

# GIVING™

PUBLISHED QUARTERLY BY THE SCHWAB FUND FOR CHARITABLE GIVING

INSIGHTS INTO  
PERSONAL  
PHILANTHROPY

SPRING 2000

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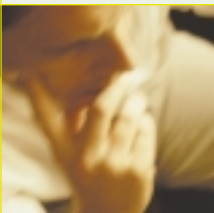
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## PUTTING YOUR GENEROSITY TO WORK

### A STEP-BY-STEP LOOK AT THE GRANT REVIEW PROCESS



Since the Schwab Fund for Charitable Giving was launched in September 1999, we have issued grants to a wide array of charities — from small community theaters to national human services organizations, in amounts from \$500 to \$250,000. Through these grants, the Fund is helping you put your generosity to work, which is exactly what the Fund was designed to do.

Understanding how we process your grant nominations can help you use the Fund more effectively. In this article, we'll look at how the Fund handles two types of grant nominations — one for charities that have received grants previously from the Fund, which we call *verified charities*, and the other for charities that are new to our system. Grants to these not-yet-verified charities require additional processing time to allow the Fund to confirm their current tax-exempt status.

"The Schwab Fund for Charitable Giving is really a public trust," says Margaret Ross,

Ross emphasized that the Fund's verification process is an advantage for many donors. "You might find charities online that seem interesting and worthwhile, but you aren't really sure of them," says Ross. "We take on the due diligence responsibility of making sure they are IRS-approved charities before we make grants. It's an important service."

### GRANTS TO VERIFIED CHARITIES

If you nominate a grant to a charity that has already gone through the Fund's approval process, your nomination usually results in a quick contribution to your chosen organization. As an example, let's say that your family has decided to use the Schwab Fund for Charitable Giving as a way to promote the protection of natural resources and you decide to support The Nature Conservancy. Your grant nomination might follow this timeline.

**Day One.** We receive your nomination for a \$10,000 grant to The Nature Conservancy. Since this is an organization that has received grants from the Fund before, a grant administrator has already contacted the organization's headquarters for the documentation we need. On file, the Fund has verification of The Nature Conservancy's IRS 501(c)(3) tax-exempt status, as well as the most recent annual financial statement and annual report. As a result, your nomination is immediately forwarded to the Fund's executive director for approval.

**Day Two.** Approved grant nominations from the previous day are processed, and as you requested, we liquidate \$10,000 of investment pool shares from the Charitable Gift Account



executive director. "We have a responsibility to issue grants only to IRS-recognized charities, and this process takes time. But once an organization is in our system, then subsequent grant nominations move forward quickly."

*continued on page 3*



SCHWAB FUND for  
CHARITABLE GIVING

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ON A CHARITABLE NOTE



*It's my pleasure to introduce you to Giving, the new quarterly newsletter for donors to The Schwab Fund for Charitable Giving.<sup>™</sup>*

*This is an organization with unique roots. It grew out of the Charles Schwab Corporation's long-standing tradition of educating and empowering individuals to invest for the future as well as its commitment to supporting charitable organizations. And through the Fund, we're extending these traditions by providing you with financial tools and philanthropic resources that can help make charitable giving a more enjoyable and rewarding part of your life.*

*Since we launched in September 1999, it's been amazing for me to watch the Fund grow and gratifying to see your generosity in action. In just six months, you have donated more than \$60 million to the Fund, mostly in appreciated securities. And what's more important, you have recommended grants from these accounts to more than 1,000 diverse charities all across the country — to help religious institutions, libraries, food banks, environmental organizations, and much more.*

*Thank you for becoming a donor to The Schwab Fund for Charitable Giving. We look forward to supporting your charitable giving needs for decades to come.*

*Margaret Ross  
Executive Director  
The Schwab Fund for Charitable Giving*

**YOUR PHILANTHROPY IN ACTION**

Over 1000 organizations received Schwab Fund for Charitable Giving grants, recommended by our donors, during the first quarter of 2000. Grants ranged from \$500 to \$225,000. Here are just a few of the grant recipients.

**Albert Bair Theater Corp.**  
Billings, Montana

**Museum of Coastal Carolina**  
Ocean Isle Beach, North Carolina

**Doctors Without Borders**  
New York, New York

**The Nature Conservancy**  
Arlington, Virginia

**Eldridge Street Project**  
New York, New York

**North Shore Congregation Israel**  
Glencoe, Illinois

**Georgetown University**  
Washington, D.C.

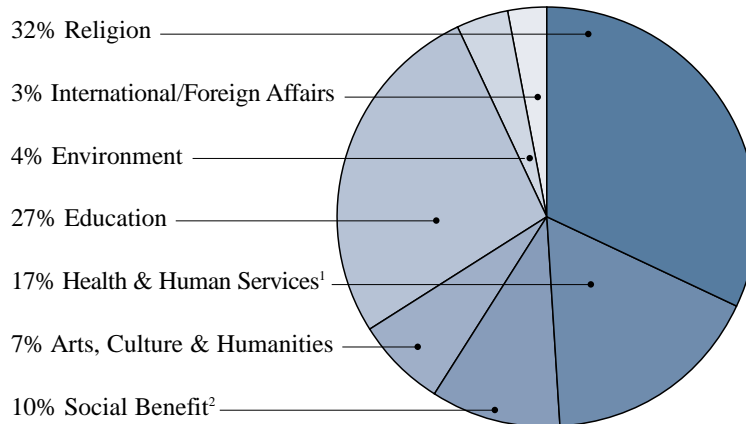
**Second Harvest Food Bank**  
San Jose, California

