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Email Equity@Pledge1Percent.org
for any additional
help or questions.

PLEDGE
1%

Letter from Pledge 1%: How to Use The Companion Guide

Dear Reader,

Our goal is to help make an equity set aside for philanthropy as easy as possible for you. We have compiled the following legal templates, in consultation with the Tides Foundation (our preferred philanthropic partner), leading law firms and investors, and interviews with companies who have formalized their equity pledges. Before diving in, here are some notes on how to best use these resources:

- **Read The CEO Equity Playbook first:** The content which follows is intended as a companion piece to help you take action on equity models explained in The CEO Equity Playbook (p1.today/equity). It is strongly recommended that you read the Playbook (especially Chapter 2: Equity Models and Chapter 3: Equity Execution) prior to reviewing the legal templates and tools compiled here.
- **Documents are Primarily for CFOs and General Counsels:** While the CEO playbook explains strategies, models, critical considerations, and case studies, this Companion Guide is designed for CFOs and General Counsels. Expect more in-depth and technical content.
- **Documents are Specific to Equity Source and Model:** We've divided all our documents by equity source and model. You will NOT need every page of this document -- only those that apply to *your chosen model* for pledging equity.

The source of equity for your company's social impact fund can be corporate, founder, or hybrid -- a combination of the two. There are two models of Corporate Equity: 1% Upfront and 1% Distributed. Similarly there are two models of Founder Equity: 1% Pre-Exit and 1% Post-Exit. It's important to understand your source and model prior to leveraging the documents that follow. (Equity models are explained in Chapter 2 of *The CEO Equity Playbook*, pages 12 to 15).

- **Please Consult with Your Personal and Company Counsel and Tax Advisors:** We have engaged Deloitte to prepare the tax memo included herein to give you a broad idea as to the tax consequences to consider. **However, we strongly advise that you consult with your personal and company counsel and tax advisors before making any decisions.**
- **Color Coding:** In our legal templates, sections highlighted in yellow are strongly recommended but optional **Comments in blue** are for instructional purposes only.

We look forward to working with you on your equity donation journey! For specific legal questions, please contact Pledge 1% Equity Lead & Legal Advisor Jan D'Alessandro (jan@pledge1percent.org). For general questions around equity donations and board support, please contact Pledge 1% CEO Amy Lesnick (amy@pledge1percent.org). You can also email equity@pledge1percent.org.

Thank you again!



Amy Lesnick
Chief Executive
& President
Pledge 1%



Jan D'Alessandro
Equity Lead
& Legal Advisor



1. Corporate Equity: 1% Upfront Model

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Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

If you are sending these resolutions to Board members to execute and return, choose Unanimous Written Consent. If an in person vote, then choose Resolution.

[UNANIMOUS WRITTEN CONSENT] [RESOLUTION]

OF

THE BOARD OF DIRECTORS

OF

[NAME OF COMPANY]

The undersigned, being all of the members of the board of directors of [Name of Company _____] (the “Board”), a [Delaware/Colorado/California][_____] [corporation] (the “Company”), [acting by written consent without a meeting] pursuant to [Section 141(f) of the Delaware General Corporation Law] [Section 7-108-202 of the Colorado Business Corporation Act] [Section ___ of the California Corporation Act][____][1], do hereby consent to, vote in favor of, and adopt the following resolutions, which resolutions [shall be deemed adopted when all members of the Board have signed this consent][are hereby adopted]:

[1] Note: make sure that the correct statutory references are included here depending on the _____ company’s _____ state _____ of _____ incorporation.

Issuance of Warrant

WHEREAS, the Board deems it to be in the best interests of the Company and its shareholders to fund the Company’s philanthropic endeavors and to issue to [Tides Foundation, a California nonprofit public benefit corporation][Other Foundation _____, a _____] (the “Philanthropic Partner”), a warrant to purchase [_____] shares of the Company’s [Class A] Common Stock in substantially the form attached hereto as Exhibit A (the “Warrant”).

NOW, THEREFORE, BE IT RESOLVED: That the Company is authorized to grant to the Philanthropic Partner a warrant to purchase [Insert number that equals 1% of the Company’s fully diluted shares as of the date of the Board resolution _____] shares of the Company’s [Class A] Common Stock at an exercise price of \$.01, in substantially the form attached hereto as Exhibit A (the “Warrant”).

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1%

***Exercisability of the Warrant:** See page 17 of CEO Equity Playbook - “ Critical Considerations - Do not include “vesting” period for warrants. We recommend that 100% of the warrant sbe exercisable at the time of a liquidity event (vs. having the warrant vest over time) and that you include the below resolution describing the terms of the warrant in your Board Resolution/Written Consent.*

We recommend including this resolution, but it is is optional. If you do include it, please make sure that the language in the warrant agreement matches what you include in the resolution.

RESOLVED FURTHER: That the Warrant shall contain language providing that the Warrant shall be exercisable with respect to all of the Warrant Shares, within 30 days of an Exit Event at Company. An Exit Event is defined as the earlier of the following events:

(i) **“Change of Control”** shall mean any (i) sale, lease, exclusive license or other disposition of all or substantially all of the assets of Company, (ii) merger, consolidation or reorganization with respect to Company, or (iii) sale or transfer of all or substantially all of the then-outstanding equity securities of Company in one or a series of related transactions, or

(ii) **“Initial Public Offering”** shall mean the closing of Company’s first firm commitment underwritten initial public offering of Company’s common stock pursuant to a registration statement filed under the Securities Act of 1933, as amended.

RESOLVED FURTHER: That the form, terms and provisions of the Warrant are hereby approved, adopted and confirmed in the form attached hereto.

Attach a draft of the form Warrant Agreement to the Unanimous Written Consent / Resolution.

RESOLVED FURTHER: That the shares of the Company’s Common Stock purchasable upon exercise of the Warrant (the “Warrant Stock”) are hereby set aside and reserved for issuance.]

RESOLVED FURTHER: That the Warrant Stock shall be validly issued, fully paid and non-assessable when issued in accordance with the terms of the Warrant, and the issuance of such shares of capital stock is hereby approved.

RESOLVED FURTHER: That the exercise price of \$.01 per share of the Warrant Stock set forth in the Warrant is hereby approved and deemed to be fair and reasonable to the Company’s shareholders.

Scheduled Sale: See page 18 of CEO Equity Playbook - Critical Considerations - Ride the Upside of Your Stock. If you believe that it's likely that your stock price will rise over time post IPO, we recommend that you spread the sale of your shares over a period of 5 to 10 years. Most warrant/DAF agreements will require you to include this "scheduled sale" in the signed agreement. We recommend that you reflect this scheduled sale in the board resolution, but including the resolution highlighted in yellow below in your Board Resolution/Written Consent is optional.

RESOLVED FURTHER: That the Warrant shall contain language providing that the Philanthropic Partner sell [__10%] of the Pledge 1% Shares within 30 days of the Exit Event; and [__10%] each year for [__9] years after the Exit Event.

Topping Off: See page 18 of the CEO Equity Playbook - Critical Considerations - Take Action to Minimize Social Impact Legacy Dilution - Topping Off. This is particularly relevant for early and growth-stage companies. We recommend that you include the below resolution highlighted in yellow reflecting an intent to set aside additional equity right before your IPO (or with each subsequent funding round) so that your total social impact commitment once again equals 1% of your fully diluted shares, but it is optional.

RESOLVED FURTHER: That, immediately prior to an Exit Event, the Company is authorized to grant to the Philanthropic Partner a warrant to purchase an additional [__] shares of the Company's [Class A] Common Stock at an exercise price of \$.01, in substantially the form attached hereto as Exhibit A (the "Warrant"), such that the total amount of shares transferred to the Philanthropic Partner shall be 1% of the Company's fully diluted shares as of the date of the Exit Event (together, the "Pledge 1% Shares").

Shareholder Approval: Be sure to check your Certificate of Incorporation to determine whether you need to obtain shareholder approval for the issuance of the shares. Shareholder approval may be required due to the price-based anti-dilution rights held by preferred shareholders that could be triggered by the deemed issuance of new shares or for setting a nominal price for the warrant. If shareholder approval is required, then include the below resolution highlighted in yellow. (If shareholder approval required, this is not optional).

RESOLVED FURTHER: That, the officers of the Company are, and each them individually hereby is, authorized and directed, for and on behalf of the Company, to obtain shareholder approval of at least [__%] of the then outstanding shares [of Preferred Stock (voting together as a single class)] [for the issuance of the warrant at an exercise price of \$.01] [for the issuance of the Warrant].

RESOLVED FURTHER: That the officers of the Company be, and each them individually hereby is, authorized and directed, for and on behalf of the Company, to execute and deliver the Warrant to the [Tides Foundation][Philanthropic Partner_____]. *Insert the name of your Philanthropic Partner with whom you are entering into the Warrant Agreement and MOU.*

RESOLVED FURTHER: That the officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to execute and submit any and all documents to comply with all applicable state and federal securities laws in connection with the issuance of the securities contemplated hereby.

If you are taking action by unanimous written consent vs. voting in an actual Board meeting, include the following language highlighted in yellow:

RESOLVED FURTHER: That an executed copy of this Unanimous Written Consent shall be filed with the minutes of the proceedings of the Board.

This Unanimous Written Consent shall be effective as of the date the Company receives the unanimous consent of the Company's directors. This Unanimous Written Consent may be signed in two or more counterparts, each of which shall be deemed an original, and all of which shall be deemed one instrument. Any copy, facsimile or other reliable reproduction of this action by written consent may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used.

IN WITNESS WHEREOF, the undersigned directors have duly executed this Unanimous Written Consent which shall be deemed effective as of the date set forth below.]

Date signed:

Date signed:

Date signed:

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

This form is the Tides form Warrant Agreement that companies will enter into when they execute a warrant agreement with the Tides Foundation. We provide this Form Warrant Agreement as a template for working with Tides and as an example of what another Philanthropic Partner's process might look like. Please note that if you choose another philanthropic partner, they may have a different process for accepting warrants from companies.

WARRANT TO PURCHASE

COMMON STOCK

Void after [December 31, 2035]

THIS CERTIFIES THAT, for value received, Tides Foundation (the "Holder") is entitled to purchase, on the terms and subject to the conditions hereof, the number of shares of Common Stock, par value [\$.0001] per share (the "Common Stock"), of [Company_____], a [Delaware/Colorado/California][_____] [corporation] (the "Company"), set forth below, at a per share purchase price of \$0.0001 (the "Exercise Price"), subject to adjustment as provided herein.

The following terms shall apply to this Warrant:

1. Exercise of Warrant. The terms and conditions upon which this Warrant may be exercised, and the Common Stock covered hereby (the "Warrant Shares") may be purchased, are as follows:
 - 1.1 Number of Shares. This Warrant shall be exercisable by the Holder for [Insert number that is 1% of the Company's fully diluted shares on date that the Company's Board of Directors approved issuance of the Warrant _____] Warrant Shares, which number shall be subject to adjustment in accordance with Section 2 of this Warrant.
 - 1.2 Exercise. This Warrant may be exercised, in whole or in part, with respect to all of the Warrant Shares, on the earliest to occur of the following (such time, the "Exercise Deadline"):

- (a) on [December 31, 2035] [Insert Other Date _____](the “Termination Date”);
- (b) upon the closing of a Sale of the Company (as defined in Section 1.3 below) **with respect to _____ % of the Warrant Shares;***
- (c) immediately prior to the consummation of the Company’s first firm commitment underwritten public offering of its Common Stock registered under the Securities Act of 1933, as amended (the “Initial Offering”) **with respect to _____ % of the Warrant Shares;****
- (d) at any time prior to the Termination Date, but only with the prior written consent of the Company’s board of directors.

If not exercised on or prior to the Exercise Deadline, this Warrant shall be void thereafter. The exercise of the purchase rights hereunder, in whole or in part, shall be effected by (i) the surrender of this Warrant, together with a duly executed copy of the form of the subscription attached as Exhibit A hereto, to the Company at its principal executive offices, and (ii) the delivery of the Exercise Price by (x) cashier’s or certified check or bank draft payable to the Company’s order, (y) by wire transfer to the Company’s account, or (z) pursuant to Section 1.4 of this Warrant for the number of Warrant Shares for which the purchase rights hereunder are being exercised.

****See page 17 of CEO Equity Playbook - Critical Considerations - Outline Plans for Change of Ownership - Corporate 1% Upfront Model: “Clearly define treatment of warrants at acquisition. The Pledge 1% standard warrant templates (most commonly used) specifies that, at the time of an acquisition, 100% of the warrants are immediately exercisable. If this is not feasible, we recommend that at the very least, 45% of the warrants become immediately exercisable, so that 45% of the original social impact legacy would be preserved” Be sure to include the % that will be immediately exercisable highlighted in yellow in Sections 1.2b, and 8a of the Warrant Agreement. Including this % is recommended, but optional.***

*****See page 17 of CEO Equity Playbook - Critical Considerations - Corporate 1% Upfront Model: “Do not include a ‘vesting’ period for warrants. We recommend that 100% of the warrants be exercisable at the time of a liquidity event.” If 100% of the warrants are exercisable in the event of an IPO, do NOT include the language highlighted in yellow in Sections 1.2c of the Warrant Agreement but DO include the scheduled sale language highlighted in yellow in Section 8b of the Warrant Agreement.***

Warrant Agreement

If the warrants are 100% exercisable, choose [in full], if not then choose [in part].

1.3 Automatic Exercise. Notwithstanding any provision herein to the contrary, this Warrant shall automatically be deemed to be exercised [in full][in part]* in the manner set forth in Section 1.4 of this Warrant, without any further action on behalf of Holder (other than the payment of the exercise price in the manner set forth in Section 1.4 of this Warrant, if applicable) immediately prior to the Exercise Deadline. A “Sale of the Company” shall mean either of the following (a) a merger or consolidation in which (i) the Company is a constituent party or (ii) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, a majority by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or (b) (i) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or (ii) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Company. In connection with the exercise of this Warrant pursuant to subsection 1.2(b) above, such exercise shall be conditioned upon the closing of such Sale of the Company, and the Warrant shall not be deemed to have been exercised until the closing of such Sale of the Company. In the event of an Initial Offering or Sale of the Company, the Company shall notify the Holder at least ten (10) days prior to the consummation of such Initial Offering or Sale of the Company.

1.4 Net Issue “Cashless Exercise” Election.

(a) Notwithstanding any provision herein to the contrary, upon automatic exercise of this Warrant as provided in Section 1.3 of this Warrant or at the Exercise Deadline, Holder shall be entitled to receive, without the payment by Holder of any additional consideration, shares of Common Stock equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, with the net issue election notice attached hereto as Exhibit B duly executed (other than exercise pursuant to Section 1.3), at the Company’s executive principal offices. Thereupon, the Company shall issue to Holder such number of fully paid and non-assessable shares of Common Stock as is computed using the following formula (rounded up to the nearest whole share):

$$X = \frac{Y(A-B)}{A}$$

where:

X = the number of shares of Common Stock to be issued to Holder

Y = the number of shares of Common Stock purchasable under this Warrant in respect of which the net issue election is made

A = the fair market value of one share of Common Stock, as determined pursuant to Section 1.4(b) of this Warrant, as at the time the net issue election is made

B = the Exercise Price in effect under this Warrant at the time the net issue election is made

(b) For purposes of this Section 1.4, fair market value of one share of Common Stock as of a particular date shall mean:

- (i) In the case of an Initial Offering, the initial “price to public” of one share of such Common Stock specified in the final prospectus with respect to such offering;
- (ii) If the Company’s Common Stock is listed on a security exchange or the NASDAQ National Market, the average closing price of the Company’s Common Stock on such exchange or the NASDAQ National Market for the five trading days prior to the day notice of exercise is provided to the Company;
- (iii) In the case of a Sale of the Company, the effective per share consideration to be received by the holders of the Common Stock; or
- (iv) If Sections 1.4(b)(i), (ii) or (iii) of this Warrant do not apply, then the price per share of Common Stock that the Company could obtain from a willing buyer for shares of Common Stock sold by the Company from authorized but unissued shares of Common Stock, as determined by the Company’s board of directors in good faith.

1.5 Issuance of Shares. In the event of any exercise of the rights represented by this Warrant in accordance with and subject to the terms and conditions hereof, (a) certificates for the shares of Common Stock so purchased shall be dated the date of issuance and, together with any other securities issuable upon such exercise and any other property to which the Holder may be entitled upon such exercise, shall be delivered to the Holder hereof within a reasonable time, not exceeding three business days after receipt of an Exercise Notice by the Company, with the certificates for the shares of Common Stock so purchased being in such denominations as may be specified in the applicable Exercise Notice, and registered in the name of the Holder or such other name or names as shall be specified in the applicable Exercise Notice, and the Holder hereof (or such other person(s)) shall be deemed for all purposes to be the holder of record of the shares of Common Stock so purchased as of the date of such exercise, and (b) unless this Warrant has expired, a new warrant representing the number of shares of Common Stock, if any, with respect to which this Warrant shall not then have been exercised (less any amount thereof which shall have been cancelled in payment or partial payment of the Exercise Price as hereinafter provided) shall also be issued to the Holder hereof within such time. The issuance of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issuance tax in respect thereof or other cost incurred by the Company in connection with such exercise and the related issuance of shares of Common Stock.

2. Certain Adjustments.

2.1 Merger, Sale of Assets, Etc. If at any time while this Warrant, or any portion hereof, is outstanding and unexpired there shall be (a) a reorganization (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), (b) a merger or consolidation of the Company with or into another corporation in which the Company is not the surviving entity, or a reverse triangular merger in which the Company is the surviving entity but the shares of the Company's capital stock outstanding immediately prior to the merger are converted by virtue of the merger into other property, whether in the form of securities, cash, or otherwise, or (c) a sale or transfer of the Company's properties and assets as, or substantially as, an entirety to any other person, then, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that Holder shall thereafter be entitled to receive upon exercise of this Warrant in accordance with the terms hereof, during the period and upon the events specified herein and upon payment of the Exercise Price then in effect, the number of shares of stock or other securities or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that a holder of the shares deliverable upon exercise of this Warrant would have been entitled to receive in such reorganization, consolidation, merger, sale or transfer if this Warrant had been exercised immediately before such reorganization, consolidation, merger, consolidation, sale or transfer, all subject to further adjustment as provided in this Section 2.

