



Making Philanthropy
Make A Difference™:
An Overview of Sterling and
Our Services

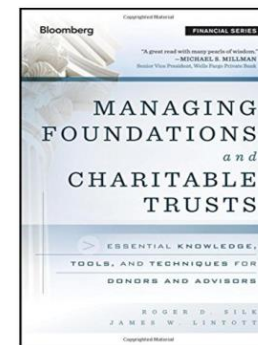


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Who is Sterling?

- ***Sterling Foundation Management*** began in 1998 as one of the first national charitable consulting and management firms.
- We help our family and corporate clients ***achieve their philanthropic and financial goals*** through the effective use of private foundations and other charitable planning vehicles.
- We are known for our ***premier, high-touch***, comprehensive foundation and charity management services.
- Thousands of professionals and families have sought our advice and we have created and managed hundreds of charitable organizations ***across the country***.
- As a ***comprehensive provider***, we provide a wide range of services that is centrally managed.
- We are ***independent*** of financial firms or institutions. We work with a client's existing advisors and relationships to manage investments or custody assets.
- Sterling's principals have written and spoken widely on the subject of philanthropy and foundations; they are co-authors of the leading industry resource ***Managing Foundations and Charitable Trusts***, published by Bloomberg Press and in its second edition.



Managing Foundations and Charitable Trusts
 by Roger D. Silk, PhD, CFA and
 James W. Lintott, JD

Why Sterling?

As a boutique firm, we provide personalized, high-touch services for your charitable and foundation needs.

Sterling Differentiators
• Customized approach based on your unique goals and values
• Dedicated Client Service Lead and support team
• Unlimited Direct Access to your assigned lead and support team
• People-focused
• High-touch and high quality service to proactively manage your foundation
• One-stop provider for comprehensive services with the exception of managing investments and assets
• No hidden surcharges or fees
• Deep charitable expertise – we manage foundations, DAFs, public charities, and supporting organizations

Competitors
• Cookie-cutter approach, a one-size-fits-all mentality
• Self-management via a web portal
• Call a helpdesk for support
• Platform focused
• Clients must call if questions or issues arise
• Limited in capabilities
• “Nickel-and-dime” fee approach
• Limited knowledge to one type of charitable vehicle

Sterling Solutions

At Sterling, our main priority is to help you achieve your philanthropy through the charitable structure that best fits your goals and values.

Unlike our competitors, we offer creation and management services for the following:

- **Private (non-operating) Foundation (PF)**
- **Private Operating Foundation (POF)**
- **Public Charity (PC)**
- **Sterling Donor-Advised Fund (DAF)**
- **Supporting Organization (SO)**
- **Charitable Remainder Trusts in combination with PF, PC, or DAF**

Understanding Donor Intent & Values

As a first step, Sterling has a conversation with the donor to understand the goals and values that motivate their philanthropy.

A donor's values and motivation will inform the type of giving vehicle and approach.



Aligning to a Charitable Vehicle

Sterling advises the donor on a strategy or charitable structure that best aligns with their philanthropic goals and values.

Example Donor Goals and Values:

- Leaving a legacy of philanthropy
- Single or limited donation source(s)
- Legal control over donated assets
- Asset investment flexibility
- Full control over grant decisions
- Reduce tax obligations (income tax, capital gains tax, estate tax)
- Provide scholarships
- Maintain control within the family
- Allow compensation or reimbursement of expenses

Sterling Solutions:

Private Operating
Foundation

Private Non-Operating
Foundation

Donor-Advised Fund

Public Charity

Supporting
Organization

Foundation Creation & Management Services

Sterling handles all aspects of the Foundation creation which includes filing for IRS tax exemption approval (Form 1023).



Creation Services

- ✓ Bylaws
- ✓ Articles of Incorporation
- ✓ Conflict of Interest Policy
- ✓ Federal EIN
- ✓ IRS Form 1023 Application for Tax Exemption
- ✓ Foundation Bank Account



Management Services

- ✓ Governance Best Practices
- ✓ Policy and Procedures Development
- ✓ Compliance Management
- ✓ Grant Management and Due Diligence
- ✓ Bookkeeping and Accounting
- ✓ Board Meeting Facilitation

Donors are provided a dedicated Client Service Lead that they can call or email directly at anytime. We remove the burden of managing a Foundation by providing governance best practices, back-office support, accounting, and tax-exempt compliance and expertise.

Mission, Vision, & Strategy Development

Sterling facilitates the development of a strategy for your giving so that your resources are going toward the causes you care about in an efficient and effective manner.

Values

Vision

Mission

Giving Goals

Giving Strategy

The resulting strategy serves as a roadmap to guide the foundation's activities and investments to drive desired impacts in focused areas.