**Habitat for Humanity, International**  
Americus, Georgia

**United Methodist Church**  
Motley, Minnesota

**FUND GRANTS MEET MANY NEEDS**

*Percentage of Total Dollars in Grants from The Schwab Fund for Charitable Giving 1/1/00 through 3/16/00*



Grant nominations from 1/1/00 through 3/16/00 supported a wide range of causes. In line with national trends, the largest percentage of grant dollars went to religious institutions, followed by educational institutions and health and human services organizations.

<sup>1</sup> Includes donations to food banks, hospitals, housing and youth-related charities, medical research, and much more.

<sup>2</sup> Includes donations to charities that support civil rights, social action, community building, volunteering, and much more.

## PUTTING YOUR GENEROSITY TO WORK *continued*

you established and generate a check from the Fund to The Nature Conservancy.

**Day Three.** Fund administrators generate two letters and send the grant on its way. The first letter is addressed to The Nature Conservancy and is sent with the grant check, acknowledging you for recommending this generous \$10,000 contribution. The second letter goes to you and confirms that your grant nomination to The Nature Conservancy was approved and that the check has been mailed.

We adjust your account balances to reflect the liquidation of assets required for the grant. Your updated records are then available for you to view on the Fund's Web site.

### GRANTS TO CHARITIES NOT YET VERIFIED

Here's a second hypothetical story about a different kind of grant nomination, to a charity that hasn't yet gone through the Fund's review process.

Let's say you plan to use the Schwab Fund for Charitable Giving as a vehicle for giving something back anonymously to your hometown in northern Minnesota. You establish a Charitable Gift Account, and then learn about plans for a new theater group in your hometown, which seems to be a good recipient for a grant from the Fund. You nominate a \$5,000 grant to the new charity, The North Star Players, and send in your request.

"When we get a request for a grant to a new charity, the first thing we do is pick up the phone and call them," says Ross. "It's always great to tell people that we're hoping to be able to send them money." Fund administrators ask the charity for the documentation required to process the grant, which includes verification of the charity's IRS 501(c)(3) tax-exempt status, an annual audit report or financial statement, and an annual report or program brochure. "It may take quite a while—sometimes as long as ten business days—for some charitable organizations to send us the required documentation," says Ross.

Once Fund administrators have received all the required documentation, your grant nomination moves ahead quickly. The executive director reviews your request for The North Star Players and decides to approve it. We liquidate pool shares and generate a \$5,000 check from the Fund. Our administrators send a letter to The North Star Players, stating that the accompanying donation was recommended anonymously, according to your wishes. You also receive a confirmation letter, and your hometown theater group's fundraising efforts are off to a great start.

"Our real goal is to move donated assets into the world," says Ross. "But each time we consider a grant nomination, we are going to verify that it is an IRS-approved charity before we make the grant. Schwab is a culture that values doing things right, and we definitely share that culture."

### WE WELCOME SPECIAL REQUESTS

*Did you know that when you nominate a grant to a charity that you can also recommend how the grant is issued and used? You can make grants either anonymously, in your name, or in honor of another person—for instance, in memory of a loved one. You can also note any kind of requests to support special purposes or programs. Although the grant recipients may not honor all requests, the Fund will make sure that your desires are highlighted in our grant letter to the charity.*

### GLAD YOU ASKED

Here are some of the questions — and our answers — that donors frequently ask.

#### **Q.** *What is the turnaround time for grant nominations?*

**A.** For charities that have received grants from us before, the turnaround time can be as little as three business days or as long as five business days. For grants to organizations that we haven't yet verified as IRS-approved charities, the process takes longer. These nominations are usually processed within fifteen business days, but the timing is driven by the nominated charity. (For more information on the Fund's grant review process, see the article on page one.)

#### **Q.** *When do I get a contribution receipt?*

**A.** You will receive receipts for every donation you make to the Fund, within ten business days. You will also receive a confirmation letter from the Fund when we make grants to organizations you nominated. While you may also receive acknowledgement from the recipient charity, it's important to remember that the grant is made from The Schwab Fund for Charitable Giving and therefore you are not eligible for an additional (second) tax deduction for the grant.