The foregoing provisions of this Section 2.1 shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any other corporation that are at the time receivable upon the exercise of this Warrant. If the per-share consideration payable to Holder for shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's board of directors. In all events, appropriate adjustment, as determined in good faith by the Company's board of directors, shall be made in the application of the provisions of this Warrant with respect to the rights and interests of Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

2.2 Reclassification, etc. If the Company, at any time while this Warrant, or any portion hereof, remains outstanding and unexpired by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 2.

2.3 Split, Subdivision or Combination of Shares. If the Company at any time while this Warrant, or any portion hereof, remains outstanding and unexpired shall split, subdivide or combine the securities as to which purchase rights under this Warrant exist, into a different number of securities of the same class, the Exercise Price for such securities shall be proportionately decreased in the case of a split or subdivision or proportionately increased in the case of a combination.

2.4 Adjustments for Dividends in Stock or Other Securities or Property. If while this Warrant, or any portion hereof, remains outstanding and unexpired, the holders of the securities as to which purchase rights under this Warrant exist at the time shall have received, or, on or after the record date fixed for the determination of eligible shareholders, shall have become entitled to receive, without payment therefor, other or additional stock or other securities or property, other than cash, of the Company by way of dividend, then and in each case, this Warrant shall represent the right to acquire, in addition to the number of shares of the security receivable upon exercise of this Warrant, and without payment of any additional consideration therefor, the amount of such other or additional stock or other securities or property, other than cash, of the Company that Holder would hold on the date of such exercise had it been the holder of record of the security receivable upon exercise of this Warrant on the date hereof and had thereafter, during the period from the date hereof to and including the date of such event, retained such shares and/or all other additional stock available by it as aforesaid during such period, giving effect to all adjustments called for during such period by the provisions of this Section 2.

2.5 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 2, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request, at any time, of Holder, furnish or cause to be furnished to Holder a like certificate setting forth: (a) such adjustments and readjustments; (b) the Exercise Price at the time in effect; and (c) the number of shares and the amount, if any, of other property that at the time would be received upon the exercise of this Warrant.

3. Representations and Warranties of Holder.

3.1 Holder hereby warrants and represents that Holder is (a) acquiring this Warrant, and any Warrant Shares issued upon exercise of this Warrant, for Holder's own account and not with a view to their resale or distribution and (b) Holder is an "accredited investor" as such term is defined under Rule 501 promulgated under the Securities Act of 1933, as amended (the "1933 Act").

3.2 Holder acknowledges that this Warrant has not been registered under the 1933 Act, on the ground that the issuance of this Warrant is exempt from registration pursuant to Section 4(a)(2) of the 1933 Act, and that the Company's reliance on such exemption is predicated on the representations of Holder set forth herein.

3.3 In connection with the investment representations made herein, Holder represents that it is able to fend for itself in the transactions contemplated by this Warrant, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of his investment, has the ability to bear the economic risks of its investment and has been furnished with and has had access to such information as it has requested and deemed appropriate to its investment decision.

3.4 Holder hereby confirms that Holder has been informed that this Warrant, and the Warrant Shares issued upon exercise of this Warrant, are restricted securities under the 1933 Act and may not be resold or transferred unless this Warrant, or the Warrant Shares issued upon exercise of this Warrant, as the case may be, are first registered under the federal securities laws or unless an exemption from such registration is available. Holder acknowledges that the Company has no obligation to register the Warrant Shares. Accordingly, Holder hereby acknowledges that Holder is prepared to hold this Warrant, and the Warrant Shares issued upon exercise of this Warrant, for an indefinite period and that Holder is aware that Rule 144 of the Securities and Exchange Commission issued under the 1933 Act is not presently available to exempt the issuance of this Warrant from the registration requirements of the 1933 Act.

3.5 Holder hereby agrees that Holder shall make no disposition of this Warrant or the Warrant Shares issued upon exercise of this Warrant unless and until Holder shall have provided the Company with assurances that (a) the proposed disposition does not require registration of the Warrant Shares under the 1933 Act, or (b) all appropriate action necessary for compliance with the registration requirements of the 1933 Act or of any exemption from registration available under the 1933 Act has been taken.

3.6 In order to reflect the restrictions on disposition of the Warrant Shares, the stock certificates for the Warrant Shares will be endorsed with restrictive legends to the following effect:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT OR SUCH LAWS.”

Warrant Agreement

4. Representations, Warranties and Covenants of the Company. This Warrant is issued and delivered by the Company and accepted by Holder on the basis of the following representations, warranties and covenants made by the Company:

4.1 The Company covenants that it will at all times from and after the date hereof reserve and keep available, free and clear of all preemptive or similar rights, such number of its authorized shares of Common Stock as will be sufficient to permit, respectively, the exercise of this Warrant in full. The Company covenants further that such shares as may be issued pursuant to such exercise will, upon issuance, be duly and validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issuance thereof.

4.2 The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized, issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

4.3 The issuance, execution and delivery of this Warrant do not, and the issuance of the shares of Common Stock upon the exercise of this Warrant in accordance with the terms hereof will not, (a) violate or contravene the Company's Certificate of Incorporation (or Articles of Incorporation) or Bylaws, or any law, statute, regulation, rule, judgment or order applicable to the Company, (b) violate, contravene or result in a breach or default under any contract, agreement or instrument to which the Company is a party or by which the Company or any of its assets are bound or (c) require the consent or approval of or the filing of any notice or registration with any person or entity.

4.4 If any shares of the Common Stock required to be reserved for issuance upon exercise of this Warrant or as otherwise provided hereunder require registration or qualification with any governmental authority or other governmental approval or filing under any federal or state law before such shares may be so issued, the Company will in good faith use its commercially reasonable efforts to, as promptly as practicable at its expense, cause such shares to be duly registered or qualified or such approval to be obtained or filing made. If the Company shall list any shares of Common Stock on any securities exchange it will, at its expense, list thereon, maintain and increase when necessary such listing of, all shares of Common Stock from time to time issued upon exercise of this Warrant or as otherwise provided hereunder, and, to the extent permissible under the applicable securities exchange rules, all unissued shares of Common Stock which are at any time issuable hereunder, so long as any shares of Common Stock shall be so listed.

Warrant Agreement

4.5 The Company shall not by any action (including, without limitation, amending the Company's Certificate of Incorporation (or Articles of Incorporation) or Bylaws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other action) avoid or seek to avoid (directly or indirectly) the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary, appropriate or desirable to protect the rights of the Holder hereof against impairment.

4.6 The Company acknowledges that (a) this Warrant is being granted to Holder as a charitable gift and that the net proceeds realized by Holder from the disposition of the Warrant Shares (the "Proceeds") will be granted to one or more charitable organizations or charitable purposes, and (b) the Company has (i) been provided with documentation whereby it can designate specific foundations or charities to which the Proceeds will be allocated and/or (ii) entered into an understanding with Holder regarding the establishment of a donor advised or other fund. To the extent the Company has not completed the documentation referred to in the preceding sentence, or if at the time the Proceeds are realized any of the designated foundations or charities fail to exist, or decline to receive the Proceeds, Holder and Company will work together in good faith to identify one or more charitable organizations to receive the proceeds, consistent with Holder's charitable purpose. If Company is unable, unwilling or does not wish to work with Holder to make such determination, Holder shall reallocate the Proceeds or transfer and distribute all unallocated Proceeds to Pledge 1%, a nonprofit fiscally sponsored by the Tides Foundation, or if Pledge 1% is no longer a going concern, then Holder may reallocate the Proceeds or transfer and distribute all unallocated Proceeds for distribution and allocation to alternate charitable organizations or charitable purposes as Holder in its sole discretion, may determine.

Warrant Agreement

5. Fractional Shares. No fractional shares shall be issued in connection with any exercise of this Warrant. In lieu of the issuance of such fractional shares, the Company shall make a cash payment equal to the then fair market value of such fractional share as determined in good faith by the Company's board of directors.

6. No Privilege of Stock Ownership. Prior to the exercise of this Warrant, Holder shall not be entitled, by virtue of holding this Warrant, to any rights of a stockholder of the Company, including, without limitation, the right to vote, receive dividends or other distributions, or exercise preemptive rights, and such holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company. Nothing in this Section 6 shall limit the right of Holder to be provided the notices required herein or to participate in distributions described in Section 2 of this Warrant if Holder ultimately exercises this Warrant.

7. "Market Stand-Off" Agreement. Holder hereby agrees that it shall not lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or enter into any hedging or similar transaction with the same economic effect as the foregoing, any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration or purchased in the registration or aftermarket) for the 180-day period following the date of the public filing of the registration statement relating to the Initial Offering; provided, that all officers and directors of the Company and holders of at least 5% of the Company's voting securities are bound by and have entered into substantially similar agreements. Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter that are consistent with the Holder's obligations under this Section 7 or that are necessary to give further effect thereto. The underwriters in connection with the Initial Offering are intended third party beneficiaries of this Section 7 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

Use of Charitable Proceeds/ Scheduled Sale: See pages 17 and 18 of the CEO Equity Playbook - Critical Considerations. In the event of the sale of a company, “you might also want to include language in the warrant agreement and Warrant MOU directing your philanthropic partner how and when the charitable proceeds from the sale of the warrant shares should be allocated after acquisition.” In the event of an IPO, the company can still pre-define and spread out the sale of the warrants over a number of years, we recommend that you include this scheduled sale language in the signed warrant agreement.

The language highlighted in yellow in Section 8 is optional but recommended.

8. Memorandum of Understanding Regarding Charitable Intentions. Holder and the Company acknowledge and agree that the intention of the Company in issuing the Warrant to Holder, and the basis on which Holder is accepting the Warrant, is to irrevocably contribute the Warrant and underlying shares (and any Proceeds issued therefrom) to charitable purposes, in accordance with Holder’s charitable status under Section 501(c)(3) of the Internal Revenue Code. To the extent Company has not identified charitable recipients of the Proceeds, as described in Section 4.6(b)(i), then, simultaneously with the Warrant, Holder and the Company will enter into a Memorandum of Understanding (the “MOU”) pursuant to which Holder will establish a donor advised fund, with the Company as donor, to hold the Warrant. The MOU will include the following terms (with such modifications to defined terms as is appropriate to retain the meaning intended here) in substantially the form of the following:

Section 8a directs your Philanthropic Partner how to spend the charitable proceeds in the event of an acquisition. You should include this language instructing how the charitable proceeds from the sale of the warrant shares should be allocated in the event of a sale of the company. You may want to include a time horizon to spend down the social impact funds/DAF. Additionally, you may want to allocate the funds to a default nonprofit, such as Pledge 1%, in the event the DAF is not actively managed for a period of over 5 years.

(a) Following a Sale of the Company (as such term is defined in the Warrant) and exercise of the Warrant, Holder will sell or otherwise transfer any shares of capital stock of the Company received as a result of its exercise of the Warrant in accordance with its Gift Acceptance Policy, subject to compliance with applicable securities laws. Holder will work with the Company (or any successor of the Company), in good faith to establish an agreement to utilize any Proceeds (as such term is defined in the Warrant) received as a result of its exercise of the Warrant (including consideration received in connection with such Sale of the Company) in a manner consistent with the intentions set forth in the Warrant and with Holder's charitable mission. In the event that the Holder has not received and approved recommendations regarding the use of Charitable Proceeds within 5 years following the Sale of the Company, the Company authorizes and directs Holder to [contribute [%] of such Proceeds to Pledge 1%, a nonprofit organization fiscally sponsored by the Tides Foundation. If Pledge 1% is no longer a going concern in good standing or such contribution is otherwise inconsistent with Holder's legal obligations, to] exercise its sole discretion to use the Proceeds to support charitable purposes, consistent with Holder's charitable mission and applicable law *provided that*, the parties agree that this provision will not be applicable if (i) Holder has received a recommendation and approved an ongoing program to support matching grants for employees of the Company or its successor, or (ii) Holder has received a recommendation to transfer the Charitable Proceeds to another donor advised fund host for the purpose of supporting matching grants for employees of the Company or its successor.

***Scheduled Sale:** See page 18 of CEO Equity Playbook - Critical Considerations - Ride the Upside of Your Stock. If you believe that it's likely that your stock price will rise over time post IPO, we recommend that you spread the sale of your shares over a period of 5 to 10 years. We recommend that you include this "scheduled sale" language highlighted in yellow in Section 8b. The numbers highlighted in green in 8b below should reflect the 5 to 10 year time period over which you instruct your Philanthropic Partner to implement a scheduled sale in the event of an IPO. This language is recommended but optional.*

See page 19 of CEO Equity Playbook - Critical Considerations - Avoid Stock Volatility. "Consider pre-setting the first sale of your social impact shares to a date other than the end of the lock-up period i.e. 1 year anniversary of your IPO or 2 months after the lock up."

(b) Following an Initial Offering, Holder will sell the Warrant Shares as follows: [1/10 th] of the Warrant Shares (rounded up to the nearest whole share) in the [second] month following the expiration of any lock-up or holding periods applicable to the Warrant Shares, and [1/10 th] of the Warrant Shares (rounded up to the nearest whole share) in the same month of each year (rounded forward to the next day in which applicable public markets are open) thereafter until all Warrant Shares are sold; provided that the Holder may (i) defer a sale if it determines, in its sole discretion, that (a) market conditions during the sale month are such that a sale would materially undervalue the Warrant Shares, undermining the intention of generating funds to support charitable grant making from the Fund, or (b) a sale would be inconsistent with applicable law, including the laws and regulations applicable to organizations organized under Section 501(c)(3) of the Internal Revenue Code, and the laws governing the sale of securities, including, without limitation, Rule 144 of the Securities Act of 1933 and Section 16 of the Securities and Exchange Act of 1934; and (ii) sell Warrant Shares on an expedited schedule, if the Company has recommended a docket of grants that exceed amounts available in the fund.

(c) Following any other occurrence of an event resulting in the exercise of the Warrant, Holder will sell or otherwise transfer any shares of capital stock of the Company received as a result of its exercise of the Warrant in accordance with its Gift Acceptance Policy, subject to compliance with applicable securities laws.

9. Transfers or Exchanges. This Warrant shall not be transferable, unless otherwise approved by the Company's board of directors.
10. Successors and Assigns. The terms and provisions of this Warrant shall be binding upon the Company, Holder, and their respective successors and assigns, subject at all times to the restrictions set forth in this Warrant.
11. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt of notice by the Company of the loss, theft, destruction, or mutilation of this Warrant, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and, if mutilated upon surrender and cancellation of this Warrant, the Company will make and deliver a new warrant, in identical form, and dated as of such cancellation, in lieu of this Warrant.
12. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action, or the expiration of any right required or granted herein shall be a Saturday, or Sunday, or shall be a legal holiday, then such action may be taken or such right may be exercised, except as to the purchase price, on the next succeeding day not a legal holiday.

Topping Off: See page 18 of the CEO Equity Playbook - Critical Considerations - Take Action to Preserve Social Impact Legacy. This is particularly relevant for early, you've demonstrated to your employees, future employees, partners, and customers your company's core values and culture. But, as you raise subsequent rounds of funding, your social impact legacy will be diluted.

"Topping off" is simply setting aside additional equity pre exit so that your social impact commitment once again equals 1% of your fully diluted shares. The language in 13b below documents an intent to grant warrants worth a full 1% of the outstanding shares of the Company and that the Board may vote to increase the number of shares without the Philanthropic Partner's consent. This is recommended to preserve your social impact legacy and is standard in the Tides form Warrant Agreement., but is optional.

(b) The Company and the Holder acknowledge and agree that the intent of the parties is that the number of Warrant Shares into which this Warrant is exercisable, as set forth in Section 1.1, shall represent one percent (1%) of the Company's fully diluted capitalization on a given date (including dates following the initial issuance of the Warrant in which such number of Warrant Shares is not known), and that the Company's board of directors may, from time to time, approve an increase in the number of Warrant Shares into which this Warrant is exercisable to effect such intent (or otherwise). No consent of the Holder shall be required for any increase in the number of Warrant Shares into which this Warrant is exercisable (accounting for any adjustments in accordance with Section 2 of this Warrant), and the Company shall promptly, after any such increase, provide notice to the Holder along with an amended and restated warrant reflecting the increase in the number of Warrant Shares as set forth in Section 1.1, or other documentation as shall provide the same effect, to which the Holder shall be entitled to rely upon. The Holder agrees that any such increase in Warrant Shares shall be subject to all terms, restrictions and obligations as the initial Warrant Shares as set forth in this Warrant, and to execute and deliver such other agreements as may be reasonably requested by the Company to give further effect hereunder.

14. **Governing Law.** This Warrant shall be governed by and construed in accordance with the laws of the State of California without regard to the conflict of law provisions thereof.

15. **Notices.** Any notice, demand or delivery pursuant to the provisions of this Warrant shall be in writing, shall be addressed as set forth below and shall be sufficiently delivered or made on the second business day if delivered by Federal Express or any other reliable overnight courier.

Warrant Agreement

Corporate Equity: 1% Upfront Model

If to the Company: [_____] [_____] [_____] [_____]

If to the Holder: General Counsel
Tides Foundation
1012 Torney Avenue
San Francisco CA 94129

Either the Company or Holder may change its address for notice purpose by providing written notice to the other party in accordance with this Section 14.

