

Inaugural Show: Launch of NGO America

Host: Ted Hart

Guests: Hal German – CNN

Marty Martin, JD MPA – Martin Law Firm

Announcer: Welcome to the *CAF America Radio Network*. A production of the Charities Aid Foundation of America. As the leader in global giving, CAF America offers more than 20 years of experience and expertise to corporations, foundations and individuals who wish to give internationally and with enhanced to do diligence in the United States. Through its industry leading grants management programs and philanthropic advisory services, CAF America helps donors amplify their impact.

This show is dedicated to these donors and the charities they support. CAF America is uniquely positioned to serve as the bridge between these important partners and transforms vision into meaningful action. Guests on the *CAF America Radio Network* are leaders in their field who share tips for success and stories that inspire. Our host is Ted Hart, the CEO of the Charities Aid Foundation of America. This is a live call-in show. Add your voice by calling 914-338-0855. After the show, you can find all of our podcasts at cafamerica.org. Don't forget to dial 914-338-0855. Now, welcome the host of the *CAF America Radio Network*, Ted Hart.

Ted Hart: Welcome here to the CAF America Radio Network. This is our very first show which will be part of a long series of CAF America Radio Network episodes, that we will bring to you the stories of philanthropy from around the world. Here on today's show, we've got a couple of guests and that my first guest today here on the CAF America Radio Network is a real treat. Hal German is here and he is the Senior Producer at CNN of CNN Heroes, and one of the charities that is supported by CAF America, have been nominated as one of the heroes and has made it to the top 10. Welcome here to the CAF America Radio Network, Hal German.

Hal German: Ted, congratulations on your inaugural broadcast. I'm happy to be on it. Just want to let you know that we are so thrilled that Thulani Madondo of the Kliptown Youth Program is one of this year's top 10 CNN heroes, and of course he is affiliated with CAF America. We are prizing Thulani with \$50,000 to further his work, helping the kids in the slums of Kliptown. He is a remarkable individual, a really great example of the individuals that we all honor at our tribute show. Just a shout out to you for helping us in directing our funds and those donated by our viewers throughout our live broadcast on Sunday night.

To his work in Kliptown Youth Program, he happened to be walking in the lobby yesterday morning as I was walking out from a very long flight from South Africa. He is bubbly, he is excited, he is ready to go, he is a great guy; and I hope that your listeners today will tune in and watch our show, *CNN Heroes: An All-star Tribute*. It is Sunday night live from the Shrine Auditorium in Los Angeles, 9:00 Eastern State specific and Thulani is just a remarkable individual. Congratulations on your--

Ted: Well, we couldn't agree more. We're very proud of Thulani and all of the charities that we support around the world, and his work in South Africa to educate children is truly an

inspiration and one that we're very happy to have recognized by CNN as one of the top 10 heroes. Now, you've got this big show on Sunday, there are 10 in the finalist. What could happen for Thulani on Sunday night?

Hal: Well, ever since we announced the top 10 late in September, we've gotten our stories out to everyone and we've encouraged all of our viewers and supporters of each of the 10 heroes to vote for the person who most inspires them. That individual will be recognized at the end of our broadcast as the "hero of the year" and that one individual will receive an additional \$250,000. There's the potential even more for Thulani and anyone of our top 10 heroes. Voting closed at midnight last night. The voting is closed and all we are waiting on now is the big reveal which will be the conclusion of our show, Sunday night.

Ted: We certainly invite all our listeners today to join in on the show, Sunday night. Hal German, Senior Producer at CNN of CNN Heroes, thank you so much for coming on the show today and personally bringing the good news of Thulani Madondo and his work in South Africa to our listeners here on the CAF America Radio Network.

Hal: My pleasure, Ted. Thanks.

Ted: Back here on the show, I do have a very special guest I want to introduce you to on today's show. Marty Martin is an attorney and his firm is in Raleigh, North Carolina. Mr. Martin focuses his practice on providing legal services and training related to non-profit and tax-exempt organizations. Now, he serves on the very important National IRS Advisory Committee for Tax Exempt and Government Entities. Welcome here to the CAF America Radio Network, Marty Martin. Hello, Marty. Are you with us? Hold on. It would help if I turned on your microphone. There you are. Marty, are you with us?

Marty Martin: Yes, I am.

Ted: Great. That was my fault here. Welcome here on the inaugural show of the CAF America Radio Network. Now, a big announcement was made from the Treasury Department and accentuated by Secretary Clinton on September 24. Can you tell us a little bit about what these changes in the IRS regulations are and what they might mean to non-profit sector?

