



QUARTERLY NEWSLETTER

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NEW CHARITY LAW ENACTED

President Bush signed the Pension Protection Act of 2006 (H.R. 4 also known as Public Law 109-280) into law on August 17, 2006. The new law includes a myriad of reforms and incentives that affect the philanthropic world. Please be assured that FJC is working with its counsel and other organizations as we determine the new law's effect on our operations and policies. To date, we have determined that FJC's careful stewardship of charitable dollars has left it in compliance with the law's intent.

Laura Hansen Dean wrote in an article distributed by the Planned Giving Design Center that Donor Advised Funds (DAFs) provide wonderful flexibility for individuals, multiple generations of families, and businesses. Prior to the enactment of Pension Protection Act of 2006, there was no statutory definition of donor advised funds. Now, DAFs are defined as a fund or account:

- which is separately identified through reference to the contributions of a donor or donors (by including donor names in the fund name or by tracking contributions from specific donors in the organization's financial records);
- which is owned and controlled by a sponsoring organization; and,
- in which a donor or person appointed by the donor has or reasonably expects to have advisory rights with respect to investments or distributions.

Donor advised funds specifically do not include funds or accounts:

- which make distributions to only one identified organization or governmental entity (usually referred to as "designated" funds or "agency" funds when the contributed funds were assets of the entity that will benefit from the fund). The legislation exempts these types of funds from definition as donor advised funds even if a donor can provide advice on investments or the timing or amount of distributions from the fund;
- which makes travel, study, or similar grants to individuals if:
 - a committee of advisors are appointed by the sponsoring organization and the committee of advisors is not controlled by the donor or persons appointed by the donor, or
 - an objective and nondiscriminatory process approved in advance by the sponsoring organization's governing board and which meets the requirements for similar grants by private foundations is used to award grants from the fund; or exempted by the Secretary of the Treasury provided the fund is either: advised by a committee not controlled by the donor, or
 - benefits a single charitable purpose.

For many FJC donors, the key international grant making issue in H.R. 4 involves the ability to make grants from donor-advised funds to non-U.S. organizations. Since FJC currently follows expenditure responsibility rules to make grants to non-U.S. organizations, the new law will allow us to continue doing so.

Many national organizations, such as the Council on Foundations, have detailed information available on the websites about H.R. 4 although we caution the reader not to rely on this information for their individual tax situations. We at FJC will certainly keep you informed as to H.R. 4's impact on our policies.

REMINDERS FOR 2006 YEAR-END GIVING

As the year-end giving season approaches we want to remind our donors of the timing and processes involved with contributions to ensure that everyone meets December 31, 2006 deadlines. **FJC processes the highest volume of contributions and grant recommendations for the year during the October 1 to December 31 quarter.**

Contributions to your FJC account in the form of checks and stock certificates sent through the U.S. postal service must be post-marked by December 31, 2006 to qualify for a 2006 tax deduction. Please be sure to contact our office before you initiate a contribution in certificate form to confirm that you have the correct instructions. If you plan to make a contribution of publicly-traded appreciated securities, please do so by December 15, 2006.

Finally, many mutual funds make capital gain distributions toward the end of the year. You may consider donating mutual fund shares to your FJC fund to avoid unanticipated capital gain taxes. Consult with your tax adviser and mutual fund manager for advice and timing.

In each newsletter, FJC profiles current events and organizations or projects supported by FJC grants or the Agency Loan Fund. These profiles are presented for your information only. FJC is not responsible for their content.

exalt youth (exalt) is one of the most recent additions to the FJC Grant Assistance Program. **exalt** equips youth with the skills and experience necessary to take concrete steps towards becoming self-sufficient, self-fulfilled, productive members of society. **exalt** transforms the lives of youth along the spectrum of criminal justice involvement by equipping them with the skills and experience necessary to become self-sufficient, self-fulfilled, productive members of society. Participation in **exalt** is expected to decrease a young person's chance of recidivating by 93%. In addition, **exalt** expects that 90% of youth who complete the program will continue pursuing their education and 70% will be employed within a year.

exalt is based on Founder Sonja Okun's work designing and managing a similar award-winning internship program for court-involved youth at one of New York's largest alternative to incarceration agencies. Having heard for years, "Why do I have to get locked up to get this program?" Ms. Okun determined that her next step would be to utilize her 15 years of experience, skills and Harvard MBA, to create a more accessible initiative. Such an initiative could both prevent criminal justice involvement and contribute on a greater scale to reversing the trend of a growing undereducated, unemployed generation of youth.

exalt is pleased to announce their first annual fundraiser, an art auction sponsored by Rush Arts Gallery, Wednesday December 13th, 6-8 p.m. Nathaniel Mary Quinn is graciously donating ten pieces of art to be auctioned at the event. Quinn has recently shown at Russell Simmons' Annual Art for Life Hamptons Benefit, and his work is currently showing in a solo exhibition at Steele Life Gallery in Chicago. This event will be hosted by Tony Award-Winning Actor and Def Poet Lemon. Music will be provided by two of New York's premier contemporary DJ's: DJ Lynnee Denise and DJ Reborn.

For more information please contact Sonja Okun by email at sonjaokun@exaltyouth.org or by phone at 917.887.1363. To preview Nathaniel Mary Quinn's work please visit **exalt** on the web at <http://www.exaltyouth.org/helpexalt.html>.

Rush Arts Gallery is located at 526 West 26th Street Suite 311, New York (between 10th & 11th Avenues) www.rushartsgallery.org.