#### **Q.** *Will my name be on a grant that I've recommended?*

**A.** This is up to you. We can make grants anonymously or acknowledge your personal recommendation for the grant. And remember, you can name the Charitable Gift Account — The Smith Family Fund, for example — and ask that grants be distributed with this kind of acknowledgement.

#### **Q.** *How do I access my account online?*

**A.** It's easy! Start by calling us to obtain an initial password for your account. Then go to our Web site, [www.schwabcharitable.org](http://www.schwabcharitable.org), and click on View Account. From this page you can access account information, including grant activity and investment pool balances.

**If you have other questions about the Fund, please visit our Web site, [www.schwabcharitable.org](http://www.schwabcharitable.org), or call us at (800) 746-6216.**





## 1ST QUARTER 2000 PERFORMANCE REPORT *For period ending March 31, 2000*

### ONE DONOR'S WAY TO GIVE

#### *A Profile of a Schwab Fund for Charitable Giving Donor*

The technology revolution has built many personal fortunes. One such fortune spawned one of our first Charitable Gift Accounts, established by a donor who prefers to remain anonymous.

For this self-described "IPO lucky one," one of the main advantages of the Fund is that she can donate appreciated stock and use it as a resource for giving, either anonymously or in her own name. She gets the most satisfaction out of supporting what she calls "hands-on charities — those that help people in a non-bureaucratic way. And many of these charities don't have the infrastructure to handle gifts of appreciated stock, so the Fund provides a great vehicle for me."

Two of the many charities she has nominated for grants are the Readiness Center in Benton Harbor, Michigan, which provides early education and parenting assistance to low-income families, and the St. Francis Center in Redwood City, California, which provides food, clothing and other assistance to needy families. A frequent source of grant nominations, this donor has also nominated grants for schools, community food banks, as well as some national organizations. "I come from a family with a history of giving," she says. "The Fund gives me the opportunity to do so on a larger scale."

*We welcome your comments, questions, and stories about how you are using the Fund to make a difference in your community.*

*To contact us, write to The Schwab Fund for Charitable Giving, 101 Montgomery Street, San Francisco, California 94104. Or send e-mail to [giving@schwabcharitable.org](mailto:giving@schwabcharitable.org).*

Contributions to The Schwab Fund for Charitable Giving are invested among three professionally managed investment pools composed of SchwabFunds® mutual funds. The following summarizes the performance of the pools since inception on August 10, 1999, and compares results of the Fund's three pools and their underlying mutual funds to representative market indices.

	RETURNS	
	<i>1st Quarter 2000</i>	<i>Since Pool Inception (8/10/99)</i>
<b>Growth Index Pool.</b> This pool seeks high capital growth over the long term and has a target allocation of 100% stocks.	<b>2.10%</b>	<b>21.55%</b>
<b>Balanced Index Pool.</b> This pool seeks moderate total return through both capital growth and income and has a target allocation of 60% stocks, 35% bonds and 5% cash.	<b>2.33%</b>	<b>14.15%</b>
<b>Gift Preservation Pool.™</b> This pool seeks current income and relative stability of principal and has a target allocation of 40% bonds and 60% cash.	<b>1.23%</b>	<b>2.90%</b>
<b>Other Representative Market Indices</b>		
<b>S&amp;P 500 Index</b> Includes the common stocks of 500 leading U.S. companies from a broad range of industries.	2.29%	16.38%
<b>Lehman Brothers Aggregate Bond Index</b> Includes U.S. government and other investment-grade debt securities, such as corporate and international (dollar-denominated) bonds, asset-backed securities and mortgage-backed securities.	2.21%	4.24%
<b>3-month Treasury Bill Index</b>	1.45%	n/a

<sup>1</sup> Select Shares are a special class of SchwabFunds with lower operating expenses that are only available to individuals with initial minimum investments of \$50,000. Select Shares are available to The Schwab Fund for Charitable Giving because the Fund purchases SchwabFunds Select Shares in aggregate amounts for each pool.

**Prospectuses for the registered mutual funds underlying the investment pools are available from the Fund upon request. Please read them carefully before selecting an investment pool to recommend. The highlighted performance for the pools and the underlying funds represent a relatively short time period. Past performance is no guarantee of future results.**

The pool returns are based on the total returns of the underlying mutual funds in each pool, minus operating expenses of The Schwab Fund for Charitable Giving. Principal value and investment return will fluctuate with changes in market conditions, and an account in the Fund may be worth more or less than the original amount contributed to the Fund. Indices are unmanaged and do not reflect advisory fees and other expenses associated with an investment in funds. Investors cannot invest in an index directly. During the period, the pools' holdings may have deviated from their target allocations, because of changing market conditions. The portfolio managers rebalanced the pools' holdings as needed to limit significant variances.

The Schwab Fund for Charitable Giving has entered into service agreements with certain affiliates of The Charles Schwab Corporation (Charles Schwab & Co., Inc. and Charles Schwab Investment Management, Inc.) to perform administrative, record keeping, and investment management services. Charles Schwab & Co., Inc. is a member SIPC/NYSE.