Marty: Ted, in 2009, the IRS Act Committee issued a report on international grant-making and NFA made recommendations regarding how to improve that process, how to make it more cost-effective and efficient for donors and for organizations like CAF America. The IRS, in September, issued proposed regulations which expands the ability of organizations, like CAF America, to reach out to attorneys, CPAs and now enrolled agents to issue what's known as an Equivalency Determination Opinion Letter. As you know--

Ted: Now, these equivalency determination letters have been available for donors to be able to make gifts internationally in the past. What is the significance of this regulation changes to donors who may want to give internationally?

Marty: The significance of them is it broadens and lessens the cost of those equivalency determination letters. In the past, those opinion letters have been issued either from council for the donor or council for the grantee recipient of international grant-making fund. This new proposed regulation will allow a broader base of individuals to offer those opinion letters. The thought is, from the IRS perspective, in the proposed regulation is it will hopefully lessen the cost to the donor and in the process will, hopefully, spur and encourage increased international grant-making.

Ted Hart: CAF America applied to the IRS in this proposed regulation. Now, they are proposed but what is the opportunity for donors to access those regulations now?

Marty: Those regulations are available online through the Federal Register and donors can go to the IRS website and link to that or Google those regulations to read them. Certainly, for donors who don't work in this area very often, they'll find it a very dense language and very technically oriented.

Ted: Right. For that reason-

Marty: For the three second takeaway.

Ted: - today Marty, CAF America is launching a new site known as ngoamerica.org, and ngoamerica.org is geared towards providing education and helping foundations, corporations and individuals make sense of all the regulation so that they are able to ease through the requirements for giving to qualified charities internationally and put their money to work around the world.

You had a chance to take a look at NGO America, I wanted to specifically focus on one of the three services that are provided by CAF America through NGO America and that is that of equivalency determination. Can you tell us a little bit about what is equivalency determination, and why is it important if you're going to give internationally?

Marty: To give internationally, the donor has to be assured that the recipient organization in a foreign country operates in a manner analogous to the United States 501(c)(3) charity organizations. The process which CAF America will undertake is to acquire significant organizational legal documents, financial records to demonstrate the manner in which the indigenous non-profit operates. That information then would be reviewed by an attorney, by CPA or an enrolled agent who would make a determination as to whether or not that organization appears to be operating like a United States non-profit organization. [crosstalk]

Ted: Once that determination is made by an organization like CAF America that, that is the case, donors are then able to receive a tax deduction for the gifts that then go to those qualified charities?

Marty: Yes. They would receive a charitable deduction for income tax purposes.

Ted: As you mentioned, this is a very high standard and one that is very important that protocols are met. NGO America is backed by CAF America's 20 years of experience and its 3,000 plus database of already vetted charities worldwide. Now, those already vetted charities are able to be given to very quickly using the expenditure responsibility option which is also outlined on NGO America but it also gives a leg up to the potential of seeking a Equivalency Determination Certificate because it's a very high standard.

I know that you're an enrolled agent, can you tell us a little bit about the care that you give in potentially issuing a certificate based on the file and information that's gathered by CAF America?

Marty: Ted, let me correct you. I am not an enrolled agent, I am an attorney. An enrolled agent - [crosstalk]

Ted: An enrolled agent is needed to do this work. [crosstalk] The kinds of things that you look for that are important, can you give us a bit of a view of that?

Marty: I'm sorry, I missed your last comment.

Ted: I was just saying if you could give us a bit of a view of the things that you look for that you think are important when you review a file.

Marty: When I review a file I'm going to be looking at the same criteria that the IRS does when a US charity non-profit seeks to be recognized as exempt status. I'm going to be looking at whether or not it's organized and operated exclusively for one of the eight charitable purposes for which a US nonprofit can be formed. I'm also going to be looking at whether or not it limits its lobbying activity and does not engage in political campaign activity.

Lastly, I'm going to be looking to make certain that there is no inurement or private benefit which occurs if funds are misused by an organization for the benefit of disqualified persons such as members of the board or senior management.

Ted: Then, of course, some of the additional services that are provided by CAF America is to make sure that the donor is then in compliance with things like rules against money laundering and terrorist watch lists and things of that sort. It can be very complicated to make a gift internationally and that's why someone who is serious about making a difference internationally should work through an international intermediary like CAF America.

Marty: Absolutely. It makes sense for so many folks who are moving their charitable endeavors into the international arena to work through an intermediary like CAF America. It takes a lot of the headache out of it, it simplifies the process and hopefully through these new regulations will be much more cost effective for them.