The Company executes this Warrant as of [Date _____]

[_____]

By: _____

Print Name: _____

Title: _____

ACCEPTED AND AGREED:

[Tides Foundation _____]

By: _____

Print Name: _____

Title: _____



EXHIBIT A

Subscription

Attention: _____

Ladies and Gentlemen:

The undersigned hereby elects to purchase, pursuant to the provisions of the Warrant dated _____, 20__, _____ shares of Common Stock of _____, a _____ corporation. The certificate(s) for such shares shall be issued in the name indicated below:

Name for Registration: _____

Mailing Address: _____

[_____]

By: _____

Print Name: _____

Title: _____

EXHIBIT B

Net Issue Election

Attention: _____

Ladies and Gentlemen:

The undersigned hereby elects under Section 1.4 of the Warrant dated _____, 20____, (the "Warrant"), to exercise its right to receive ___ shares of Common Stock pursuant to the Warrant. The certificate(s) for such shares shall be issued in the name indicated below:

Name for Registration: _____

Mailing Address: _____

[_____]

By: _____

Print Name: _____

Title: _____



Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

See page 19 of the CEO Equity Playbook - Critical Considerations - Leverage the Simplicity of a Corporate Donor Advised Fund (DAF). This form is the Tides form Warrant MOU that companies will enter into when they execute a warrant agreement with the Tides Foundation, establishing an intent to open a DAF with Tides when the warrant becomes exercisable. Company will enter into another MOU with Tides establishing the DAF when the warrant becomes exercisable and they are ready to fund the DAF.

We provide this MOU as a template for working with Tides and as an example of what another Philanthropic Partner's MOU might look like. Please note that if you choose another philanthropic partner, they will likely have a different form warrant MOU and a different fee structure.

[DATE]

[COMPANY]

[ADDRESS]

DONOR ADVISED FUND [WARRANT]

MEMORANDUM OF UNDERSTANDING

[NAME OF COMPANY FUND]

Dear [_____]:

Thank you for choosing Tides Foundation (the "Foundation") as your partner in philanthropy. Since Tides' founding in 1976, we have worked with thousands of innovative partners to contribute to positive social change; to powerfully pursue our vision of a world of shared prosperity and social justice, founded on equality and human rights, a sustainable environment, healthy individuals and communities, and quality education. We are thrilled to include you in the Tides community, and look forward to being a thoughtful and effective partner in achieving our shared goals.

This letter (this "MOU") sets forth our mutual understanding regarding the [Name of Company Fund _____] (the "Fund"), a Donor Advised Fund established by the Foundation at the request of [Company _____] (the "Company").



WARRANT AGREEMENT

Warrant. The initial asset being donated to the Fund is a Warrant to Purchase Common Stock, issued by the Company to the Foundation on [Date _____], and attached hereto as Appendix B (the “Warrant”). The parties understand and agree that the Warrant can be exercised by the Foundation only in accordance with the terms described therein. The Company acknowledges that the Board of Directors of the Foundation exercises ultimate discretion and authority with respect to the exercise of the Warrant, subject to the terms thereof.

Limited Purpose Fund. No grantmaking and/or other activity in connection with the Fund can occur until such time as liquid assets and/or cash are donated to the Fund, or the Warrant is exercised in accordance with its terms. If the Company chooses to contribute assets to the Fund prior to the Warrant exercise or, if following the Warrant exercise, the Company chooses to maintain the Fund at Tides for continued grantmaking, the Foundation and the Company will execute a new Memorandum of Understanding, which will reflect the Foundation’s grantmaking policies and procedures and applicable law at such time, and will specify fees to be assessed to the Fund, including an administrative fee on cash generated in connection with exercise of the Warrant.

Fees. The fees and/or direct charges assessed to the Fund pursuant to this MOU are described on Appendix A. No fees will be assessed to the Fund prior to the Fund Transition.

Donor-Advised Funds. The Company acknowledges its understanding that donor advised funds, like the Fund, are subject to a number of restrictions under IRS rules and regulations. As of the date of this MOU, please note that the Foundation applies the following restrictions to all disbursements from the Fund:

- **No Compensation, Reimbursements, and Similar Payments.** The Philanthropic Partner will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iii) any business entity, partnership, trust or estate in which any of (i), (ii) or (iii), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii) and (iv), “Restricted Persons”). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund’s grantmaking.

- **No Prohibited Grant Benefits.** The Foundation will not make grants that result in more than an incidental benefit to any Restricted Person. For example, the Foundation will not make grants (i) to purchase tickets for, or tables at, charitable events, (ii) for membership in certain organizations, or (iii) to satisfy an economic obligation or pledge made by a Restricted Person.
- **No Grants to Individuals.** The Foundation will not make grants to individuals.
- **No Lobbying or Political Activity.** The Foundation will not make grants from donor advised funds to support lobbying, and will not make any grants that fund intervention or participation in (including the distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Any grant approved by the Foundation to support charitable and/or educational activities of a non-501(c)(3) organization with funds from a donor advised fund will be accompanied by a grant agreement that expressly (i) limits the use of the funds to charitable and/or educational activities, and (ii) prohibits the use of the funds for legislative lobbying and impermissible political activity.
- **No Distributions Inconsistent with 501(c)(3) Status.** The Foundation will not make any grants that are not inconsistent with the Foundation's legal responsibilities as a public charity under Internal Revenue Code section 501(c)(3).

All distributions from the Fund are reviewed and approved by the Foundation's staff, its Chief Executive Officer and/or Board of Directors. Foundation review includes ensuring a distribution's compliance with applicable law and consistency with the Foundation's mission.

Charitable Solicitations. Any solicitation for charitable contributions on behalf of the Foundation, including to support the Fund, is subject to federal, state and local laws, including, but not limited to, the laws that govern registration for charitable fundraising. Please note that any charitable contributions solicited for the Fund are also subject to all of the restrictions in this MOU. Please consult with your Tides advisor prior to engaging in any fundraising activity.

Inactive Funds / Transfer. If the Fund Transition does not occur within six months of the expiration of the Warrant, the Foundation will attempt to contact the Donor(s), Donor Advisor(s) or other Primary Contact identified on [Appendix C](#). In the event the Foundation is unable to connect with any Donor, Donor Advisor or other Primary Contact, or there is no Donor or Donor Advisor willing to act in that capacity, the Foundation will close the Fund.

ADDITIONAL SERVICES

The Foundation offers a variety of professional philanthropic services to support our partners in understanding, evaluating and achieving shared charitable goals. For example, we can develop a values planning session to help you refine philanthropic goals and strategies, produce a docket of funding recommendations with in-depth research on specific issue areas, create customized financial reports and related data regarding charitable grantmaking, and provide information, data and support regarding a comprehensive approach to charitable impact, including options for impact investing. Please feel free to contact your Tides advisor for additional detail regarding any of these services, including associated fees.

Please note that the Foundation reserves the right to amend its policies at any time. We consider and balance the needs and expectations of our charitable partners, the evolving rules applicable to funding charitable activities contemplated herein, and the effective achievement of our charitable mission when doing so.

If this letter accurately describes your understanding of the arrangement, please sign and return the enclosed copy. If you have any questions, or if I can clarify any of the above points, please do not hesitate to contact me.

Thank you again for choosing Tides Foundation.

Sincerely,

Tuti Scott
CEO

I understand and will abide by these terms and conditions. I will ensure that any Donor and Donor Advisor also understands and will abide by these terms and conditions.

AGREED TO:

Name, Title

Date



Please note that Tides' fees below will vary if you maintain a DAF at Tides or not. Other Philanthropic Partners may have different fee structures. We provide this by way of example.

APPENDIX A

FEES

Fee Description	Fee
Fees Assessed in Connection with Exercise of the Warrant	
Warrant Execution Fee	\$5,000*
Fees Assessed in Connection with Exercise of the Warrant	
If the Company does not maintain the Fund for Grantmaking at Tides	
<i>Note, under these circumstances, the Company may recommend up to three, one-time grants to 501(c)(3) organizations within 120 days of the cash contribution to the account.</i>	
Administrative Fee	X% fee on the cash generated from exercise of the Warrant*
Wire Transfer Fee	Domestic: \$20.00 per wire International: \$40.00 per wire
If the Company chooses to maintain the Fund for Grantmaking at Tides	
<i>A new Memorandum of Understanding will describe fees applicable to the Fund, including the administrative fee on the cash generated from exercise of the Warrant. Illustrative fees, as of the date of this MOU, are attached as Appendix D. *If the company maintains their DAF at Tides, Tides generally waives the warrant execution fee.</i>	



APPENDIX A

DIRECT CHARGES

The Fund will be assessed any direct third party costs or charges incurred in operating the Fund. Examples include third party charges associated with specific grants, and fees and charges imposed by banks associated with, i.e., wire transfers. The Fund will also be assessed any external legal and accounting costs required to complete special, unique transactions, including if and as required to exercise the Warrant and/or sell the underlying stock. Such charges will be discussed with your Philanthropic Partner before they are incurred.

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

Establishing a DAF: See page 19 of the *CEO Equity Playbook - Critical Considerations - Leverage the Simplicity of a Corporate Donor Advised Fund (DAF)*. This is a Tides form MOU that companies will enter into when the warrants become exercisable and they are ready to fund their DAF with the Tides Foundation.

We provide this MOU as a template for working with Tides and as an example for what another Philanthropic Partner's MOU establishing a DAF might look like. Please note that if you choose another philanthropic partner, they will likely have a different MOU form and fee structure.

DONOR ADVISED FUND [ESTABLISHING DAF]

MEMORANDUM OF UNDERSTANDING

[NAME OF COMPANY FUND]

Thank you for choosing Tides Foundation (the "Foundation") as your partner in philanthropy. Since 1976, Tides has worked with thousands of innovative partners to contribute to positive social change; to powerfully pursue our vision of a world of shared prosperity and social justice, founded on equality and human rights, a sustainable environment, healthy individuals and communities, and quality education. We are thrilled to include you in the Tides community, and look forward to being a thoughtful and effective partner in achieving our shared goals.

This letter (this "MOU") sets forth our mutual understanding regarding the [Name of Company Fund _____] (the "Fund"), a donor advised fund established by the Foundation at the request of [Company _____]:

Donor Certification

- I am authorized to execute this MOU on behalf of [Company_____].
- [Company_____] understands that the Foundation has approved the Fund based on it and the Foundation’s mutual understanding regarding the policies and procedures described in this MOU.
- [Company_____] understands and will abide by the terms and conditions of this MOU, and will ensure that each Donor and/or Donor Advisor to the Fund also understands and abides by such terms and conditions.

AGREED TO:

[Company_____]

Name, Title

Date



Terms and Conditions

A. DISTRIBUTIONS FROM THE FUND

Recommendation/Review Process. The legal distinction of a donor advised fund is the right of the donor to the Fund (the “Donor”) and any person appointed or designated by the Donor (a “Donor Advisor”) to make recommendations regarding disbursements from the fund. Following a recommendation by a Donor Advisor regarding a grant from the Fund, the Fund’s Tides Advisor will coordinate review of the proposed grant. In accordance with IRS rules and regulations, the Foundation maintains and exercises full discretion and control with respect to amounts contributed to it, and will use its independent judgment to determine whether a proposed distribution from the Fund will forward Tides’ charitable mission and otherwise comply with applicable law. Tides’ charitable mission, as reflected in its Vision, Mission, and Approach, is attached to this MOU as Appendix B.

Distribution Minimum. The Foundation does not make disbursements of less than \$250. Any release of funds will be contingent on there being sufficient amounts in the Fund to cover the disbursement and all related fees.

Prohibited Distributions. Donor advised funds are subject to a number of restrictions under IRS rules and regulations. To ensure compliance with all rules and regulations and to safeguard Foundation’s charitable purpose, the following restrictions apply to all disbursements from the Fund:

- **No Compensation, Reimbursements, and Similar Payments.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii) or (iii), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii) and (iv), “Restricted Persons”). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund’s grantmaking.
- **No Prohibited Benefits.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii) or (iii), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii) and (iv), “Restricted Persons”). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund’s grantmaking.

- **No Grants/Distributions to Individuals.** The Foundation will not make grants or other distributions from a donor advised fund to individuals.
- **No Lobbying or Political Activity.** The Foundation will not make distributions from a donor advised fund to (i) support lobbying, (ii) intervene or participate in (including through the distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office, or (iii) engage in or support partisan political activity. Any grant approved by the Foundation to support charitable and/or educational activities of a non-501(c)(3) organization with funds from a donor advised fund will be accompanied by a grant agreement that expressly limits the use of the funds to charitable and/or educational activities, and prohibits the use of the funds for impermissible political activity.
- **No Distributions Inconsistent with 501(c)(3) Status.** The Foundation will not make any grants or other distributions that are inconsistent with the Foundation's legal responsibilities as a public charity under Internal Revenue Code section 501(c)(3) or with the rules under IRC section 4966 applicable to donor advised funds.

Expenditure Responsibility. In accordance with IRS rules, the Foundation exercises expenditure responsibility in connection with certain grants from a donor advised fund, including grants to international organizations, to organizations not organized under section 501(c)(3) of the Internal Revenue Code, and to non-operating private foundations.

B. FUND MANAGEMENT AND REPORTING

Appointment / Identification of Donor Advisor. You have identified the person(s) listed on [Appendix C](#) as the Donor Advisor(s) to the Fund, as of the date of this MOU, one of whom is identified as a "Primary Contact". Any change to the Donor Advisor(s) and/or Primary Contact must be communicated to the Fund's Tides Advisor in writing. Each Donor Advisor must comply with all terms and conditions of this MOU.

Successor Donor Advisors. The Fund may appoint one generation of successor Donor Advisor(s), or may recommend that, following a certain time and/or inactivity of the Donor/Donor Advisor, distributions from the Fund be made to specific issue area(s) or organization(s). Such recommendations will be subject to the continued discretion of Foundation staff, as described in this MOU. Any successor Donor Advisor(s) identified as of the date of this MOU are listed on [Appendix C](#).

Charitable Solicitations. Any solicitation for charitable contributions on behalf of the Foundation, including to support the Fund, is subject to federal, state and local laws, including, but not limited to, the laws that govern registration for charitable fundraising. Please note that any charitable contributions solicited for the Fund are also subject to all of the restrictions in this MOU. Please consult with the Fund's Tides Advisor prior to engaging in any fundraising activity.

Donor Acknowledgement. The Foundation complies with all applicable laws regarding donor acknowledgement. It is the Foundation's general policy to acknowledge only cash contributions of \$250 or more. Online donations received in a lump sum from an online fundraising platform will be recorded in one lump sum; unless otherwise agreed, the Foundation does not send acknowledgements to individual donors contributing through an online fundraising platform.

Foundation Reporting. The Foundation will provide the Primary Contact with quarterly reports of Fund activity unless other arrangements are requested and agreed to by the Primary Contact and the Foundation. Only cash receipts to the Fund of \$250 or more will be acknowledged to a donor. The Primary Contact and such other person(s) agreed with Foundation also have access to information about the Fund via our secure online service. Copies of the Foundation's annual financial statements and audit will be forwarded on request.

Grantee Reporting. Some grantees are required to submit programmatic and financial reports to the Foundation. [Grantee_____] may request copies of these reports on a grant-by-grant basis or for all grants made from the Fund. You may also coordinate with your Tides Advisor regarding any special grantee reporting requests that you have.

C. OTHER ADMINISTRATION AND FEES

Inactive Funds / Transfer. If no contributions or grant recommendations are made in connection with the Fund during any two-year period, the Foundation will attempt to contact you and, if we are unable to contact you, any other Donor Advisor(s) listed in Foundation's records and authorized to act on [Grantee_____]'s behalf. In the event the Foundation is unable to connect with an authorized representative of [Grantee_____], or there is no such person willing to act in that capacity with respect to the Fund, Foundation staff will recommend disbursements for any amounts remaining in the Fund, taking into account issue areas or organizations designated by the Fund (if any), and take appropriate steps to close the Fund If [Grantee_____] wishes to transfer all or a portion of the Fund to another public charity engaged in activities consistent with the charitable purposes of the Foundation, a recommendation may be made to the Foundation, which will be reviewed in a manner consistent with the policies and procedures described above.

Fees and Charges Assessed to the Fund. Please see [Appendix A](#) for a detailed list of fees and other charges assessed to the Fund.

Investment Income. At any one time, the Foundation holds substantial assets. The Foundation's management of those assets includes investment pursuant to the Foundation's Investment Policy Statement. Investment income earned by the Foundation from the management of its assets, including assets in the Fund, are credited exclusively to Tides' general fund, which covers operating and administrative costs of the Foundation. The Foundation's management of its assets has no impact on the availability of amounts for disbursement from the Fund.

D. ADDITIONAL SERVICES

This MOU covers standard grantmaking services from a donor advised fund. The Foundation also offers a variety of professional philanthropic services to support our partners in understanding, evaluating and achieving shared charitable goals. For example, we can develop a values planning session to help you refine philanthropic goals and strategies, produce a docket of funding recommendations with in-depth research on specific issue areas, create customized financial reports and related data regarding charitable grantmaking, and provide information, data and support regarding a comprehensive approach to charitable impact, including options for impact investing. Please feel free to contact your Tides Advisor for additional detail regarding any of these services, including associated fees.

E. POLICY CHANGES

Please note that the Foundation reserves the right to amend its policies at any time. We consider and balance the needs and expectations of our charitable partners, the evolving rules applicable to funding the type of charitable activities contemplated by this MOU, and the effective achievement of our charitable mission when doing so.

Please note that Tides will fill in pricing at the time of entering into the DAF MOU based on the agreement between Tides and the entity creating the DAF. Tides fees are generally 1.25% for a standard DAF for Pledge 1% companies. However, if there are significant assets, Tides will customize pricing so that the fee is reasonable. There is also an invested DAF fund option with a different pricing schedule. See Tides Pricing Sheets starting on page 193 of this Companion Guide.

Other Philanthropic Partners may have different fee structures. We provide this by way of example.

Appendix A: Tides Fees

(Per note above, customized when assets are significant)

Fee Description	Fee
Administrative Fee	[1.25]% of each contribution
Contract Fee	[4.5]% of the value of the contract
Grant Fee	\$50.00 for each installment of a grant
Expenditure Responsibility Fee	\$350.00 per grant
Minimum Annual Fee	Difference between \$500.00 and total administrative and contract fees paid by Fund during calendar year.
Other Philanthropic Services/Special Transactions Fee	Additional fees may be required for Tides' staff time associated with additional Fund-specific services, including philanthropic consulting or special or unique transactions requested by a Donor Advisor. Any such fees would be agreed with such Donor Advisor prior to initiation of the transaction.