Governance & Board

Sterling brings prevailing best practices in nonprofit management and board development. We provide a full range of services from policy development to board meeting facilitation to compensation analysis.



Board & Governance

- Board roles and responsibilities
- Board meeting and voting policy
- Travel and expense policy
- Grant-making and evaluation policy
- Investment policy (in coordination with asset manager)
- New board membership, transition, and coaching
- Board meeting planning and facilitation



Compensation

- Benchmark analysis
- Determining compensation that is “reasonable and necessary” per IRS guidelines
- Documenting evidence of work completed
- Employee payroll and benefits services
- Retaining documentation as part of Foundation historical files

Beyond Grant-making

For over twenty years, Sterling has worked with donors to develop and implement the best approach to achieving their goals in a targeted area of giving.



Scholarship Program Services

- IRS Pre-approval
- Program Design
- Outreach Strategy
- Selection Committee
- Award Policy
- Negotiations with Universities or Schools
- Recipient Communication
- Award Event Planning and Coordination



Original Programming Design

- Researching Charitable Causes
- “Pulling the Right Lever” recommendations
- Identifying Subject Matter Experts
- Convening Scientific Advisory Boards
- Impact Evaluation

Guiding Successive Generations

Sterling works with donors to engage their family as well as develop a succession plan to help ensure their philanthropic intentions live on through successive generations.



Family Engagement

- Scheduling and preparing for regular, agenda-driven meetings
- Establishing ground rules
- Communicating expectations
- Engaging young family members early
- Developing shared mission and goals
- Celebrating successes
- Identifying areas for improvement
- Developing criteria for board membership and onboarding
- Training and mentoring the next generation



Donor Intent

- Documenting donor intent statement
- Establishing criteria for successors
- Getting board member commitments in writing
- Developing a succession plan

Services-at-a-Glance

Management Services

- Dedicated charitable consulting services
- Unlimited direct phone and email access
- In-person meetings*
- Transition assessment
- Governance structure and policy review
- Coordination with financial, legal, and tax advisors
- Calculation and monitoring of minimum distribution requirement ("5% rule")
- Budget planning
- Basic accounting and bookkeeping
- Records management
- Federal and state tax filings
- Statutory and compliance monitoring
- Contribution and donation management
- Grant management and due diligence
- Financial and management reports
- Board meeting preparation and facilitation

* Additional fees may apply

Advanced Services*

- State charitable solicitation registration
- Complex or multi-year grant agreements and negotiations
- Site visits of public charities or potential grantees
- International grant-making/Expenditure Responsibility
- Payroll and benefits coordination
- Hiring support and compensation benchmarking
- Financial audit support

Advisory Services*

- Strategic planning and facilitation (Mission, Vision, Goals Development)
- Donor Intent or Succession planning
- Board development and search
- Best practices review
- Non-cash donation analysis
- Original programming development
- Scholarship program development
- Impact evaluation

Foundation Fees

The below fee information applies to private foundations and public charities.

Creation Fees*

- Creation is a one-time, discounted fee of \$8,000 if Sterling is also engaged for management services.
- Without management services, creation-only fees are typically a one-time fee of \$12,000.

Management Fees*

- As Sterling offers a wide range of services, we like to first understand your philanthropic intent, values, and needs. We then propose a tailored management approach and fees that take into consideration the level of service needed to achieve your charitable goals.
- Fees are typically a percentage of the Foundation's fair market value of assets on a tiered schedule. A flat fee is available if appropriate.
- Minimum yearly fees* for management services can range from \$12,000 - \$16,000 which are billed quarterly.

Philanthropic Advisory Fees

- For advisory services only, please contact us for an estimated total cost to be billed hourly.

****Fees are subject to change dependent on scope of services and level of complexity. Contact a Sterling representative for a proposal.***

Sterling Donor-Advised Fund & Fees

Our donor-advised fund give donors the flexibility and simplicity to support their favor charities according to their preferences and in collaboration with their existing financial and wealth advisors.

Sterling Donor-Advised Fund	
Mission & Principles	Encourage charitable giving in all forms for any charitable cause to nonprofit organizations (religious, educational, scientific, literary, etc.) based on donor intent.
Preserve Donor Intent	If desired, Sterling works closely with the donor to help ensure funds will be used in alignment with their values.
Investment Options	We work collaboratively with your existing financial or wealth advisors giving you greater flexibility to manage and invest your donated assets. Sterling has existing relationships with most major financial institutions.
Investment Fees	No investment fees.
Initial Setup Fees	No setup fees.
Minimum Contribution	No minimum contribution. (There is a minimum administration fee.)
Basic Administrative Services	Sterling applies our private foundation administrative experience to our Sterling DAF in terms of grant due diligence, disbursements, IRS reporting, and regular account status reporting.
Administration Fees	Fees are the greater of .75% of account asset value for first \$1,000,000 or a minimum of \$1,500 annually. A tiered fee schedule applies after first \$1,000,000.