Ted: Plus, the cost effectiveness and the thoughtfulness of the process is exactly what CAF America brings to the table with 20 plus years experience. Marty, we're just going to take a real

quick break and then we'll be right back. We just have a little bit of a reminder that we want to share with our listeners today.

Announcement: Remember our podcast and archives are always available 24 hours a day at cafamerica.org. If you're listening today, our phone lines are open. Call in and ask a question by dialing 914-338-0855. Now, back to the *CAF America Radio Network* and our host Ted Hart.

Ted: We are back here on the *CAF America Radio Network*. Marty and I were just talking about the importance of a due diligence in the international giving arena. NGOAmerica.org which is launched today by CAF America, donors are able to receive information about equivalency determinations, expenditure responsibilities and enhanced domestic due diligence. I do think that I have a caller here today. Caller, you're here on the line live with the CAF America Radio Network. Did you have a question today? Caller, do you have a question? Go ahead, you're live. I'm sorry, I think we did have a caller but maybe they can't hear me right now. Anyway caller, is that you live on the line?

We're back here on the *CAF America Radio Network*. When you go to NGOAmerica.org one of the services that are available to donors it's not just in the international arena where CAF America provides its services, but a new service that is taking a lot of interest is Enhanced Domestic Due Diligence. Into enhanced domestic due diligence what donors are able to receive is that deeper information about the charity than they normally would if they were just to make a gift to the charity because they have IRS approval.

Through NGO America and CAF America's services, donors are now able to verify not only the IRS charitable status but a much deeper understanding of the boards of directors, of the organization. What we do here at CAF America is on a weekly basis we scan the charity, the key staff and every member of the board of directors against 450 databases that correlate on very specific issues of sanctions, embargo lists including those that are terrorist watch lists. What we're looking for are any red flags that might harm the reputation of the donor when what they're trying to do is accomplish good works around the world.

Back here with Marty Martin on the CAF America Radio Network. As a leader in global philanthropy for more than 20 years, CAF America has taken very seriously this call to provide services and help US donors take advantage of the reduced barriers to international philanthropy. Why does it seem Marty that international philanthropy is so complicated? These barriers are there for a reason, aren't they?

Marty: Well, there're several reasons. First and foremost, certainly, since 9/11 the US government has a deep concern about where funding goes and how it is used. Though the complexity in international grant making precedes that. I think in light of the comments that Secretary Clinton made earlier this fall, we want to look at how America works best through its philanthropy. These guidelines are there to help assure the donors that, that is the case when their dollars go overseas.

Ted: In directing their dollars overseas, does it continue to be complicated for donors to meet those criteria or that's why you work with an international intermediary?

Marty: That's why you work with CAF because once those dollars go into the foreign NGO, you're expecting those individuals on the ground to abide by the terms and conditions of the grant and hopefully demonstrate effectiveness and results. This is an area where increasingly throughout the nonprofit sector the focus on results is key and certainly working internationally we want it to be that way as well.

Ted: Here at CAF America we also provide philanthropic advisory services for more than two decades. CAF America has advised individuals, foundations, corporations, financial advisors and foreign charitable organizations earning respect around the world and providing clear vision and focused planning on international giving. A lot of the work is done through donor advised funds which gives flexibility for donors foundations, corporations, to be able to move money into a donor advised fund now and then take their time to make their plans to be effective and have impact in their philanthropy. You've been a leader in the nonprofit philanthropic sector for quite some time, what trends have you seen over time that brings us today to the launch of NGO America?

Marty: I think, one is just the growing recognition of, "This is a global world, and that we need to work through and with indigenous nonprofit organizations to help develop self-sufficiency to improve their societies and their people." I think we've seen an increased focus on results both in domestic and also in foreign philanthropy. Donors now begin to think of themselves more as investors.

They're looking for a return on that donation that perhaps 10, 15, 20 years ago there wasn't as clear cut focus. We have much more transparency, we have access to information and your comments at the start of the show about the individual who's one of the CNN's 10 heroes is right on point because people can go to the website, look to see what that work is in Kiptown, South Africa, then make a decision as to whether or not they want to support through their donation the work of that individual.

Ted: That kind of work done by CAF America streamlines the process for organizations like CNN and so many corporations throughout the country who are looking to be creative in their philanthropy to meet so many different needs around the world. This is a growing trend, as you said, international giving around the world from American sources is one of the leading and growing sources of philanthropic support. Is that because Americans are an inherently philanthropic and they see so many needs around the world?