The Foundation reviews its fees from time to time. Any proposed changes to fees will be discussed with you and/or the Fund's Primary Contact in good faith, taking into account the evolving rules applicable to funding charitable activities contemplated herein, and the effective achievement of our charitable mission.

Third Party Costs

The Fund will be assessed a wire transfer fee of \$20.00 for each domestic wire transfer, and \$40.00 for each international wire transfer, as well as any other bank or other third party fees or charges associated with grants or other transactions specific to the Fund. Examples include a void/reissue fee associated with incorrect information provided to Tides by the Fund or a proposed grantee and, in the case of an invested fund, any investment management fee charged directly by the custodian. The Fund will also be responsible for any unrelated business income tax and the cost of any external legal and accounting services associated with specific transactions requested by a Donor Advisor to the Fund and approved by Tides. Engagement of any external legal and/or accounting professionals will be discussed and agreed with such Donor Advisor before reimbursable charges are incurred.

Tides describes its purpose as highlighted in yellow below, but if you choose another philanthropic partner, the language to be included in their form MOU will likely describe that organization's philanthropic purpose.

Appendix B

The Foundation is a mission-driven public charity committed to positive social change. We actively promote movement toward a more just society, founded on principles of social justice, broadly shared economic opportunity, a robust democratic process, and sustainable environmental practices.

Our Vision

A world of shared prosperity & social justice founded on:

- Equality & human rights
- Sustainable environment
- Quality education
- Healthy individuals & communities

Our Mission

Tides accelerates the pace of social change, working with innovative partners to solve society's toughest problems.

Our Approach

- We cross boundaries and link sectors, communities, and cultures.
- We act with empathy and respect.
- We engage with those whose lives are affected.
- We embrace risk.
- We prioritize ideas that can scale.

Appendix C

Donor Advisor Detail

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

We include below an example of disclosure language that your company might use in its S-1 Registration Statement disclosing the grant of warrants to fund your social impact work.

Capitalization Section

In addition, in [Insert date warrant agreement executed _____], we issued a warrant to [Tides Foundation][Philanthropic Partner _____] to purchase up to [_____] shares of our common stock at an exercise price of \$0.01 per share, which remained outstanding as of [Insert date S-1 filed _____]. Immediately prior to completion of this offering, this warrant will automatically be net exercised for a net amount of shares based on the initial public offering price after deduction of a number of shares equal in value to the aggregate exercise price.

Letter from CEO or Other Section

Social Responsibility and Community Initiatives

We launched [Insert name of philanthropic initiative _____] in [20__] to ensure a sustainable contribution to the communities in which we live, work, and service by integrating social responsibility and impact into our business. The program leverages technology, people, and community to help nonprofit organizations empower their teams to respond in real time and positively impact their communities.

We joined Pledge 1% with the commitment to donate 1% of equity, 1% of product and 1% of employee time to social responsibility initiatives. The pledge strengthens our social responsibility initiatives through inclusion efforts with community partners, empowering volunteerism, and support for nonprofits. In [Insert date Warrant Agreement executed _____], we fulfilled our equity pledge by issuing a warrant to purchase shares of our common stock to the [Tides Foundation][Philanthropic Partner _____].

Below is language that Upwork included in its S-1 Registration Statement disclosing the grant of warrants to fund the Upwork Foundation Initiative.



[Example]

Language in UpworkS-1

The Upwork Foundation Initiative In April 2018, we established The Upwork Foundation initiative. The objective of The Upwork Foundation initiative is to further our mission of creating economic opportunities to make people's lives better by supporting:

- those who may not otherwise fully benefit from the changing nature of work, including through organizations focused on skill development in underserved communities;
- nonprofit organizations to increase their social impact by using our platform; and
- our employees in volunteering in their local communities.

The initiative will include a donor-advised fund created through the Tides Foundation. We believe that building a sustainable program for charitable donations fosters employee morale, enhances our community presence, and strengthens our brand. In May 2018, we issued a warrant to purchase 500,000 shares of our common stock to the Tides Foundation at an exercise price of \$0.01 per share. This warrant is exercisable as to 1/10th of the shares on each anniversary of the effective date of this offering. Upon the exercise and sale of these shares, we will instruct the Tides Foundation to donate the proceeds from such sale in accordance with our direction.

In addition to the creation of The Upwork Foundation initiative, we have signed on to the Pledge 1% [movement], which publicly acknowledges our intent to give back and increase social impact. To fulfill our intent under this [initiative], in addition to granting the warrant to the Tides Foundation, we will also implement programs allowing our employees to donate their time to volunteer programs and will be undertaking certain product initiatives designed to benefit nonprofit organizations. We believe this further displays to our employees and other stakeholders our commitment to further our mission. IPO 10.18

2. Corporate Equity: 1% Distributed Model

Board Resolution ... 48

**Stock Transfer Agreement
(Corporate) ... 54**

**Donor-Advised Fund MOU
(Corporate Establishing DAF)
... 60**

S-1 Language ... 69

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

If you are sending these resolutions to Board members to execute and return, choose Unanimous Written Consent. If an in-person vote, then choose Resolution.

[UNANIMOUS WRITTEN CONSENT] [RESOLUTION]

OF

THE BOARD OF DIRECTORS

OF

[NAME OF COMPANY]

The undersigned, being all of the members of the board of directors of [Name of Company_____] (the “Board”), a [Delaware/Colorado/California][_____] corporation (the “Company”), [acting by written consent without a meeting] pursuant to [Section 141(f) of the Delaware General Corporation Law] [Section 7-108-202 of the Colorado Business Corporation Act] [Section ____ of the California Corporation Law][_____] [1], do hereby consent to, vote in favor of, and adopt the following resolutions, which resolutions [shall be deemed adopted when all members of the Board have signed this consent][are hereby adopted]:

[1] Note: make sure that the correct statutory references are included here depending on the company’s state of incorporation.

WHEREAS, the Board deems it to be in the best interests of the Company and its shareholders to reserve [Insert Number that is 1% of the Company’s fully diluted shares on the date of the Board Resolution] shares of the Company’s [Class A] Common Stock (the “Pledge 1% Shares”) for future issuance to fund the Company’s philanthropic endeavors, including possible issuance to [Tides Foundation, a California nonprofit public benefit corporation.][Philanthropic Partner_____].

Identifying your Philanthropic Partner: It is not necessary to identify a philanthropic partner at the time that your Board approves the equity grant via the 1% Distributed Model, so the language highlighted in yellow above is optional. However, if you have chosen a philanthropic partner, then you may include this language identifying your Philanthropic Partner.

Authorizing Future Issuance of Shares: *The board resolution below authorizes the Company to reserve 1% of fully diluted shares for future issuance. This resolution is critical to formalize your equity pledge via the 1% Distributed Model. If you have chosen a Philanthropic Partner, then you may include this language highlighted in yellow identifying your Philanthropic Partner, but it is optional.*

NOW THEREFORE BE IT RESOLVED: That the Pledge 1% Shares (or the net proceeds from the sale of such Pledge 1% shares) are hereby reserved from future authorized shares for issuance at the direction of Authorized Officers for the Company's philanthropic endeavor, including possible issuance to the [Tides Foundation][Philanthropic Partner], to be made at the direction of an officer of the Company.

Authorizing Issuance of Shares Each Year: *With the 1% Distributed Model, the Board will need to pass a resolution each year, authorizing the issuance of the Pledge 1% Shares that the Company intends to use to fund their social impact work that year. The resolution below instructs the Board to approve the issuance of the portion of the Pledge 1% Shares that the company intends to issue each year, and if you like, you may designate your philanthropic partner (in this case, Tides).*

RESOLVED FURTHER: That each year, the Board will authorize the Authorized Officers to issue that number of shares of the Pledge 1% Shares that the Board deems it to be in the best interests of the Company and its shareholders to issue, including possible issuance to Tides.

Outline Plans for Change of Ownership: *See page 17 of the CEO Equity Playbook - Critical Considerations - Outline Plans for Change of Ownership - Corporate 1% Distributed Model. Clearly define the treatment of outstanding social impact shares commitment in the event of an acquisition. "If possible, we recommend that the Board Resolution approving the issuance of shares for social impact, include language which commits to the following in the event of an acquisition:*

Remaining portion of the originally reserved social impact shares (or the current value thereof) will continue to be issued on the original schedule to the philanthropic partner for distribution to charitable purposes.

If it is not practical to continue this over the remaining portion of the X-year period, a minimum of 45% of the total originally reserved social impact shares will be transferred at the time of the acquisition to the philanthropic partner (likely 0.1% at time of Board Resolution and another 0.35% at exit)."

Locking In At Least .1% of Shares Upfront: See page 18 of CEO Equity Playbook - Critical Considerations - Lock in at least .1% Upfront. This will ensure that no matter what happens, some level of social impact legacy will be preserved, in the event of an IPO or acquisition.

The Board resolution immediately below is recommended but optional, approving the transfer of .1% (or another amount) to your Philanthropic Partner immediately.

The language highlighted in **turquoise approves transferring a total of 45% (or a higher amount) to the Philanthropic Partner prior to the sale of the company; and the language highlighted in **green** approves the transfer of shares to the Philanthropic Partner in the event of an IPO.**

The goal is to approve transferring as many of the Pledge 1% Shares as possible to the Philanthropic Partner at the time of the liquidity event.

RESOLVED FURTHER: That the Company shall transfer such shares to the Philanthropic Partner as follows:

The Company shall transfer [10%] of the Pledge 1% Shares to the Philanthropic Partner immediately, and the remainder as set forth below. An Exit Event is defined as the earlier of the following events:

(i) “**Change of Control**” shall mean any (i) sale, lease, exclusive license or other disposition of all or substantially all of the assets of Company, (ii) merger, consolidation or reorganization with respect to Company, or (iii) sale or transfer of all or substantially all of the then-outstanding equity securities of Company in one or a series of related transactions, or

(ii) “**Initial Public Offering**” shall mean the closing of Company’s first firm commitment underwritten initial public offering of Company’s common stock pursuant to a registration statement filed under the Securities Act of 1933, as amended.

If the Exit Event is a **Change of Control** or in the event of a **Change of Control** after the Exit Event, and it is not possible to continue the transfer schedule outlined in the paragraph above, the transfer of the Pledge 1% Shares shall be accelerated and immediately prior to the closing of the **Change of Control**, the Company shall transfer that number of shares to the Philanthropic Partner such that [45%] of the Pledge 1% Shares will have been transferred to the Philanthropic Partner.

If the Company’s Exit Event is an **Initial Public Offering**, then the Company shall transfer [35% of the Pledge 1% Shares] to the Philanthropic Partner within [30 days] of an Exit Event and an additional [X% of the Pledge 1% Shares] upon [each anniversary of the Company’s Exit Event] for [X years] following the Exit Event.



See page 18 of the *CEO Equity Playbook - Take Action to Minimize Social Impact Legacy Dilution*. The following resolution is also recommended but optional.

We recommend that you include in your resolution the language highlighted in yellow reflecting an intent to “top off” either right before your IPO (or with each subsequent funding round), but this resolution is optional.

RESOLVED FURTHER: That it is the Company’s intent to transfer additional shares of the Company’s [Class A] Common Stock to the Philanthropic Partner immediately prior to the closing of an Exit Event at Company, such that the total amount of shares transferred to the Philanthropic Partner shall be 1% of the number of the Company’s fully diluted shares as of the date of the Exit Event.

Be sure to check your Certificate of Incorporation to determine whether you need to obtain shareholder approval for the issuance of the shares. Shareholder approval may be required due to the price-based anti-dilution rights held by preferred shareholders that could be triggered by the deemed issuance of new shares. If shareholder approval is required, you should include the resolution immediately below.

RESOLVED FURTHER: That, the officers of the Company are, and each them individually hereby is, authorized and directed, for and on behalf of the Company, to obtain shareholder approval of at least [__%] of the then outstanding shares [of Preferred Stock (voting together as a single class)] for the issuance of the shares.

RESOLVED FURTHER: That the form, terms and provisions of the Stock Transfer Agreement attached hereto as Exhibit A are hereby approved, adopted and confirmed.

RESOLVED FURTHER: That any Common Stock shall be validly issued, fully paid and non-assessable when issued in accordance with the terms of the Stock Purchase Agreement, and the issuance of such shares of capital stock is hereby approved.

RESOLVED FURTHER: That the Chief Executive Officer and other appropriate officers of the Company (the “Authorized Officers”), be, and each them individually hereby is, authorized and directed, for and on behalf of the Company, to execute and deliver the Pledge 1% Shares to the Philanthropic Partner.

RESOLVED FURTHER: That the Authorized Officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to execute and submit any and all documents to comply with all applicable state and federal securities laws in connection with the issuance of the securities contemplated hereby.

NOW, THEREFORE, BE IT RESOLVED: That the Company is authorized to issue _____ [Insert Number that is 1% of the Company's fully diluted shares on the date of the Board Resolution] shares of Common Stock to the Philanthropic Partner.

If you are taking action by unanimous written consent vs. voting in an actual Board meeting, include the following language:

[RESOLVED FURTHER: That an executed copy of this Unanimous Written Consent shall be filed with the minutes of the proceedings of the Board.]

This Unanimous Written Consent shall be effective as of the date the Company receives the unanimous consent of the Company's directors. This Unanimous Written Consent may be signed in two or more counterparts, each of which shall be deemed an original, and all of which shall be deemed one instrument. Any copy, facsimile or other reliable reproduction of this action by written consent may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used.

IN WITNESS WHEREOF, the undersigned directors have duly executed this Unanimous Written Consent which shall be deemed effective as of the date set forth below.]

Date signed:

Date signed:

Date signed:



Exhibit A

Form Stock Transfer Agreement

*See the following document
(Stock Transfer Agreement)*

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

To be executed each year/instance the Company desires to transfer shares to its Philanthropic Partner.

Stock Transfer Agreement

THIS STOCK TRANSFER AGREEMENT, made and effective as of [____], 20[___] (the “Effective Date”), is by and among [Tides Foundation, a California nonprofit public benefit corporation, (“Philanthropic Partner”)] [_____] a _____ corporation “Philanthropic Partner”] and [Company____] (the “Company”), a [____] corporation.

RECITALS

WHEREAS, Company desires to transfer [____] shares (the “Shares”) of the Company’s [common stock] to the [Philanthropic Partner Foundation] [Philanthropic Partner _____];

WHEREAS, [Tides][Philanthropic Partner _____] is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code;

WHEREAS, Company desires to transfer, as a gift and for bona fide charitable purposes, all of Company’s right, title and interest to the Shares to [Tides][Philanthropic Partner _____] (the “Gift”); and

WHEREAS, the Company’s Board of Directors has authorized and approved the Gift.

AGREEMENT

NOW THEREFORE, in consideration of the promises and of the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Transfer.**

a. Company hereby transfers and assigns to Philanthropic Partner, and Philanthropic Partner hereby agrees to accept and assume, all of Company's right, title and interest to the Shares.

b. Company has delivered to Philanthropic Partner the original stock certificate or certificates representing the Shares, if applicable, and Company shall instruct the Company to: (i) cancel Company's original stock certificate or certificates representing the Shares and (ii) issue duly executed stock certificates evidencing the Shares to Philanthropic Partner.

2. **Representations and Warranties of Company.**

a. Title to Shares. Company is the sole beneficial owner of the Shares, with good and marketable title to the Shares, free and clear of any pledge, lien, security interest, encumbrance, options, claim, restrictions, including vesting and repurchase rights of the Company, or equitable interest.

b. Authority. Company has all necessary power and authority to enter into and perform this Agreement. This Agreement constitutes Company's valid and binding obligation.

c. Bona Fide Gift. Company is transferring the Shares as a bona fide gift to Philanthropic Partner (the "Gift"), and is receiving no monetary compensation from Philanthropic Partner or any affiliate of Philanthropic Partner in connection with the transfer. Other than this Agreement, Company has no contract, undertaking, agreement or arrangement with any person, including Philanthropic Partner, pursuant to which Company or an affiliate of Company would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

d. Compliance with Other Instruments. The execution, delivery and performance of this Agreement and the consummation of the Gift will not result, with or without the passage of time and giving of notice, in any in violation or default of any instrument, judgment, order, writ or decree, under any note, indenture or mortgage, or under any lease, agreement, contract or purchase order to which Company is a party or, to Company's knowledge, of any provision of federal, state or local statute, rule or regulation applicable to Company.

e. Transfer and Voting Restrictions. The Shares are not subject to any restrictions on transfer, rights of first refusal, right of repurchase, or voting obligation, other than as described on Appendix A to this Agreement. Company has provided Philanthropic Partner with true and complete copies of any and all agreements describing any such restrictions on transfer, rights of first refusal, right of repurchase or voting obligation.

f. Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or, to Company's knowledge, investigation pending or, to Company's knowledge, currently threatened that questions the validity of this Agreement or the right of Company to enter into this Agreement, or to consummate the transactions contemplated hereby.

g. Representation by Counsel: Company Qualifications. Company has been represented by his or her own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Company acknowledges and agrees that Company is not relying on any tax, accounting or other advice from Philanthropic Partner, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the Gift. Company represents that by reason of Company's business or financial experience, Company has the capacity to protect his own interests in connection with the transactions contemplated in this Agreement.

h. Disclosure. Company acknowledges that the price and terms of the Gift have been privately discussed between Company and Philanthropic Partner without the material involvement of the Company. Notwithstanding the foregoing, Company has received all the information Company considers necessary or appropriate for deciding whether to complete the Gift. Company has entered into this Agreement based on Company's own knowledge, investigation and analysis, and Company understands that the Company's plans for the future, if successful, may result in an increase in the value of the Shares. Company acknowledges and understands that Company will not be entitled to the benefit of any future increase in the value of the Shares. Neither the Company nor Philanthropic Partner has made any representation to Company about the advisability of this decision or the potential future value of the Company's shares.

