within the International Community Foundation for a specified number of years. Upon termination of the trust, the principal is paid to the donor or any other non-charitable beneficiary the donor selects. This vehicle is especially useful for property that has the potential to significantly appreciate.

How to Establish a Fund

1. Choose the type of fund to establish.
2. Choose a name for the fund and the International Community Foundation will draft a fund agreement outlining the type and purpose of the fund, including all policies, procedures and fees. It typically takes about 30 days to establish a fund.
3. Contribute assets to be part of the fund as frequently as you would like. The minimum initial contribution is U.S. \$5,000.



Frequently Asked Questions

Q How is the money invested for an endowed fund?

A Endowments are invested in accordance with the International Community Foundation's investment policy which is available upon request. The endowment is invested to provide growth of assets for the funding of future projects and nonprofits of the International Community Foundation. Funds are invested in a balance of equity and fixed income instruments. The portfolio maintains a long-term strategic asset allocation policy designed for optimum risk adjusted returns.

Q What does the International Community Foundation do with money for non-endowment funds?

A The foundation provides a high-level of liquidity for all non-endowed funds that are short-term. Funds may be invested in non-interest bearing or interest-bearing bank accounts, money market funds, certificates of deposit (CDs), U.S. Treasury Bills and other secure short-term investments yielding reasonable rates of return. For all non-endowed funds under management at the foundation the focus is on

capital preservation while maximizing liquidity.

Q Does the donor have any say in how funds are invested?

A No. By law, donors may not exercise control over where money is invested. Assets held in both the foundation's non-endowment and endowment funds will be invested per the International Community Foundation investment policy.

Q Can donors support family members even if it is for charitable purposes?

A No. Donors may not support family members through donor advised funds, nor can a donor make grants to individuals.

Q Can donors make charitable expenses, including hiring outside consultants or advisors, through their donor-advised fund to help further their charitable giving objectives?

A No, pursuant to the 2006 Pension Protection Act it is not permissible to make charitable expenses of any kind through a donor advised fund.

How We Can Make Connections for Donors

A large part of the International Community Foundation's value and expertise involves its ability to recognize critical needs in developing countries and connect interested donors with those needs in order to effect change. The establishment of Centro de Incidencia Ambiental (CIAM), which is now focused on enforcement of environmental laws in Panama – is just one example of the foundation's success when it comes to making meaningful connections that have real impact.



Community workshop in Coclesito, Panama sponsored by CIAM.

In early 2006, an anonymous donor asked the International Community Foundation to investigate potential environmental grantees in Panama.

Based on this research, several preliminary grants were approved through a donor-advised fund at the International Community Foundation, with the goal of improving terrestrial and marine conservation enforcement in the country's existing protected areas. Six months later, the International Community Foundation visited Panama as part of a due diligence trip and, after many interviews, determined that there was a gap in the area of legal advocacy in Panama. Most of the largest and most well-known environmental groups were not able to or did not want to intervene in cases dealing with the government's enforcement of environmental laws, so biodiversity protection was suffering. The International Community Foundation made a strong recommendation to tackle this issue.

With a positive response from the donor, the International Community

Foundation and a small group of local advisors embarked on a process to interview potential host and partner organizations, review candidate resumes, and establish an orientation and training program, which ultimately led to the establishment of an independent organization called the Centro de Incidencia Ambiental (CIAM) or Legacy Advocacy Center. The International Community Foundation helped hire the first two staff at CIAM, identified potential board members, and connected the new staff with legal resources in the U.S., Mexico, and Panama. When the launch of the organization in October 2007 was official, the International Community Foundation was acknowledged as the primary impetus for fulfilling this critical role in the environmental community. After just one year of operations, CIAM won its first case in the Panamanian Supreme Court.

How Sara Oswald Established a Donor Advised Fund

For Sara Oswald, the idea of international charitable giving raised many questions and concerns. How to begin? Where to begin? How to find a viable program - run by people who were really making things happen? As she sorted through these questions, Oswald felt nervous and worried.

But as someone who had dedicated her life to teaching, Oswald knew her specific area of charitable interest was education and libraries. She also knew she wanted to focus on Tijuana, Mexico and do more than simply write a check. Beyond that, Oswald needed guidance.



After school literacy program in Tijuana, Mexico.

After contacting the International Community Foundation about her interests, foundation staff worked extensively with Oswald to identify meaningful, viable charitable giving opportunities by taking her on a series of site visits in Tijuana.

“We explored, we learned, we visited schools and libraries” explained Oswald. “We learned about the world of education in Tijuana.” The visits helped Oswald identify specific programs in Tijuana that she felt comfortable and enthusiastic about funding. Oswald then established a donor advised fund through the International Community Foundation called “Opportunities for Kids International.” “Because of how comfortable I felt with the International Community Foundation, I went forward,” said Oswald. That was five years ago, and since then Oswald has continued to expand the programs she funds through the foundation. “The International Community Foundation knows how to listen to donors and they went out of their way to make

my charitable giving experience meaningful for me,” said Oswald. “They managed the paperwork and logistics, but even more than that, they

“The International Community Foundation knows how to listen to donors and they went out of their way to make this meaningful for me.”

managed the whole idea of what I wanted to do - because it can be huge and overwhelming.” “So many people don’t want to get involved with international charitable giving,” Oswald added. “They think it’s complicated or scary and they don’t want to give foolishly, but the International Community Foundation made it work for me.”