Marty: I think we have a much better developed philanthropic community, because of our legal and tax structures and the history and culture of our country. I also think that, that operates in every other culture in countries around the world if given the opportunity. I think that's one of the things that we've seen through our philanthropic examples that helping, training and teaching others about philanthropy when it's not necessarily in the culture, in the history, or

their governments have not necessarily supported it through the legal institutions and tax codes.

Ted: This is part of the culture of American donors that you do see growing around the world, but the needs are so great. You've been in the forefront of certainly these kinds of efforts and we see this growing around the world. These new IRS regulations that brought about CAF America stepping up to provide a unique suite of services known as NGOAmerica.org. I'm bringing all of this together, for our listening audience today. The significance of something like NGO America to make sense of all of this. What do you think of that?

Marty: First of all, I think it's great. I applaud you for being the first to the market, so to speak, in offering these services. I also think both the regulations and what NGO America is doing will evolve, will expand and enhance the impact of American philanthropy operating overseas. That can only help this country. It can help the country and the people in which our donors invest. We are a global world interconnected. We realized that issues that are occurring halfway around the world affect us in main street America today.

Ted: Yes. That's a very important point that you bring up because where NGO America comes in is that these are proposed regulations and as you mentioned earlier, we are able to rely on these regulations right now, but these regulations may change over time. I think that even strengthens the reason why someone would want to work with an organization like CAF America to make sure that as regulations are changing and as things expand in the philanthropic marketplace, they're working with an organization that's staying on that cutting edge and making sure that as changes are made, those are incorporated in the offerings and the services of projects like NGO America.

Marty: CAF America will learn from its experiences. It has the opportunity to then in turn help inform the IRS in future regulatory and statutory changes. I see this as a great opportunity for CAF America to be a leader in this area and to help set the standard in terms of how international grant making is going to prosper and grow in the years to come.

Ted: What is the effect of the top economic climate, not just in the United States, but around the world in being ever more diligent and careful and where your philanthropy is placed?

Marty: I think people are much more careful and focused in their giving than perhaps they have in the past. People may cut back, they may not necessarily cut out, but they may cut back because of their personal economic situation but I think if you look at the sector as a whole, we're stepping up to the plate to make a difference where help is needed.

Ted: You mentioned earlier a significant [crosstalk] changes incorporate a philanthropy around the world and that certainly has been growing and so many corporations have been leaders in transforming communities and changing lives. Is this something that you see continuing to grow?

Marty: Yes. In fact, I listened to the president of the IBM foundation talk about their corporate philanthropy and the impact of their sending teams of individuals into Africa and other

countries and how corporate America can bring innovation, technology and management skills and not just checkbook philanthropy and in fact, using that to help develop their own talent pool to energize their employees who are making a difference both in their own home communities as well as in the communities when they go abroad to help others.

Ted: What do you think it means to a corporations, foundations and individuals to have an organization like CAF America that has a 100 point vetting process that all international charities must go through. That's a very high standard. No one has one as high as that, yet we have put over 3,000 charities through the test and maintain those in our database and no one has a database that large. Does that open up more opportunities and flexibility for corporations to be creative in their giving when they're able to partner with an organization like CAF America?

Marty: Yes, I think so. I think it's particularly important for corporations who may not have experience in working internationally in philanthropy. You can take a lot of the hassle out of it. You can take a lot of the paperwork off of them so that they can focus on their core competencies and the strengths that they bring to bear in the philanthropy that they exercise.

Ted: We do have a very quick caller here, we're reaching the end of the show. Caller, you're live here on the CAF America Radio Network.

Anthony: Hi, this is Anthony and I am calling-- I work with a corporate social responsibility program here in Washington D.C. It's a large financial institution and we're expanding into Asia and Europe. I'm here on the site of ngoamerica.org. It looks great. I was just wondering if maybe you could help walk me through what are some of the options are or benefits that a program like the one that we might receive from NGO America.

Ted: Anthony, thank you so much for calling in today. You certainly have called the right place. CAF America not only provides its services, but it provides those services around the world. Your interest and your company's interest in Asia is of course a very specific region. CAF America has an extensive network throughout that region. We do invite you to cafamerica.org and ngoamerica.org to learn more about their services.

Of course, everyone listening today is invited to call us here at CAF America at 703-549-8931 to get all the answers to any questions that you may have regarding international philanthropy and enhanced domestic due diligence. This is my opportunity. The time just flies right by. Marty Martin, thank you so much for being my guest here on the inaugural show of the CAF America Radio Network.

Marty: Thank you and best wishes to you.

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