3. Representations and Warranties of Philanthropic Partner.

a. Bona Fide Gift. Neither Philanthropic Partner nor any affiliate of Philanthropic Partner is providing any monetary compensation to Company in connection with the Gift.

b. Compliance with Securities Laws. Philanthropic Partner understands and acknowledges that the Shares are not registered with the Securities and Exchange Commission (“SEC”) under the Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968, as amended (the “Law”), but instead are being transferred under an exemption or exemptions from the registration and qualification requirements of the 1933 Act and the Law which impose certain restrictions on Philanthropic Partner’s ability to transfer the Shares. Philanthropic Partner acknowledges that the Company is under no obligation to register the Shares.

c. Restricted Securities. Philanthropic Partner understands that the Shares are “restricted securities” under applicable U.S. federal and state laws and that, pursuant to these laws, Philanthropic Partner must hold its portion of the Shares indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

d. Representation by Counsel. Philanthropic Partner has been represented by its own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Philanthropic Partner acknowledges and agrees that it is not relying on any tax, accounting or other advice from Company, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the purchase of the Shares.

e. Acceptance for Own Account. Philanthropic Partner is acquiring the Shares for an indefinite period for Philanthropic Partner’s own account, not as a nominee or agent and not with a view to the sale or distribution of any part thereof, and Philanthropic Partner has no present intention of selling, granting participation in or otherwise distributing the same. Other than this Agreement, Philanthropic Partner has no contract, undertaking, agreement or arrangement with any person, including Company, pursuant to which Company, an affiliate of Company, or any third party would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

4. Restrictive Legends.

a. Legends. Philanthropic Partner authorizes the Company and its agents to place on each certificate for the Shares that Philanthropic Partner may receive pursuant to this Agreement any legends required under applicable investor agreements and/or state securities laws, as well as the following legends:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR, IF REASONABLY REQUESTED BY THE COMPANY, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

5. Miscellaneous.

a. Further Assurances. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

b. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, as such laws are applied to contracts entered into and performed in such State.

c. Successors and Assigns. This Agreement shall be binding upon Company, Philanthropic Partner, and their successors, assigns and legal representatives.

d. Counterparts. This Agreement may be executed in counterparts with the same force and effect as if each of the signatories had executed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

PHILANTHROPIC PARTNER

By:

Name:

Title:

COMPANY

By:

Name:

Title:



Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

See page 19 of the CEO Equity Playbook - Critical Considerations - Leverage the Simplicity of a Corporate Donor Advised Fund (DAF). This is a Tides form MOU that companies will enter into when they are ready to establish their DAF with the Tides Foundation.

We provide this MOU as a template for working with Tides and as an example for what another Philanthropic Partner's MOU establishing a DAF might look like. Please note that if you choose another philanthropic partner, they will likely have a different MOU form and fee structure.

DONOR ADVISED FUND [ESTABLISHING DAF]

MEMORANDUM OF UNDERSTANDING

[NAME OF COMPANY FUND]

Thank you for choosing Tides Foundation (the "Foundation") as your partner in philanthropy. Since 1976, Tides has worked with thousands of innovative partners to contribute to positive social change; to powerfully pursue our vision of a world of shared prosperity and social justice, founded on equality and human rights, a sustainable environment, healthy individuals and communities, and quality education. We are thrilled to include you in the Tides community, and look forward to being a thoughtful and effective partner in achieving our shared goals.

This letter (this "MOU") sets forth our mutual understanding regarding the [Name of Company Fund_____] (the "Fund"), a donor advised fund established by the Foundation at the request of [Company_____]:

Donor Certification

- I am authorized to execute this MOU on behalf of [Company_____].
- [Company_____] understands that the Foundation has approved the Fund based on it and the Foundation's mutual understanding regarding the policies and procedures described in this MOU.
- [Company_____] understands and will abide by the terms and conditions of this MOU, and will ensure that each Donor and/or Donor Advisor to the Fund also understands and abides by such terms and conditions.

AGREED TO:

[Company_____]

Name, Title

Date

Terms and Conditions

A. DISTRIBUTIONS FROM THE FUND

Recommendation/Review Process. The legal distinction of a donor advised fund is the right of the donor to the Fund (the “Donor”) and any person appointed or designated by the Donor (a “Donor Advisor”) to make recommendations regarding disbursements from the fund. Following a recommendation by a Donor Advisor regarding a grant from the Fund, the Fund’s Tides Advisor will coordinate review of the proposed grant. In accordance with IRS rules and regulations, the Foundation maintains and exercises full discretion and control with respect to amounts contributed to it, and will use its independent judgment to determine whether a proposed distribution from the Fund will forward Tides’ charitable mission and otherwise comply with applicable law. Tides’ charitable mission, as reflected in its Vision, Mission, and Approach, is attached to this MOU as Appendix B.

Distribution Minimum. The Foundation does not make disbursements of less than \$250. Any release of funds will be contingent on there being sufficient amounts in the Fund to cover the disbursement and all related fees.

Prohibited Distributions. Donor advised funds are subject to a number of restrictions under IRS rules and regulations. To ensure compliance with all rules and regulations and to safeguard Foundation’s charitable purpose, the following restrictions apply to all disbursements from the Fund:

- **No Compensation, Reimbursements, and Similar Payments.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii) or (iii), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii) and (iv), “Restricted Persons”). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund’s grantmaking.
- **No Prohibited Benefits.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii) or (iii), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii) and (iv), “Restricted Persons”). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund’s grantmaking.

- **No Grants/Distributions to Individuals.** The Foundation will not make grants or other distributions from a donor advised fund to individuals.
- **No Lobbying or Political Activity.** The Foundation will not make distributions from a donor advised fund to (i) support lobbying, (ii) intervene or participate in (including through the distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office, or (iii) engage in or support partisan political activity. Any grant approved by the Foundation to support charitable and/or educational activities of a non-501(c)(3) organization with funds from a donor advised fund will be accompanied by a grant agreement that expressly limits the use of the funds to charitable and/or educational activities, and prohibits the use of the funds for impermissible political activity.
- **No Distributions Inconsistent with 501(c)(3) Status.** The Foundation will not make any grants or other distributions that are inconsistent with the Foundation's legal responsibilities as a public charity under Internal Revenue Code section 501(c)(3) or with the rules under IRC section 4966 applicable to donor advised funds.

Expenditure Responsibility. In accordance with IRS rules, the Foundation exercises expenditure responsibility in connection with certain grants from a donor advised fund, including grants to international organizations, to organizations not organized under section 501(c)(3) of the Internal Revenue Code, and to non-operating private foundations.

B. FUND MANAGEMENT AND REPORTING

Appointment / Identification of Donor Advisor. You have identified the person(s) listed on [Appendix C](#) as the Donor Advisor(s) to the Fund, as of the date of this MOU, one of whom is identified as a "Primary Contact". Any change to the Donor Advisor(s) and/or Primary Contact must be communicated to the Fund's Tides Advisor in writing. Each Donor Advisor must comply with all terms and conditions of this MOU.

Successor Donor Advisors. The Fund may appoint one generation of successor Donor Advisor(s), or may recommend that, following a certain time and/or inactivity of the Donor/Donor Advisor, distributions from the Fund be made to specific issue area(s) or organization(s). Such recommendations will be subject to the continued discretion of Foundation staff, as described in this MOU. Any successor Donor Advisor(s) identified as of the date of this MOU are listed on [Appendix C](#).

Charitable Solicitations. Any solicitation for charitable contributions on behalf of the Foundation, including to support the Fund, is subject to federal, state and local laws, including, but not limited to, the laws that govern registration for charitable fundraising. Please note that any charitable contributions solicited for the Fund are also subject to all of the restrictions in this MOU. Please consult with the Fund's Tides Advisor prior to engaging in any fundraising activity.

Donor Acknowledgement. The Foundation complies with all applicable laws regarding donor acknowledgement. It is the Foundation's general policy to acknowledge only cash contributions of \$250 or more. Online donations received in a lump sum from an online fundraising platform will be recorded in one lump sum; unless otherwise agreed, the Foundation does not send acknowledgements to individual donors contributing through an online fundraising platform.

Foundation Reporting. The Foundation will provide the Primary Contact with quarterly reports of Fund activity unless other arrangements are requested and agreed to by the Primary Contact and the Foundation. Only cash receipts to the Fund of \$250 or more will be acknowledged to a donor. The Primary Contact and such other person(s) agreed with Foundation also have access to information about the Fund via our secure online service. Copies of the Foundation's annual financial statements and audit will be forwarded on request.

Grantee Reporting. Some grantees are required to submit programmatic and financial reports to the Foundation. [Grantee_____] may request copies of these reports on a grant-by-grant basis or for all grants made from the Fund. You may also coordinate with your Tides Advisor regarding any special grantee reporting requests that you have.

C. OTHER ADMINISTRATION AND FEES

Inactive Funds / Transfer. If no contributions or grant recommendations are made in connection with the Fund during any two-year period, the Foundation will attempt to contact you and, if we are unable to contact you, any other Donor Advisor(s) listed in Foundation's records and authorized to act on [Grantee_____]'s behalf. In the event the Foundation is unable to connect with an authorized representative of [Grantee_____], or there is no such person willing to act in that capacity with respect to the Fund, Foundation staff will recommend disbursements for any amounts remaining in the Fund, taking into account issue areas or organizations designated by the Fund (if any), and take appropriate steps to close the Fund If [Grantee_____] wishes to transfer all or a portion of the Fund to another public charity engaged in activities consistent with the charitable purposes of the Foundation, a recommendation may be made to the Foundation, which will be reviewed in a manner consistent with the policies and procedures described above.

Fees and Charges Assessed to the Fund. Please see [Appendix A](#) for a detailed list of fees and other charges assessed to the Fund.

Investment Income. At any one time, the Foundation holds substantial assets. The Foundation's management of those assets includes investment pursuant to the Foundation's Investment Policy Statement. Investment income earned by the Foundation from the management of its assets, including assets in the Fund, are credited exclusively to Tides' general fund, which covers operating and administrative costs of the Foundation. The Foundation's management of its assets has no impact on the availability of amounts for disbursement from the Fund.

D. ADDITIONAL SERVICES

This MOU covers standard grantmaking services from a donor advised fund. The Foundation also offers a variety of professional philanthropic services to support our partners in understanding, evaluating and achieving shared charitable goals. For example, we can develop a values planning session to help you refine philanthropic goals and strategies, produce a docket of funding recommendations with in-depth research on specific issue areas, create customized financial reports and related data regarding charitable grantmaking, and provide information, data and support regarding a comprehensive approach to charitable impact, including options for impact investing. Please feel free to contact your Tides Advisor for additional detail regarding any of these services, including associated fees.

E. POLICY CHANGES

Please note that the Foundation reserves the right to amend its policies at any time. We consider and balance the needs and expectations of our charitable partners, the evolving rules applicable to funding the type of charitable activities contemplated by this MOU, and the effective achievement of our charitable mission when doing so.

Please note that Tides will fill in pricing at the time of entering into the DAF MOU based on the agreement between Tides and the entity creating the DAF. Tides fees are generally 1.25% for a standard DAF for Pledge 1% companies. However, if there are significant assets, Tides will customize pricing so that the fee is reasonable. There is also an invested DAF fund option with a different pricing schedule. See Tides Pricing Sheets starting on page 193 of this Companion Guide.

Other Philanthropic Partners may have different fee structures. We provide this by way of example.

Appendix A: Tides Fees

(Per note above, customized when assets are significant)

Fee Description	Fee
Administrative Fee	[1.25]% of each contribution
Contract Fee	[4.5]% of the value of the contract
Grant Fee	\$50.00 for each installment of a grant
Expenditure Responsibility Fee	\$350.00 per grant
Minimum Annual Fee	Difference between \$500.00 and total administrative and contract fees paid by Fund during calendar year.
Other Philanthropic Services/Special Transactions Fee	Additional fees may be required for Tides' staff time associated with additional Fund-specific services, including philanthropic consulting or special or unique transactions requested by a Donor Advisor. Any such fees would be agreed with such Donor Advisor prior to initiation of the transaction.

The Foundation reviews its fees from time to time. Any proposed changes to fees will be discussed with you and/or the Fund's Primary Contact in good faith, taking into account the evolving rules applicable to funding charitable activities contemplated herein, and the effective achievement of our charitable mission.

Third Party Costs

The Fund will be assessed a wire transfer fee of \$20.00 for each domestic wire transfer, and \$40.00 for each international wire transfer, as well as any other bank or other third party fees or charges associated with grants or other transactions specific to the Fund. Examples include a void/reissue fee associated with incorrect information provided to Tides by the Fund or a proposed grantee and, in the case of an invested fund, any investment management fee charged directly by the custodian. The Fund will also be responsible for any unrelated business income tax and the cost of any external legal and accounting services associated with specific transactions requested by a Donor Advisor to the Fund and approved by Tides. Engagement of any external legal and/or accounting professionals will be discussed and agreed with such Donor Advisor before reimbursable charges are incurred.

Tides describes its purpose as highlighted in yellow below, but if you choose another philanthropic partner, the language to be included in their form MOU will likely describe that organization's philanthropic purpose.

Appendix B

The Foundation is a mission-driven public charity committed to positive social change. We actively promote movement toward a more just society, founded on principles of social justice, broadly shared economic opportunity, a robust democratic process, and sustainable environmental practices.

Our Vision

A world of shared prosperity & social justice founded on:

- Equality & human rights
- Sustainable environment
- Quality education
- Healthy individuals & communities

Our Mission

Tides accelerates the pace of social change, working with innovative partners to solve society's toughest problems.

Our Approach

- We cross boundaries and link sectors, communities, and cultures.
- We act with empathy and respect.
- We engage with those whose lives are affected.
- We embrace risk.
- We prioritize ideas that can scale.

Appendix C

Donor Advisor Detail

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

We include below an example of disclosure language that your company might use in its S-1 Registration Statement disclosing the grant of warrants to fund your social impact work.

Capitalization Section

_____ shares of our common stock are reserved for issuance to fund and support the operations of _____ [our philanthropic initiative], of which [_____] [none] were issued and outstanding as of _____ [date S-1 filed].

In Business Section

We have joined the Pledge 1% movement and donated 1% of our employee time, product and now equity to social good. We believe we can create greater social good through _____. Through our social impact initiative, which is a part of our company and not a separate legal entity, we donate and discount our services to nonprofits, who use our services to engage their audience, expand their reach and focus on making a meaningful change in the world. To that end, we have reserved _____ shares of our common stock to drive the impact of our .org, which represented 1% of our outstanding capital stock on the date it was approved by our board of directors.

We include below the disclosure language that Sendgrid included in its S-1 Registration Statement disclosing the reservation of shares to fund Sendgrid.org.



[Example]

Language in SendGrid S-1

IPO: In Capitalization Section: “466,571 shares of our common stock reserved for issuance to fund and support the operations of SendGrid.org, of which none were issued and outstanding as of June 30, 2017.”

In Business Section: We believe we can create greater social good through better communications. Through SendGrid.org, which is a part of our company and not a separate legal entity, we donate and discount our services to nonprofits, who use our services to engage their audience, expand their reach and focus on making a meaningful change in the world. To that end, we have reserved 466,571 shares of our common stock to fund and support operations of SendGrid.org, which represented 1% of our outstanding capital stock on the date it was approved by our board of directors.

Secondary Offering: In Capitalization Section: “466,571 shares of our common stock reserved for issuance to fund and support the operations of SendGrid.org, of which none were issued and outstanding as of December 31, 2017, and of which 46,657 shares are being sold by us in this offering and are included in our common stock to be outstanding after this offering.”

In Business Section: SendGrid.org is a division of SendGrid and not a separate legal entity. Its mission is to support nonprofit organizations. To that end, we have reserved 466,571 shares of our common stock to fund and support operations of SendGrid.org, which represented 1% of our outstanding capital stock on the date it was approved by our board of directors. In this offering, we are selling 46,657 shares of our common stock to fund and support the operations of SendGrid.org, and the number of reserved shares will be reduced accordingly.

3. Founder Equity: 1% Pre-Exit Model

**Donor-Advised Fund MOU
(Founder Establishing DAF)
... 72**

**Stock Transfer Agreement
(Founder) ... 82**

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

See page 19 CEO Equity Playbook - Critical Considerations - Leverage the Simplicity of a Corporate Donor Advised Fund (DAF). This is a Tides form MOU that Founders will enter into when they want to establish a corporate DAF with the Tides Foundation.

We provide this MOU as a template for working with Tides and as an example for what another Philanthropic Partner's MOU establishing a DAF might look like. Please note that if you choose another philanthropic partner, they will likely have a different MOU form and fee structure.

DONOR ADVISED FUND [ESTABLISHING DAF]

MEMORANDUM OF UNDERSTANDING

[NAME OF COMPANY FUND]

Thank you for choosing Tides Foundation (the “Foundation”) as your partner in philanthropy. Since 1976, Tides has worked with thousands of innovative partners to contribute to positive social change; to powerfully pursue our vision of a world of shared prosperity and social justice, founded on equality and human rights, a sustainable environment, healthy individuals and communities, and quality education. We are thrilled to include you in the Tides community, and look forward to being a thoughtful and effective partner in achieving our shared goals.

This letter (this “MOU”) sets forth our mutual understanding regarding the [Name of Company Fund_____] (the “Fund”), a donor advised fund established by the Foundation at the request of [Company_____].

Donor Certification

- I have executed a Stock Transfer Agreement, gifting my shares of stock in [Company _____] to the [Name of Company Fund _____] and will execute a Stock Transfer Agreement, transferring my shares of [Company _____] stock to the [Name of Company Fund _____].
- I am authorized to execute this MOU on behalf of [Company_____].
- [Company_____] understands that the Philanthropic Partner has approved the Fund based on it and the Philanthropic Partner's mutual understanding regarding the policies and procedures described in this MOU.
- [Company_____] understands and will abide by the terms and conditions of this MOU, and will ensure that each Donor and/or Donor Advisor to the Fund also understands and abides by such terms and conditions.

