

FAQs for the KDK-Harman Transition to a Donor Advised Fund

1. Why is the KDK-Harman Foundation closing and transferring the assets into a donor advised fund (DAF)?

Janet Harman and her husband, Kent Mayes, have been looking for ways to simplify their lives, consolidate their two charitable giving streams, and incorporate their children's charitable interests into the family giving. Over the past 13 years of overseeing her family's foundation, the KDK-Harman Foundation, and as her children have grown into developing their own adult lives and charitable interests, Janet has discovered that a private family foundation isn't the ideal structure to meet the evolving needs of her family's philanthropic work.

With their first grandchild expected in February 2018 and very active travel schedule, Janet and Kent felt that now was the perfect time to simplify their lives and adjust the structure of their philanthropy. A donor advised fund maintains their strong desire to give to numerous high quality and effective non-profits while eliminating the burdensome administrative requirements of a private foundation.

In addition, since their children have grown up and developed their own philanthropic interest areas, a donor advised fund offers a convenient structure to include these varied interest areas. The family has grown over the years to include a daughter-in-law, Alexandria Sooch, and it is not feasible to have both sons, both daughters, and spouses on the board of the family foundation.

Further, the DAF, entitled The Harman-Mayes-Sooch Family Fund, provides a convenient structure for Janet and Kent to give the IRS maximum allowable tax-deductible gifts to charity each year. In past years, Kent and Janet have given a portion of their annual taxable income to the KDK-Harman Foundation and a portion of their annual taxable income to various 501c3 public charities. By utilizing a DAF, they can give a lump sum of 50% of their income to the DAF and eliminate the record keeping involved with numerous charitable tax receipts.

2. Will the giving priorities for The Harman-Mayes-Sooch Family Fund be the same as they have been for the KDK-Harman Foundation?

Janet and her family remain very much committed to breaking the cycle of poverty by supporting non-profits that serve the educational needs of economically disadvantaged students. With four of the six family members holding engineering degrees, the family remains very interested in supporting STEM (Science, Technology, Engineering, and Math) education, a longtime focus area of the KDK-Harman Foundation. However, the charitable interest areas will be expanding. One of their children has a passion for global clean water initiatives. Another has recently been supporting foster care non-profits. Outside of the Foundation, Janet and Kent have donated to conservation efforts in Kenya, housing and clean water programs in Cambodia, and clean water initiatives in Africa.

3. Will the geographical focus for charitable gifts from The Harman-Mayes-Sooch Family Fund be the same as they have been for the KDK-Harman Foundation?

The Harman-Mayes-Sooch family remains committed to improving the lives of people in the eight counties (Travis, Williamson, Hays, Bastrop, Caldwell, Burnet, Blanco, and Llano) served by the KDK-Harman Foundation. The geographical focus of the new DAF will expand to include the geographical interest areas of the second generation of the family. These focus regions will vary over time, as their children settle in various parts of the country and become increasingly involved in their local communities.

4. Is the KDK-Harman still accepting letter of inquiries and grant requests?

The deadline for the final batch of letter of inquiries (LOIs) was Sept 15, 2017. Any accepted LOIs will be allowed to apply for a 2017 grant.

5. What will happen to the grant requests that are currently under consideration?

The Foundation will make decisions this fall on the grants currently under consideration.

6. Will the annual gifting from The Harman-Mayes-Sooch Family Fund be the same amount of money as the historical average annual grant making budget of the KDK-Harman Foundation?

The KDK-Harman Foundation has averaged \$1,000,000 annually to Central Texas K-12 academic education-focused non-profits. The Harman-Mayes-Sooch Family Fund plans to distribute at least \$1,000,000 annually, with

the majority of that dollar amount being directed to Central Texas non-profits. They plan to give at least \$500,000 annually to K-12 academic education-focused Central Texas non-profits, including the Summer STEM Investment Hub.

7. What will happen to the staff of the KDK-Harman Foundation?

The Harman-Mayes-Sooch Family Fund will not be utilizing employees to help them analyze, recommend, and distribute philanthropic dollars. As such, the wonderful, talented, and highly skilled staff of the KDK-Harman Foundation is actively exploring new opportunities. As they choose among offers, they may remain with the Foundation through the end of the calendar year 2017.

8. When will the wind-down of the KDK-Harman Foundation occur?

During the fall of 2017, with the transition completed by the end of December, 2017.

9. How can non-profits ask for donations from the Harman-Mayes-Sooch Family Fund?

The Harman-Mayes-Sooch Family Fund will seek out grantees rather than having the open application process of the KDK-Harman Foundation. The application process can be time-consuming and burdensome for applicants. As the family coalesces their philanthropy under the new structure in 2018, they plan to do their own due diligence to identify the non-profits they choose to support. Each family member will research their charitable focus area and select the high-performing, high-quality, and effective non-profits that best address the needs.

10. Why did the Harman-Mayes-Sooch family members select the Austin Community Foundation as the entity to house the new donor advised fund?

As longtime residents of Austin, the family's first choice was to keep the administration of their donor advised fund close to home. They researched a wide variety of donor advised fund offerings and decided that Austin Community Foundation offered the most personalized service, most flexibility in investment vehicles, and most innovative approaches to gifting methodologies. With the major of their past and anticipated future giving being concentrated in Central Texas, it made sense to house their charitable vehicle locally as well. ACF has done a fantastic job in developing an ecosystem for local philanthropy, incubating numerous non-profits, developing efficient and effective giving tools, and addressing pressing community needs.

11. What will happen to the Summer STEM Investment Hub?

The family feels that the work—and impact—of the HUB is very important for combating Summer Learning Loss and for furthering academic success and graduation rates for Central Texas. While there is no decision at this time about the future of the Hub, the family hopes that the initiative will continue. They are interested in being part of the Hub but don't have the bandwidth to lead the group.