How Environment Now Established a Donor Advised Fund

Environment Now, a Santa Monica, California based private foundation, began with a goal of protecting and preserving the California coastal ecosystem. Several years after initiating this effort however, leaders of the California-based nonprofit realized that in order to truly be successful, their focus on coastal resources would need to encompass regions beyond the U.S. border.

“Our board said ‘If we’re interested in continuing this vision, we need to look at Baja California and realize that its ecosystem is ours and the threats to its ecosystem are principally American threats from tourism and industrial development,’ ” explained Environment Now’s Executive Director, Terry O’Day.

This began the organization’s search for the most appropriate way to expand its work internationally.



Environment Now has supported Vigilantes de Bahía Magdalena since its inception.

Environment Now focuses on creating programs that protect and restore California’s environment, particularly coastal, freshwater and forest ecosystems.

That effort includes eliminating sources of pollution in coastal waters, preventing damage to the watershed from unsustainable land-use patterns, and restoring ecosystems suffering from human encroachment. The organization’s interest in reaching beyond U.S. borders led them to the International Community Foundation.

In 2005, with guidance from the International Community Foundation, Environment Now began funding several organizations in Mexico that shared its environmental goals. Within three years, \$165,000 has been distributed, primarily to four organizations - Vigilantes de Bahía Magdalena, A.C., Guardianes del Agua, A.C., Eco-Alianza de Loreto, and Defensa Ambiental del Noroeste (DAN). Collectively the groups watch over Magdalena Bay, the coastline surrounding La Paz; the coastal zone and marine parks in Loreto as well as the coastal communities of the Baja California peninsula. The charitable fund Environment Now

established through the International Community Foundation has enabled environmental education, public outreach, media campaigns and legal defense work in these regions.

Ultimately, with the expertise and guidance provided by the International Community Foundation, Environment Now has accomplished its goal of successfully and effectively extending its reach internationally.

“We found added value from the foundation’s network and knowledge on the ground. They have connected us to local activists and provided critical information from the field.”

“We originally chose to work with the International Community Foundation to be sure we were legally compliant,” said O’Day. “But we found added value from the foundation’s network and knowledge on the ground. They have connected us to local activists and provided critical information from the field.”

How The Rosenthal Family Used Their Donor Advised Fund in Guatemala

Guatemala is a country of extremes.

It is a country that in some places is dominated by lush, beautiful terrain and a substantial, thriving middle class. And it is a country where great numbers of people suffer from chronic malnutrition, do not have access to potable water and live on barren, deforested land with few resources. Approximately 49 percent of Guatemala's children are malnourished – which is the fifth highest malnutrition rate in the world. Additionally, 80 percent of the water in Guatemala is not potable.

For philanthropists Stephen and Sandy Rosenthal, who had very specific criteria surrounding the charitable projects they funded, Guatemala had all the right elements.

“What I’m looking for when I make a charitable donation, is I want to do the maximum good with the dollars I have,” said Stephen Rosenthal. “I also want to deal with local non-governmental organizations and ‘bottom up’ needs, not ‘top down’ needs and I’m looking for sustainability.”



Stephen Rosenthal (in black shirt) on a site visit with SHARE Guatemala.

When searching for a nonprofit organization that could ensure these goals were met, the International Community Foundation came highly recommended, said Stephen Rosenthal.

“The International Community Foundation has been extremely good about helping us find worthy projects. And they’re great at leveraging our funds to effect real change,” said Rosenthal who established the Global Poverty Fund with the Foundation in 2005. His initial efforts in Guatemala have included a \$25,000 micro-credit loan program and \$20,000 to introduce potable water. The impact of such projects has been substantial.

Until recently, the community of Cruz Quemada, Huehuetenango did not have potable water and the rate of intestinal disease in the community was high. With Rosenthal’s funding and sweat equity provided by local families, life has changed dramatically. Fifty-three families now have potable water. An existing water system that was aging, leaky and in need of repair has been reconstructed, including replacing 27 aerial passes with new thicker pipe.

Trees were also planted around a local spring to prevent erosion, water loss and contamination. Additionally, each family received a cistern that stores 25 to 30 days of water.

“The International Community Foundation has been extremely good about helping us find worthy projects. And they’re great at leveraging our funds to effect real change,”

“Water flow is now more stable and more predictable,” said Guatemala-based project officer Tobin Nelson.

There is a reason why Rosenthal donates money internationally and does so with the Foundation’s assistance.

“Your money goes so much further internationally. You can have a huge effect,” explained Rosenthal who recently visited his project sites in Guatemala. “We were so pleased with what we saw. This has been life changing for people.”

For more information about how
you can make a contribution to
non-U.S. charities through the
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