AGREED TO:

[Donor (Founder) _____]

Name, Title

Date

[Company _____]

Name, Title

Date

[Philanthropic Partner _____]

Name, Title

Date

Founder and the Company will designate the individual(s) who are authorized to direct funds to be granted from the DAF as defined below as Donor Advisors. See Section B below and Appendix C for appointment of Donor Advisor and Primary Contact.

Terms and Conditions

A. DISTRIBUTIONS FROM THE FUND

Recommendation/Review Process. The legal distinction of a donor advised fund is the right of the donor to the Fund (the “Donor”) and any person appointed or designated by the Company (“Donor Advisor”) to make recommendations regarding disbursements from the fund. Following a recommendation by a Donor Advisor regarding a grant from the Fund, the Fund’s Tides Advisor will coordinate review of the proposed grant. In accordance with IRS rules and regulations, the Foundation maintains and exercises full discretion and control with respect to amounts contributed to it, and will use its independent judgment to determine whether a proposed distribution from the Fund will forward Tides’ charitable mission and otherwise comply with applicable law. Tides’ charitable mission, as reflected in its Vision, Mission, and Approach, is attached to this MOU as Appendix B.

Distribution Minimum. The Foundation does not make disbursements of less than \$250. Any release of funds will be contingent on there being sufficient amounts in the Fund to cover the disbursement and all related fees.

Prohibited Distributions. Donor advised funds are subject to a number of restrictions under IRS rules and regulations. To ensure compliance with all rules and regulations and to safeguard Foundation's charitable purpose, the following restrictions apply to all disbursements from the Fund:

- **No Compensation, Reimbursements, and Similar Payments.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, (iv) the Company, or (v) any business entity, partnership, trust or estate in which any of (i), (ii), (iii) or (iv), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii), (iv) and (v), "Restricted Persons"). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund's grantmaking.
- **No Prohibited Benefits.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii), (iii) or (iv), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii), (iv) and (v) "Restricted Persons"). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund's grantmaking.
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- **No Lobbying or Political Activity.** The Foundation will not make distributions from a donor advised fund to (i) support lobbying, (ii) intervene or participate in (including through the distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office, or (iii) engage in or support partisan political activity. Any grant approved by the Foundation to support charitable and/or educational activities of a non-501(c)(3) organization with funds from a donor advised fund will be accompanied by a grant agreement that expressly limits the use of the funds to charitable and/or educational activities, and prohibits the use of the funds for impermissible political activity.
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Expenditure Responsibility. In accordance with IRS rules, the Foundation exercises expenditure responsibility in connection with certain grants from a donor advised fund, including grants to international organizations, to organizations not organized under section 501(c)(3) of the Internal Revenue Code, and to non-operating private foundations.

B. FUND MANAGEMENT AND REPORTING

Appointment / Identification of Donor Advisor. You have identified the person(s) listed on Appendix C as the Donor Advisor(s) to the Fund, as of the date of this MOU, one of whom is identified as a "Primary Contact". Any change to the Donor Advisor(s) and/or Primary Contact must be communicated to the Fund's Tides Advisor in writing. Each Donor Advisor must comply with all terms and conditions of this MOU.

Successor Donor Advisors. The Fund may appoint one generation of successor Donor Advisor(s), or may recommend that, following a certain time and/or inactivity of the Donor/Donor Advisor, distributions from the Fund be made to specific issue area(s) or organization(s). Such recommendations will be subject to the continued discretion of Foundation staff, as described in this MOU. Any successor Donor Advisor(s) identified as of the date of this MOU are listed on Appendix C.

Charitable Solicitations. Any solicitation for charitable contributions on behalf of the Foundation, including to support the Fund, is subject to federal, state and local laws, including, but not limited to, the laws that govern registration for charitable fundraising. Please note that any charitable contributions solicited for the Fund are also subject to all of the restrictions in this MOU. Please consult with the Fund's Tides Advisor prior to engaging in any fundraising activity.

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Foundation Reporting. The Foundation will provide the Primary Contact with quarterly reports of Fund activity unless other arrangements are requested and agreed to by the Primary Contact and the Foundation. Only cash receipts to the Fund of \$250 or more will be acknowledged to a donor. The Primary Contact and such other person(s) agreed with Foundation also have access to information about the Fund via our secure online service. Copies of the Foundation's annual financial statements and audit will be forwarded on request.

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C. OTHER ADMINISTRATION AND FEES

Inactive Funds / Transfer. If no contributions or grant recommendations are made in connection with the Fund during any two-year period, the Foundation will attempt to contact you and, if we are unable to contact you, any other Donor Advisor(s) listed in Foundation's records and authorized to act on [Grantee _____]'s behalf. In the event the Foundation is unable to connect with an authorized representative of [Grantee _____], or there is no such person willing to act in that capacity with respect to the Fund, Foundation staff will recommend disbursements for any amounts remaining in the Fund, taking into account issue areas or organizations designated by the Fund (if any), and take appropriate steps to close the Fund. If [Grantee _____] wishes to transfer all or a portion of the Fund to another public charity engaged in activities consistent with the charitable purposes of the Foundation, a recommendation may be made to the Foundation, which will be reviewed in a manner consistent with the policies and procedures described above.

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Please note that Tides will fill in pricing at the time of entering into the DAF MOU based on the agreement between Tides and the entity creating the DAF. Tides fees are generally 1.25% for a standard DAF for Pledge 1% companies. However, if there are significant assets, Tides will customize pricing so that the fee is reasonable. There is also an invested DAF fund option with a different pricing schedule. See Tides Pricing Sheets starting on page 193 of this Companion Guide.

Other Philanthropic Partners may have different fee structures. We provide this by way of example.

Appendix A: Tides Fees

(Per note above, customized when assets are significant)

Fee Description	Fee
Administrative Fee	[1.25]% of each contribution
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The Foundation reviews its fees from time to time. Any proposed changes to fees will be discussed with you and/or the Fund's Primary Contact in good faith, taking into account the evolving rules applicable to funding charitable activities contemplated herein, and the effective achievement of our charitable mission.

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The Fund will be assessed a wire transfer fee of \$20.00 for each domestic wire transfer, and \$40.00 for each international wire transfer, as well as any other bank or other third party fees or charges associated with grants or other transactions specific to the Fund. Examples include a void/reissue fee associated with incorrect information provided to Tides by the Fund or a proposed grantee and, in the case of an invested fund, any investment management fee charged directly by the custodian. The Fund will also be responsible for any unrelated business income tax and the cost of any external legal and accounting services associated with specific transactions requested by a Donor Advisor to the Fund and approved by Tides. Engagement of any external legal and/or accounting professionals will be discussed and agreed with such Donor Advisor before reimbursable charges are incurred.

Tides describes its purpose as highlighted in yellow below, but if you choose another philanthropic partner, the language to be included in their form MOU will likely describe that organization's philanthropic purpose.

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The Foundation is a mission-driven public charity committed to positive social change. We actively promote movement toward a more just society, founded on principles of social justice, broadly shared economic opportunity, a robust democratic process, and sustainable environmental practices.

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A world of shared prosperity & social justice founded on:

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- We act with empathy and respect.
- We engage with those whose lives are affected.
- We embrace risk.
- We prioritize ideas that can scale.

Appendix C

Donor Advisor Detail

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

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Title:

Contact Information:

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Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

To be executed each time the Founder transfers shares to the Philanthropic Partner to fund the Corporate DAF.

Stock Transfer Agreement

THIS STOCK TRANSFER AGREEMENT, made and effective as of [____], 201[____] (the “Effective Date”), is by and among [____] (“Donor”), [Tides Network, a California nonprofit public benefit corporation, (“Philanthropic Partner”)] [_____] a _____ corporation “Philanthropic Partner”] and [Company ____] (the “Company”), a [____] corporation.

RECITALS

WHEREAS, Donor is record owner of certain shares of the [common stock] of the Company and desires to transfer [____] Insert number representing 1% of Donor’s outstanding shares in the Company] shares (the “Shares”) of the Company’s [common stock] to the [Tides Foundation] [Philanthropic Partner _____] [Insert Company Name DAF created by Founder via the MOU Establishing DAF_____].

WHEREAS, [Tides][Philanthropic Partner _____] is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code;

WHEREAS, Donor desires to transfer, as a gift and for bona fide charitable purposes, all of Donor’s right, title and interest to the Shares to [Tides][Philanthropic Partner _____] Insert Company Name DAF created by Founder via the MOU Establishing DAF _____] (the “Gift”); and

WHEREAS, the Company has authorized and approved the Gift.

AGREEMENT

NOW THEREFORE, in consideration of the promises and of the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Transfer.**

a. Donor hereby transfers and assigns to Philanthropic Partner [Insert Company Name DAF created by Founder via the MOU Establishing DAF _____] and Philanthropic Partner hereby agrees to accept and assume, all of Donor's right, title and interest to the Shares.

b. Donor has delivered to Philanthropic Partner the original stock certificate or certificates representing the Shares, if applicable, and Donor shall instruct the Company to: (i) cancel Donor's original stock certificate or certificates representing the Shares and (ii) issue duly executed stock certificates evidencing the Shares to Philanthropic Partner.

2. **Representations and Warranties of Donor.**

a. Title to Shares. Donor is the sole beneficial owner of the Shares, with good and marketable title to the Shares, free and clear of any pledge, lien, security interest, encumbrance, options, claim, restrictions, including vesting and repurchase rights of the Company, or equitable interest.

b. Authority. Donor has all necessary power and authority to enter into and perform this Agreement. This Agreement constitutes Donor's valid and binding obligation.

c. Bona Fide Gift. Donor is transferring the Shares as a bona fide gift to Philanthropic Partner (the "Gift"), and is receiving no monetary compensation from Philanthropic Partner or any affiliate of Philanthropic Partner in connection with the transfer. Other than this Agreement, Donor has no contract, undertaking, agreement or arrangement with any person, including Philanthropic Partner, pursuant to which Donor or an affiliate of Donor would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

d. Compliance with Other Instruments. The execution, delivery and performance of this Agreement and the consummation of the Gift will not result, with or without the passage of time and giving of notice, in any in violation or default of any instrument, judgment, order, writ or decree, under any note, indenture or mortgage, or under any lease, agreement, contract or purchase order to which Donor is a party or, to Donor's knowledge, of any provision of federal, state or local statute, rule or regulation applicable to Donor.

e. Transfer and Voting Restrictions. The Shares are not subject to any restrictions on transfer, rights of first refusal, right of repurchase, or voting obligation, other than as described on Appendix A to this Agreement. Donor has provided Philanthropic Partner with true and complete copies of any and all agreements describing any such restrictions on transfer, rights of first refusal, right of repurchase or voting obligation.

f. Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or, to Donor's knowledge, investigation pending or, to Donor's knowledge, currently threatened that questions the validity of this Agreement or the right of Donor to enter into this Agreement, or to consummate the transactions contemplated hereby.

g. Representation by Counsel; Donor Qualifications. Donor has been represented by his or her own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Donor acknowledges and agrees that Donor is not relying on any tax, accounting or other advice from Philanthropic Partner, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the Gift. Donor represents that by reason of Donor's business or financial experience, Donor has the capacity to protect his own interests in connection with the transactions contemplated in this Agreement.

h. Disclosure. Donor acknowledges that the price and terms of the Gift have been privately discussed between Donor and Philanthropic Partner without the material involvement of the Company. Notwithstanding the foregoing, Donor has received all the information Donor considers necessary or appropriate for deciding whether to complete the Gift. Donor has entered into this Agreement based on Donor's own knowledge, investigation and analysis, and Donor understands that the Company's plans for the future, if successful, may result in an increase in the value of the Shares. Donor acknowledges and understands that Donor will not be entitled to the benefit of any future increase in the value of the Shares. Neither the Company nor Philanthropic Partner has made any representation to Donor about the advisability of this decision or the potential future value of the Company's shares.

3. **Representations and Warranties of Philanthropic Partner.**

a. Bona Fide Gift. Neither Philanthropic Partner nor any affiliate of Philanthropic Partner is providing any monetary compensation to Donor in connection with the Gift.

b. Compliance with Securities Laws. Philanthropic Partner understands and acknowledges that the Shares are not registered with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968, as amended (the "Law"), but instead are being transferred under an exemption or exemptions from the registration and qualification requirements of the 1933 Act and the Law which impose certain restrictions on Philanthropic Partner's ability to transfer the Shares. Philanthropic Partner acknowledges that the Company is under no obligation to register the Shares.

c. Restricted Securities. Philanthropic Partner understands that the Shares are "restricted securities" under applicable U.S. federal and state laws and that, pursuant to these laws, Philanthropic Partner must hold its portion of the Shares indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

d. Representation by Counsel. Philanthropic Partner has been represented by its own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Philanthropic Partner acknowledges and agrees that it is not relying on any tax, accounting or other advice from Donor, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the purchase of the Shares.

e. Acceptance for Own Account. Philanthropic Partner is acquiring the Shares for an indefinite period for Philanthropic Partner' own account, not as a nominee or agent and not with a view to the sale or distribution of any part thereof, and Philanthropic Partner has no present intention of selling, granting participation in or otherwise distributing the same. Other than this Agreement, Philanthropic Partner has no contract, undertaking, agreement or arrangement with any person, including Donor, pursuant to which Donor, an affiliate of Donor, or any third party would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

4. **Restrictive Legends.**

a. Legends. Philanthropic Partner authorizes the Company and its agents to place on each certificate for the Shares that Philanthropic Partner may receive pursuant to this Agreement any legends required under applicable investor agreements and/or state securities laws, as well as the following legends:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR, IF REASONABLY REQUESTED BY THE COMPANY, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

5. **Miscellaneous.**

- a. Further Assurances. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.
- b. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, as such laws are applied to contracts entered into and performed in such State.
- c. Successors and Assigns. This Agreement shall be binding upon Donor, Philanthropic Partner, and their successors, assigns and legal representatives.
- d. Counterparts. This Agreement may be executed in counterparts with the same force and effect as if each of the signatories had executed the same instrument.

[Remainder of Page Intentionally Left Blank]

Stock Transfer Agreement (Founder)

Founder Equity: 1% Pre-Exit Model

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

PHILANTHROPIC PARTNER

By:

Name:

Title:

DONOR

By:

Name:

Title:

Authorized and acknowledged by:

COMPANY

By:

Name:

Title:



4. Founder Equity: 1% Post-Exit Model

**Founders Pledge Agreement
... 90**

**Donor-Advised Fund MOU
(Founder Establishing DAF)
... 96**

**Stock Transfer Agreement
(Founder) ... 106**

S-1 Language ... 113

Sections in yellow are strongly recommended but optional
Comments in blue are for instructional purposes only

This pledge agreement would be used by a founder who wants to commit today to gifting shares to a Philanthropic Partner after a liquidity event. See chart on page 15 of the CEO Equity Playbook - Founder Equity for an analysis of the pros and cons of founders pledging equity pre-and post-liquidity. In most cases, founders will receive greater tax benefits if shares are transferred post-exit, but they must always consult their own personal tax advisors.

FOUNDERS PLEDGE AGREEMENT

for the benefit of

[Tides Foundation][Other Philanthropic Partner _____]

PLEDGE

This Agreement is made by and between [_____] (the “Donor”) and [Tides Foundation, a California nonprofit public benefit corporation][Other Philanthropic Partner _____] (the “Philanthropic Partner”) for the benefit of [Insert Company Name DAF created by Founder via the MOU Establishing DAF _____].

Donor is making the pledge in connection with either the company that Donor founded, is employed by or a company that Donor has invested in. This agreement is legally binding and may have personal tax implications.



Most Founders either individually, or together with their co-founders, donate 1% of the Company's outstanding shares out of their personal holdings, but this % may vary, based on the % of the Company shares that the Founder holds at the time of the Exit Event, or other personal circumstances.

RECITALS

A. Donor intends to pledge to make a gift to Philanthropic Partner for the benefit of [Insert Company Name DAF created by Founder via the MOU Establishing DAF _____] of the number of shares of stock in [Company _____] ("Company") that equals 1% of the total value of the [the Company's outstanding] shares that Donor holds in Company at the time of an Exit Event (the "Shares") as described below.

AGREEMENT

1. Gift by Donor. Donor hereby promises, subject to the provisions of this Agreement, to transfer the Shares to Philanthropic Partner on the schedule set forth in Section 2 herein (such promise, the "Pledge", and such money or property, the "Gift"). The Gift shall be in addition to any contribution the Donor has made or agreed to make before the effective date of this Agreement.

See page 18 of CEO Equity Playbook- Ride the Upside of Your Stock. If a Founder would like to transfer shares to the DAF over time, in order to ride the upside of the stock, then you would include a schedule for transferring shares as highlighted in yellow in Section 2 below.

See page 19 of the CEO Equity Playbook - Critical Considerations - Avoid Stock Volatility. "Consider pre-setting the first sale of your social impact shares to a date other than the end of the lock-up period i.e. 1 year anniversary of your IPO or 2 months after the lock up."

2. Timing of Gift. Donor agrees to make the gift within [60 days of an Exit Event or following the expiration of any lock-up or holding periods applicable to the Shares]. [Donor agrees to make X% of the gift within [60] days of the exit or following the expiration of any lock-up or holding periods applicable to the Shares and then X% on each one year anniversary thereof.] An Exit Event is defined as the earlier of the following events:

Donor agrees to make the gift within 60 days following Exit Event unless the Donor is restricted by the terms an Exit Event, in which case, the Donor agrees to make the gift within 60 days of the first allowable date. An Exit Event is defined as the earlier of the following events:

- (i) **"Change of Control"** shall mean any (i) sale, lease, exclusive license or other disposition of all or substantially all of the assets of Company, (ii) merger, consolidation or reorganization with respect to Company, or (iii) sale or transfer of all or substantially all of the then-outstanding equity securities of Company in one or a series of related transactions.
- (ii) **"Initial Public Offering"** shall mean the closing of Company's first firm commitment underwritten initial public offering of Company's common stock pursuant to a registration statement filed under the Securities Act of 1933, as amended.
- (iii) other exit events define

Donor will arrange that this Pledge is part of Donor's estate plan, (subject to the next revision of estate plan), which will be completed upon death, if it has not already been completed during life. Donor further agrees to provide the Philanthropic Partner, upon request, with documentation of such estate plan modifications.