Real Clients, Real Impact

Fulfilling a Vision

After reading Sterling's book on managing private foundations, a wealthy family sought out Sterling to help them fulfill their vision to improve children's lives in their community, particularly the underprivileged.

In the US, 1 out of every 5 children aged 3 to 17 years has a diagnosed mental health disorder, yet only 21% of affected children receive needed treatment. Suicide, which can result from the interaction of mental disorders and other medical factors, was the second leading cause of death among adolescents aged 12–17 years in 2010.

Sterling worked with the family to create a foundation and develop a strategy that included consulting with national pediatric mental health experts, working with leading children's hospitals, and identifying obstacles to mental health care for children.

With Sterling's assistance, the family partnered with their community children's hospital to develop groundbreaking pediatric healthcare programs that have saved children's lives and improved both medical and mental health outcomes.

Groundbreaking Pediatric Healthcare

Addressing challenges in providing comprehensive care to children, Sterling worked with the family to strategically apply their resources, which resulted in the development of innovative pediatric care approaches that integrate mental and medical care and improve overall outcomes.

Closing Significant Gaps in Pediatric Care

Prior to developing these programs that integrate mental health care into medical treatment plans, no children in this hospital received ongoing mental health care.

Created Chronic Disease Program

The Chronic Disease Program provides psychological evaluations and evidence-based treatments for caregivers and patients with significant medical complexity, functional limitations, and increased need for medical services. The program has alleviated suffering for children and families affected by chronic diseases by reducing symptoms on average by two standard deviations. Moreover, program participant suicides have decreased.

Developed New School Advocacy Program

The School Advocacy Program provides a broad range of services to families to meet the educational needs of children undergoing long-term care. Families receive assistance in developing individual education plans; general liaison services working among schools, families, and the hospital to ensure patients continue their education throughout treatment; and school reintegration support. As a result of meeting patients' educational needs and minimizing delays in return to school, academic outcomes have improved, absenteeism has decreased, and parents have better satisfaction rates.

Founded First of its Kind Pediatric Intensive Care Unit (PICU) Program

The PICU Program provides psychological health interventions and care to children and their families undergoing traumatic or intensive care. In addition, the program provides mental health services to PICU staff to increase resilience and caregiver wellness. The program has dramatically enhanced the lives of children and their families through improved medical outcomes, preventing exacerbating behavior, and protecting children from abuse.

Established Pioneering School Nurse Program

The School Nurse Program provides school nurses continuing education on mental illness including mental health screening, school-based interventions, suicide prevention, substance abuse, and school reintegration post-hospitalization. The program also provides individualized in and out patient tutoring. Over 98% of nurses completing the training intended to change/improve their professional practices based on the training.

Promulgating the Programs and Impact

All the programs are models for service delivery and have been published and presented at national mental health professional organization conferences so that other children's lives can be saved and improved.

About Sterling

Sterling Foundation Management is the oldest national foundation management firm in the United States and a leading provider of charitable consulting services to some of the country's largest and most active private foundations.

Since 1998, Sterling has worked with thousands of charities, donors, and professional advisors to achieve philanthropic goals.

Founding Principals



James Lintott, Esq.
Chairman and Co-founder

Jim consults and speaks around the nation to wealthy families, estate planning attorneys, and wealth advisors on the technical and practical aspects of high net worth family philanthropic goals, methods, and implementation.

- Served on numerous nonprofit and for profit boards including as Chairman of the Washington Children's Hospital Foundation, the Freer Sackler Galleries of the Smithsonian Institution, US-Japan Foundation, Best Buddies International, Dean and DeLuca, and several private investment firms.
- Co-author of the book, ***Managing Foundations and Charitable Trusts*** by Bloomberg Press.
- Received J.D. from Stanford Law School where he was senior editor of the Stanford Law Review and founding member of the Stanford Law and Business Society. Earned his B.A. in economics and political science and his M.A. in applied economics at Stanford University.



Roger D. Silk, Ph.D., CFA
CEO and Co-founder

Roger is a widely recognized leading expert in the field of private foundations and the market for CRT income interests and the author of two studies relating to the optimal use of charitable vehicles in various tax planning contexts.

- Served as a member of the Trusts & Estates editorial advisory board for philanthropic matters.
- Managed multibillion dollar portfolios for institutions such as the World Bank and created investment portfolios for high net worth individuals.
- Co-author of the book, ***Managing Foundations and Charitable Trusts*** by Bloomberg Press.
- Earned his Ph.D. and M.A. in applied economics and B.A. in economics from Stanford University.



Visit us at www.sterlingfoundations.com

“To give away money is an easy matter and in any man's power. But to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man's power nor an easy matter.” – *Aristotle*