3. Conditions. The Philanthropic Partner must be qualified as a public charity pursuant to sections 501(c)(3) and 509(a)(1), (2), or (3) of the Internal Revenue Code at the time any amount is to be given under this Agreement.

4. Enforcement. The Philanthropic Partner may enforce this Pledge by way of an action for specific performance or by any other appropriate remedy by any court having jurisdiction.

5. Applicable Law. This Agreement shall be governed pursuant to the laws of the State of California applicable to contracts entered into and to be performed entirely within that State.

6. Entire Agreement. This Agreement constitutes the sole and complete agreement between the parties with respect to this subject matter, and supersedes any prior or contemporaneous representation or understanding between the parties with respect to this subject matter. This Agreement may not be amended, except in a writing signed by the parties.

7. Severability. If any provision of this Agreement is invalid, that provision shall be disregarded, and the remainder of this Agreement shall be construed as if the invalid provision had not been included.

8. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the last date written below.

Dated: [NAME], Donor

Dated: [NAME], Philanthropic Partner

By:

Its:



WAIVER OF SPOUSE

I am the spouse of [_____Donor]. I hereby acknowledge that the assets my spouse pledged under that certain charitable pledge agreement for the benefit of [_____] (the “Philanthropic Partner”), effective as of [_____Date] (the “Agreement”), are my spouse’s separate property, and I consent to the transfer of those assets to the Philanthropic Partner for the purposes described in the Agreement.

I irrevocably waive any right that I may have, now or in the future, to claim any of those assets by reason of any spousal right of election, community property law, or other law governing marital property rights. I hereby acknowledge that my spouse has adequately disclosed to me the nature and extent of [his // her] property, and I expressly waive any right I may have to any financial disclosure beyond that which my spouse has already made to me.

I hereby acknowledge that I have had the opportunity to consult with legal counsel of my own choice before executing this consent and waiver.

Dated:

Signature

Print Name

CONSENT AND WAIVER OF REGISTERED DOMESTIC PARTNER

Under the laws of the State of California, I am the registered domestic partner of [_____] Donor]. I hereby acknowledge that the assets my partner pledged under that certain charitable pledge agreement for the benefit of [_____] (the “Philanthropic Partner”), effective as of [_____] Date] (the “Agreement”), are my partner’s separate property, and I consent to the transfer of those assets to the Philanthropic Partner for the purposes described in the Agreement.

I irrevocably waive any right that I may have, now or in the future, to claim any of those assets by reason of any right of election, community property law, or other law governing registered domestic partner property rights. I hereby acknowledge that my partner has adequately disclosed to me the nature and extent of [[his // her]] property, and I expressly waive any right I may have to any financial disclosure beyond that which my partner has already made to me.

I hereby acknowledge that I have had the opportunity to consult with legal counsel of my own choice before executing this consent and waiver.

Dated:

Signature

Print Name

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

See page 19 CEO Equity Playbook - Critical Considerations - Leverage the Simplicity of a Corporate Donor Advised Fund (DAF). This is a Tides form MOU that Founders will enter into when they want to establish a corporate DAF with the Tides Foundation.

We provide this MOU as a template for working with Tides and as an example for what another Philanthropic Partner's MOU establishing a DAF might look like. Please note that if you choose another philanthropic partner, they will likely have a different MOU form and fee structure.

See page 18 of CEO Equity Playbook - Ride the Upside of Your Stock. If a Founder would like to transfer shares to the DAF over time, in order to ride the upside of the stock, then you would include a schedule for transferring shares in Section 2 below.

See page 19 of the CEO Equity Playbook - Critical Considerations - Avoid Stock Volatility. "Consider pre-setting the first sale of your social impact shares to a date other than the end of the lock-up period i.e. 1 year anniversary of your IPO or 2 months after the lock up."

DONOR ADVISED FUND [ESTABLISHING DAF]

MEMORANDUM OF UNDERSTANDING

[NAME OF COMPANY FUND]

Thank you for choosing Tides Foundation (the "Foundation") as your partner in philanthropy. Since 1976, Tides has worked with thousands of innovative partners to contribute to positive social change; to powerfully pursue our vision of a world of shared prosperity and social justice, founded on equality and human rights, a sustainable environment, healthy individuals and communities, and quality education. We are thrilled to include you in the Tides community, and look forward to being a thoughtful and effective partner in achieving our shared goals.

This letter (this "MOU") sets forth our mutual understanding regarding the [Name of Company Fund _____] (the "Fund"), a donor advised fund established by the Foundation at the request of [Company _____]:



Donor Certification

- I have executed a Pledge Agreement, pledging to gift my shares of stock in [Company _____] to the Philanthropic Partner for the benefit of [Name of Company Fund _____] and will execute a Stock Transfer Agreement, transferring my shares of [Company _____] stock to the [Name of Company Fund _____] [within 60 days of an Exit Event (as that term is defined in the Pledge Agreement) or following the expiration of any lock-up or holding periods applicable to the Shares] [X% of the shares within 60 days of an Exit Event as that term is defined in the Pledge Agreement) or following the expiration of any lock-up or holding periods applicable to the Shares and then X% of the shares on each one year anniversary thereof.]
- I am authorized to execute this MOU on behalf of [Company_____].
- [Company_____] understands that the Philanthropic Partner has approved the Fund based on it and the Philanthropic Partner's mutual understanding regarding the policies and procedures described in this MOU.
- [Company_____] understands and will abide by the terms and conditions of this MOU, and will ensure that each Donor and/or Donor Advisor to the Fund also understands and abides by such terms and conditions.

AGREED TO:

[Donor (Founder) _____]

Name, Title

Date

[Company _____]

Name, Title

Date

[Philanthropic Partner _____]

Name, Title

Date

Founder and the Company will designate the individual(s) who are authorized to direct funds to be granted from the DAF as defined below as Donor Advisors. See Section B below and Appendix C for appointment of Donor Advisor and Primary Contact.

Terms and Conditions

A. DISTRIBUTIONS FROM THE FUND

Recommendation/Review Process. The legal distinction of a donor advised fund is the right of the donor to the Fund (the “Donor”) and any person appointed or designated by the Company (“Donor Advisor”) to make recommendations regarding disbursements from the fund. Following a recommendation by a Donor Advisor regarding a grant from the Fund, the Fund’s Tides Advisor will coordinate review of the proposed grant. In accordance with IRS rules and regulations, the Foundation maintains and exercises full discretion and control with respect to amounts contributed to it, and will use its independent judgment to determine whether a proposed distribution from the Fund will forward Tides’ charitable mission and otherwise comply with applicable law. Tides’ charitable mission, as reflected in its Vision, Mission, and Approach, is attached to this MOU as Appendix B.

Distribution Minimum. The Foundation does not make disbursements of less than \$250. Any release of funds will be contingent on there being sufficient amounts in the Fund to cover the disbursement and all related fees.

Prohibited Distributions. Donor advised funds are subject to a number of restrictions under IRS rules and regulations. To ensure compliance with all rules and regulations and to safeguard Foundation's charitable purpose, the following restrictions apply to all disbursements from the Fund:

- **No Compensation, Reimbursements, and Similar Payments.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, (iv) the Company, or (v) any business entity, partnership, trust or estate in which any of (i), (ii), (iii) or (iv), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii), (iv) and (v), "Restricted Persons"). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund's grantmaking.
- **No Prohibited Benefits.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii), (iii) or (iv), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii), (iv) and (v) "Restricted Persons"). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund's grantmaking.
- **No Grants/Distributions to Individuals.** The Foundation will not make grants or other distributions from a donor advised fund to individuals.

- **No Lobbying or Political Activity.** The Foundation will not make distributions from a donor advised fund to (i) support lobbying, (ii) intervene or participate in (including through the distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office, or (iii) engage in or support partisan political activity. Any grant approved by the Foundation to support charitable and/or educational activities of a non-501(c)(3) organization with funds from a donor advised fund will be accompanied by a grant agreement that expressly limits the use of the funds to charitable and/or educational activities, and prohibits the use of the funds for impermissible political activity.
- **No Distributions Inconsistent with 501(c)(3) Status.** The Foundation will not make any grants or other distributions that are inconsistent with the Foundation's legal responsibilities as a public charity under Internal Revenue Code section 501(c)(3) or with the rules under IRC section 4966 applicable to donor advised funds.

Expenditure Responsibility. In accordance with IRS rules, the Foundation exercises expenditure responsibility in connection with certain grants from a donor advised fund, including grants to international organizations, to organizations not organized under section 501(c)(3) of the Internal Revenue Code, and to non-operating private foundations.

B. FUND MANAGEMENT AND REPORTING

Appointment / Identification of Donor Advisor. You have identified the person(s) listed on Appendix C as the Donor Advisor(s) to the Fund, as of the date of this MOU, one of whom is identified as a "Primary Contact". Any change to the Donor Advisor(s) and/or Primary Contact must be communicated to the Fund's Tides Advisor in writing. Each Donor Advisor must comply with all terms and conditions of this MOU.

Successor Donor Advisors. The Fund may appoint one generation of successor Donor Advisor(s), or may recommend that, following a certain time and/or inactivity of the Donor/Donor Advisor, distributions from the Fund be made to specific issue area(s) or organization(s). Such recommendations will be subject to the continued discretion of Foundation staff, as described in this MOU. Any successor Donor Advisor(s) identified as of the date of this MOU are listed on Appendix C.

Charitable Solicitations. Any solicitation for charitable contributions on behalf of the Foundation, including to support the Fund, is subject to federal, state and local laws, including, but not limited to, the laws that govern registration for charitable fundraising. Please note that any charitable contributions solicited for the Fund are also subject to all of the restrictions in this MOU. Please consult with the Fund's Tides Advisor prior to engaging in any fundraising activity.

Donor Acknowledgement. The Foundation complies with all applicable laws regarding donor acknowledgement. It is the Foundation's general policy to acknowledge only cash contributions of \$250 or more. Online donations received in a lump sum from an online fundraising platform will be recorded in one lump sum; unless otherwise agreed, the Foundation does not send acknowledgements to individual donors contributing through an online fundraising platform.

Foundation Reporting. The Foundation will provide the Primary Contact with quarterly reports of Fund activity unless other arrangements are requested and agreed to by the Primary Contact and the Foundation. Only cash receipts to the Fund of \$250 or more will be acknowledged to a donor. The Primary Contact and such other person(s) agreed with Foundation also have access to information about the Fund via our secure online service. Copies of the Foundation's annual financial statements and audit will be forwarded on request.

Grantee Reporting. Some grantees are required to submit programmatic and financial reports to the Foundation. [Grantee _____] may request copies of these reports on a grant-by-grant basis or for all grants made from the Fund. You may also coordinate with your Tides Advisor regarding any special grantee reporting requests that you have.

C. OTHER ADMINISTRATION AND FEES

Inactive Funds / Transfer. If no contributions or grant recommendations are made in connection with the Fund during any two-year period, the Foundation will attempt to contact you and, if we are unable to contact you, any other Donor Advisor(s) listed in Foundation's records and authorized to act on [Grantee _____]'s behalf. In the event the Foundation is unable to connect with an authorized representative of [Grantee _____], or there is no such person willing to act in that capacity with respect to the Fund, Foundation staff will recommend disbursements for any amounts remaining in the Fund, taking into account issue areas or organizations designated by the Fund (if any), and take appropriate steps to close the Fund. If [Grantee _____] wishes to transfer all or a portion of the Fund to another public charity engaged in activities consistent with the charitable purposes of the Foundation, a recommendation may be made to the Foundation, which will be reviewed in a manner consistent with the policies and procedures described above.

Fees and Charges Assessed to the Fund. Please see [Appendix A](#) for a detailed list of fees and other charges assessed to the Fund.

Investment Income. At any one time, the Foundation holds substantial assets. The Foundation's management of those assets includes investment pursuant to the Foundation's Investment Policy Statement. Investment income earned by the Foundation from the management of its assets, including assets in the Fund, are credited exclusively to Tides' general fund, which covers operating and administrative costs of the Foundation. The Foundation's management of its assets has no impact on the availability of amounts for disbursement from the Fund.

D. ADDITIONAL SERVICES

This MOU covers standard grantmaking services from a donor advised fund. The Foundation also offers a variety of professional philanthropic services to support our partners in understanding, evaluating and achieving shared charitable goals. For example, we can develop a values planning session to help you refine philanthropic goals and strategies, produce a docket of funding recommendations with in-depth research on specific issue areas, create customized financial reports and related data regarding charitable grantmaking, and provide information, data and support regarding a comprehensive approach to charitable impact, including options for impact investing. Please feel free to contact your Tides Advisor for additional detail regarding any of these services, including associated fees.

E. POLICY CHANGES

Please note that the Foundation reserves the right to amend its policies at any time. We consider and balance the needs and expectations of our charitable partners, the evolving rules applicable to funding the type of charitable activities contemplated by this MOU, and the effective achievement of our charitable mission when doing so.

Please note that Tides will fill in pricing at the time of entering into the DAF MOU based on the agreement between Tides and the entity creating the DAF. Tides fees are generally 1.25% for a standard DAF for Pledge 1% companies. However, if there are significant assets, Tides will customize pricing so that the fee is reasonable. There is also an invested DAF fund option with a different pricing schedule. See Tides Pricing Sheets starting on page 193 of this Companion Guide.

Other Philanthropic Partners may have different fee structures. We provide this by way of example.

Appendix A: Tides Fees

(Per note above, customized when assets are significant)

Fee Description	Fee
Administrative Fee	[1.25]% of each contribution
Contract Fee	[4.5]% of the value of the contract
Grant Fee	\$50.00 for each installment of a grant
Expenditure Responsibility Fee	\$350.00 per grant
Minimum Annual Fee	Difference between \$500.00 and total administrative and contract fees paid by Fund during calendar year.
Other Philanthropic Services/Special Transactions Fee	Additional fees may be required for Tides' staff time associated with additional Fund-specific services, including philanthropic consulting or special or unique transactions requested by a Donor Advisor. Any such fees would be agreed with such Donor Advisor prior to initiation of the transaction.

The Foundation reviews its fees from time to time. Any proposed changes to fees will be discussed with you and/or the Fund's Primary Contact in good faith, taking into account the evolving rules applicable to funding charitable activities contemplated herein, and the effective achievement of our charitable mission.

Third Party Costs

The Fund will be assessed a wire transfer fee of \$20.00 for each domestic wire transfer, and \$40.00 for each international wire transfer, as well as any other bank or other third party fees or charges associated with grants or other transactions specific to the Fund. Examples include a void/reissue fee associated with incorrect information provided to Tides by the Fund or a proposed grantee and, in the case of an invested fund, any investment management fee charged directly by the custodian. The Fund will also be responsible for any unrelated business income tax and the cost of any external legal and accounting services associated with specific transactions requested by a Donor Advisor to the Fund and approved by Tides. Engagement of any external legal and/or accounting professionals will be discussed and agreed with such Donor Advisor before reimbursable charges are incurred.



Tides describes its purpose as highlighted in yellow below, but if you choose another philanthropic partner, the language to be included in their form MOU will likely describe that organization's philanthropic purpose.

Appendix B

The Foundation is a mission-driven public charity committed to positive social change. We actively promote movement toward a more just society, founded on principles of social justice, broadly shared economic opportunity, a robust democratic process, and sustainable environmental practices.

Our Vision

A world of shared prosperity & social justice founded on:

- Equality & human rights
- Sustainable environment
- Quality education
- Healthy individuals & communities

Our Mission

Tides accelerates the pace of social change, working with innovative partners to solve society's toughest problems.

Our Approach

- We cross boundaries and link sectors, communities, and cultures.
- We act with empathy and respect.
- We engage with those whose lives are affected.
- We embrace risk.
- We prioritize ideas that can scale.

Appendix C

Donor Advisor Detail

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

To be executed when the Founder transfers shares to the Philanthropic Partner to fund the DAF. Many Founders will transfer the shares to the DAF all at once. If a Founder would like to transfer shares to the DAF over time, in order to ride the upside of the stock, then the Founder would execute a Stock Transfer Agreement each time they transfer shares.

Stock Transfer Agreement

THIS STOCK TRANSFER AGREEMENT, made and effective as of [____], 201[____] (the “Effective Date”), is by and among [____] (“Donor”), [Tides Network, a California nonprofit public benefit corporation, (“Philanthropic Partner”)] [_____] a _____ corporation “Philanthropic Partner”] and [Company ____] (the “Company”), a [____] corporation.

RECITALS

WHEREAS, Donor is record owner of certain shares of the [common stock] of the Company and desires to transfer [____] Insert number representing 1% of Donor’s outstanding shares in the Company] shares (the “Shares”) of the Company’s [common stock] to the [Tides Foundation] [Philanthropic Partner _____] for the benefit of [Insert Company Name DAF created by Founder via the MOU Establishing DAF _____].

WHEREAS, [Tides][_____] Philanthropic Partner] is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code;

WHEREAS, Donor desires to transfer, as a gift and for bona fide charitable purposes, all of Donor’s right, title and interest to the Shares to [Tides][Philanthropic Partner _____] for the benefit of [Insert Company Name DAF created by Founder via the MOU Establishing DAF _____] (the “Gift”); and

WHEREAS, the Company has authorized and approved the Gift.

AGREEMENT

NOW THEREFORE, in consideration of the promises and of the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Transfer.**

a. Donor hereby transfers and assigns to Philanthropic Partner [Insert Company Name DAF created by Founder via the MOU Establishing DAF _____] and Philanthropic Partner hereby agrees to accept and assume, all of Donor's right, title and interest to the Shares.

b. Donor has delivered to Philanthropic Partner the original stock certificate or certificates representing the Shares, if applicable, and Donor shall instruct the Company to: (i) cancel Donor's original stock certificate or certificates representing the Shares and (ii) issue duly executed stock certificates evidencing the Shares to Philanthropic Partner.

2. **Representations and Warranties of Donor.**

a. Title to Shares. Donor is the sole beneficial owner of the Shares, with good and marketable title to the Shares, free and clear of any pledge, lien, security interest, encumbrance, options, claim, restrictions, including vesting and repurchase rights of the Company, or equitable interest.

b. Authority. Donor has all necessary power and authority to enter into and perform this Agreement. This Agreement constitutes Donor's valid and binding obligation.

c. Bona Fide Gift. Donor is transferring the Shares as a bona fide gift to Philanthropic Partner (the "Gift"), and is receiving no monetary compensation from Philanthropic Partner or any affiliate of Philanthropic Partner in connection with the transfer. Other than this Agreement, Donor has no contract, undertaking, agreement or arrangement with any person, including Philanthropic Partner, pursuant to which Donor or an affiliate of Donor would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

d. Compliance with Other Instruments. The execution, delivery and performance of this Agreement and the consummation of the Gift will not result, with or without the passage of time and giving of notice, in any in violation or default of any instrument, judgment, order, writ or decree, under any note, indenture or mortgage, or under any lease, agreement, contract or purchase order to which Donor is a party or, to Donor's knowledge, of any provision of federal, state or local statute, rule or regulation applicable to Donor.

e. Transfer and Voting Restrictions. The Shares are not subject to any restrictions on transfer, rights of first refusal, right of repurchase, or voting obligation, other than as described on Appendix A to this Agreement. Donor has provided Philanthropic Partner with true and complete copies of any and all agreements describing any such restrictions on transfer, rights of first refusal, right of repurchase or voting obligation.

f. Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or, to Donor's knowledge, investigation pending or, to Donor's knowledge, currently threatened that questions the validity of this Agreement or the right of Donor to enter into this Agreement, or to consummate the transactions contemplated hereby.

g. Representation by Counsel; Donor Qualifications. Donor has been represented by his or her own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Donor acknowledges and agrees that Donor is not relying on any tax, accounting or other advice from Philanthropic Partner, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the Gift. Donor represents that by reason of Donor's business or financial experience, Donor has the capacity to protect his own interests in connection with the transactions contemplated in this Agreement.

h. Disclosure. Donor acknowledges that the price and terms of the Gift have been privately discussed between Donor and Philanthropic Partner without the material involvement of the Company. Notwithstanding the foregoing, Donor has received all the information Donor considers necessary or appropriate for deciding whether to complete the Gift. Donor has entered into this Agreement based on Donor's own knowledge, investigation and analysis, and Donor understands that the Company's plans for the future, if successful, may result in an increase in the value of the Shares. Donor acknowledges and understands that Donor will not be entitled to the benefit of any future increase in the value of the Shares. Neither the Company nor Philanthropic Partner has made any representation to Donor about the advisability of this decision or the potential future value of the Company's shares.

3. **Representations and Warranties of Philanthropic Partner.**

a. Bona Fide Gift. Neither Philanthropic Partner nor any affiliate of Philanthropic Partner is providing any monetary compensation to Donor in connection with the Gift.

b. Compliance with Securities Laws. Philanthropic Partner understands and acknowledges that the Shares are not registered with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968, as amended (the "Law"), but instead are being transferred under an exemption or exemptions from the registration and qualification requirements of the 1933 Act and the Law which impose certain restrictions on Philanthropic Partner's ability to transfer the Shares. Philanthropic Partner acknowledges that the Company is under no obligation to register the Shares.

c. Restricted Securities. Philanthropic Partner understands that the Shares are "restricted securities" under applicable U.S. federal and state laws and that, pursuant to these laws, Philanthropic Partner must hold its portion of the Shares indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

d. Representation by Counsel. Philanthropic Partner has been represented by its own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Philanthropic Partner acknowledges and agrees that it is not relying on any tax, accounting or other advice from Donor, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the purchase of the Shares.

e. Acceptance for Own Account. Philanthropic Partner is acquiring the Shares for an indefinite period for Philanthropic Partner' own account, not as a nominee or agent and not with a view to the sale or distribution of any part thereof, and Philanthropic Partner has no present intention of selling, granting participation in or otherwise distributing the same. Other than this Agreement, Philanthropic Partner has no contract, undertaking, agreement or arrangement with any person, including Donor, pursuant to which Donor, an affiliate of Donor, or any third party would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

4. **Restrictive Legends.**

a. Legends. Philanthropic Partner authorizes the Company and its agents to place on each certificate for the Shares that Philanthropic Partner may receive pursuant to this Agreement any legends required under applicable investor agreements and/or state securities laws, as well as the following legends:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR, IF REASONABLY REQUESTED BY THE COMPANY, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

5. **Miscellaneous.**

- a. Further Assurances. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.
- b. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, as such laws are applied to contracts entered into and performed in such State.
- c. Successors and Assigns. This Agreement shall be binding upon Donor, Philanthropic Partner, and their successors, assigns and legal representatives.
- d. Counterparts. This Agreement may be executed in counterparts with the same force and effect as if each of the signatories had executed the same instrument.

[Remainder of Page Intentionally Left Blank]

Stock Transfer Agreement (Founder)

Founder Equity: 1% Post-Exit Model

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

PHILANTHROPIC PARTNER

By:

Name:

Title:

DONOR

By:

Name:

Title:

Authorized and acknowledged by:

COMPANY

By:

Name:

Title:



We include below an example of disclosure language that your company might use in its S-1 Registration Statement disclosing the grant of founders shares to fund your company's social impact work.

In Letter from CEO

We launched a social impact initiative called _____ for _____ purpose. We have joined the Pledge 1% movement and committed one percent of Company's profit, time, and product to our social impact initiatives.

With the launch of our social impact initiative, we joined the Pledge 1% movement, a community of like minded organizations that have made philanthropy a part of their core, reshaping the future of business by balancing purpose alongside profit. As a member of this community, I committed one percent of the Company's equity from my personal holdings, and the company has committed one percent of its profit, time, and product to our social impact initiatives. This is important to us for _____ reason.

We include below the disclosure language that Pluralsight included in its S-1 Registration Statement disclosing the grant of 1% of the Company's equity from the 2 founders personal holdings to fund Pluralsight One Initiatives.



PLURALSIGHT

[Example]

Language in Pluralsight One S-1

We believe technology has the power to create freedom, equality, and opportunity around the globe. Pluralsight One is our social impact initiative dedicated to closing the technology skills gap. The initiative will support nonprofit organizations and amplify their impact by equipping them and the people they serve with the technology skills needed to solve the world's greatest challenges. The more individuals we reach through our platform, the bigger our future opportunity becomes as we enable our customers to access an ever-expanding talent pool.

In Letter from Aaron Skonnard on page 111 of S-1: "With the launch of Pluralsight One, we joined the Pledge 1% movement, a community of like minded organizations that have made philanthropy a part of their core, reshaping the future of business by balancing purpose alongside profit. As a member of this community, my co-founder, Fritz Onion, and I have together committed one percent of the Company's equity from our personal holdings, and Pluralsight has committed one percent of its profit, time, and product to Pluralsight One initiatives. This is an important element of our strategy to democratize technology skills across today's digital divide."

5. Hybrid Model

Board Resolution ... 11

**Donor Advised Fund MOU
(Founder Establishing DAF) ... 123**

**Donor-Advised Fund MOU
(Corporate Establishing DAF)
... 133**

**Founders Pledge Agreement
... 143**

**Stock Transfer Agreement
(Founder) ... 149**

**Stock Transfer Agreement
(Corporate) ... 156**

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

If you are sending these resolutions to Board members to execute and return, choose Unanimous Written Consent. If an in person vote, then choose Resolution.

Corporate Shares Resolution: See page 13 and page 36 of the CEO Equity Playbook for a case study describing a hybrid model whereby equity is sourced from a combination of the company and the founders, demonstrating both the founders' convictions and total shareholder support. Please note that a Board vote is generally not required for founders to donate 1% of their shares but will be required for the donation of corporate shares.

This Board resolution is a template for approving the transfer of 0.2% of corporate shares via a stock transfer agreement each year for 5 years while the company was still private, which is a model that Lookout used. Alternatively, a company could approve pledging its corporate shares via a warrant agreement as set forth in the Board resolution on page 5 in the 1% Upfront Model section or via a simple commitment to transfer shares after a liquidity event as described in the Board Resolution on page 48 in the 1% Distributed Model section.

[UNANIMOUS WRITTEN CONSENT] [RESOLUTION]

OF

THE BOARD OF DIRECTORS

OF

[NAME OF COMPANY_____]

The undersigned, being all of the members of the board of directors of [NAME OF COMPANY_____] (the "Board"), a [Delaware/Colorado/California/_____] corporation (the "Company"), [acting by written consent without a meeting] pursuant to [Section 141(f) of the Delaware General Corporation Law] [Section 7-108-202 of the Colorado Business Corporation Act [Section ____ of the California Corporation Law][_____] [1], do hereby consent to, vote in favor of, and adopt the following resolutions, which resolutions [shall be deemed adopted when all members of the Board have signed this consent][are hereby adopted]:

[1] Note: make sure that the correct statutory references are included here depending on the company's state of incorporation.



WHEREAS, the Board deems it to be in the best interests of the Company and its shareholders to reserve [Insert Number that is 1% of the Company’s fully diluted shares on the date of the Board Resolution] shares of the Company’s [Class A] Common Stock (the “Pledge 1% Shares”) for future issuance to fund the Company’s philanthropic endeavors, including possible issuance to [Tides Foundation, a California nonprofit public benefit corporation.][Philanthropic Partner_____].

Identifying your Philanthropic Partner: It is not necessary to identify a philanthropic partner at the time that your Board approves the equity grant, so the language highlighted in yellow above (and below) is optional. However, if you have chosen a Philanthropic Partner, then you may include this language identifying your Philanthropic Partner.

Authorizing Future Issuance of Shares: The board resolution below authorizes the Company to reserve 1% of fully diluted shares for future issuance. This resolution is critical to formalize your equity pledge.

NOW THEREFORE BE IT RESOLVED: That the Pledge 1% Shares (or the net proceeds from the sale of such Pledge 1% shares) are hereby reserved from future authorized shares for issuance at the direction of Authorized Officers for the Company’s philanthropic endeavor, including possible issuance to the [Tides Foundation][Philanthropic Partner], to be made at the direction of an officer of the Company.

Authorizing Issuance of Shares Each Year: The Board will need to pass a resolution each year, authorizing the issuance of that number of the Pledge 1% Shares that the Company intends to use to fund their social impact work that year, unless you include the Board approval for the issuance each year in this Board resolution. We recommend including an additional resolution at the time that you initially approve the Pledge 1% Shares, instructing the Board to approve the issuance of the portion of the Pledge 1% Shares that the company intends to issue each year, in this case 20% each year for 5 years. The language highlighted in yellow below is recommended, but optional.

RESOLVED FURTHER: That the Company is authorized to issue up to [Insert Number that is 1% of the Company’s fully diluted shares on the date of the Board Resolution_____] shares of the Company’s [Class A] Common Stock (the “Pledge 1% Shares”) to the Philanthropic Partner, which shares would be issued by the Board [at such times as is determined by the Board] as follows: the Company shall transfer 20% of the Pledge 1% Shares to the Philanthropic Partner immediately, and 20% each year thereafter until 100% of the Pledge 1% shares have been transferred to the Philanthropic Partner.

See page 18 of CEO Equity Playbook - Take Action to Minimize Social Impact Legacy Dilution.



***Topping Off:** See page 18 of the CEO Equity Playbook - Critical Considerations - Take Action to Minimize Social Impact Legacy Dilution - Topping Off. This is particularly relevant for early and growth-stage companies. The Board resolution immediately below is recommended but optional, approving the transfer of .2 % (or another amount) to your Philanthropic Partner immediately.*

*The language highlighted in **turquoise** approves transferring a total of 45% (or a higher amount) to the Philanthropic Partner prior to the sale of the company; and the language highlighted in **green** approves the transfer of shares to the Philanthropic Partner in the event of an IPO.*

The goal is to approve transferring as many of the Pledge 1% Shares as possible to the Philanthropic Partner at the time of the liquidity event.

RESOLVED FURTHER: That the Company shall transfer such shares to the Philanthropic Partner as follows:

The Company shall transfer [20%] of the Pledge 1% Shares to the Philanthropic Partner immediately, and the remainder as set forth below. An Exit Event is defined as the earlier of the following events:

(i) “Change of Control” shall mean any (i) sale, lease, exclusive license or other disposition of all or substantially all of the assets of Company, (ii) merger, consolidation or reorganization with respect to Company, or (iii) sale or transfer of all or substantially all of the then-outstanding equity securities of Company in one or a series of related transactions, or

(ii) “Initial Public Offering” shall mean the closing of Company’s first firm commitment underwritten initial public offering of Company’s common stock pursuant to a registration statement filed under the Securities Act of 1933, as amended.

If the Exit Event is a Change of Control or in the event of a Change of Control after the Exit Event, and it is not possible to continue the transfer schedule outlined in the paragraph above, the transfer of the Pledge 1% Shares shall be accelerated and immediately prior to the closing of the Change of Control, the Company shall transfer that number of shares to the Philanthropic Partner such that [45%] of the Pledge 1% Shares will have been transferred to the Philanthropic Partner.

If the Company’s Exit Event is an Initial Public Offering, then the Company shall transfer [35% of the Pledge 1% Shares] to the Philanthropic Partner within [30 days] of an Exit Event and an additional [X% of the Pledge 1% Shares] upon [each anniversary of the Company’s Exit Event] for [X years] following the Exit Event.

PLEDGE
1%

Be sure to check your Certificate of Incorporation to determine whether you need to obtain shareholder approval for the issuance of the shares. Shareholder approval may be required due to the price-based anti-dilution rights held by preferred shareholders that could be triggered by the deemed issuance of new shares. If shareholder approval is required, you should include the resolution immediately below.

RESOLVED FURTHER: That, the officers of the Company are, and each them individually hereby is, authorized and directed, for and on behalf of the Company, to obtain shareholder approval of at least [__%] of the then outstanding shares [of Preferred Stock (voting together as a single class)] [for the issuance of the shares].

RESOLVED FURTHER: That the form, terms and provisions of the Stock Transfer Agreement attached hereto as Exhibit A are hereby approved, adopted and confirmed.

RESOLVED FURTHER: that the Pledge 1% Shares (or the net proceeds from the sale of such Pledge 1% Shares) are hereby reserved from [future] authorized shares for [future] issuance at the direction of an officer of the Company, including for possible issuance to the Philanthropic Partner, to be made at the direction of an officer of the Company.

RESOLVED FURTHER: That any Common Stock shall be validly issued, fully paid and non-assessable when issued in accordance with the terms of the Stock Purchase Agreement, and the issuance of such shares of capital stock is hereby approved.

RESOLVED FURTHER: That the Chief Executive Officer and other appropriate officers of the Company (the “Authorized Officers”), be, and each them individually hereby is, authorized and directed, for and on behalf of the Company, to execute and deliver the Pledge 1% Shares to the Philanthropic Partner.

RESOLVED FURTHER: That the Authorized Officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to execute and submit any and all documents to comply with all applicable state and federal securities laws in connection with the issuance of the securities contemplated hereby.

NOW, THEREFORE, BE IT RESOLVED, that the Company is authorized to issue [Insert Number that is 1% of the Company's fully diluted shares on the date of the Board Resolution _____] shares of Common Stock to the Philanthropic Partner.

If you are taking action by unanimous written consent vs. voting in an actual Board meeting, include the following language:

[RESOLVED FURTHER, that an executed copy of this Unanimous Written Consent shall be filed with the minutes of the proceedings of the Board.

This Unanimous Written Consent shall be effective as of the date the Company receives the unanimous consent of the Company's directors. This Unanimous Written Consent may be signed in two or more counterparts, each of which shall be deemed an original, and all of which shall be deemed one instrument. Any copy, facsimile or other reliable reproduction of this action by written consent may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used.

IN WITNESS WHEREOF, the undersigned directors have duly executed this Unanimous Written Consent which shall be deemed effective as of the date set forth below.]

Date signed:

Date signed:

Date signed:

Exhibit A

Form Stock Transfer Agreement - Founder

See page 149

Stock Transfer Agreement (Founder)

Exhibit B

Form Stock Transfer Agreement - Corporate

See page 156

Stock Transfer Agreement (Corporate)

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

If you are following the Hybrid Model that Lookout adopted whereby Founders transferred shares Pre-Exit. If the Founders would like to transfer their shares Post-Exit, you will want to use the MOU Establishing DAF on page 96.

See page 19 of the CEO Equity Playbook - Critical Considerations - Leverage the Simplicity of a Corporate Donor Advised Fund (DAF). This is a Tides form MOU that Founders will enter into when they want to establish a corporate DAF with the Tides Foundation.

We provide this MOU as a template for working with Tides and as an example for what another Philanthropic Partner's MOU establishing a DAF might look like. Please note that if you choose another philanthropic partner, they will likely have a different MOU form and fee structure.

This form of MOU Establishing a DAF will be used if the Founder makes the equity pledge first and sets up the DAF.

DONOR ADVISED FUND [ESTABLISHING DAF]

MEMORANDUM OF UNDERSTANDING

[NAME OF COMPANY FUND]

Thank you for choosing Tides Foundation (the “Foundation”) as your partner in philanthropy. Since 1976, Tides has worked with thousands of innovative partners to contribute to positive social change; to powerfully pursue our vision of a world of shared prosperity and social justice, founded on equality and human rights, a sustainable environment, healthy individuals and communities, and quality education. We are thrilled to include you in the Tides community, and look forward to being a thoughtful and effective partner in achieving our shared goals.

This letter (this “MOU”) sets forth our mutual understanding regarding the [Name of Company Fund_____] (the “Fund”), a donor advised fund established by the Foundation at the request of [Company_____]-

Donor-Advised Fund MOU (Founder Establishing DAF)

Hybrid Model

Donor Certification

- I have executed a Stock Transfer Agreement, gifting my shares of stock in [Company _____] to the [Name of Company Fund _____] and will execute a Stock Transfer Agreement, transferring my shares of [Company _____] stock to the [Name of Company Fund _____].
- I am authorized to execute this MOU on behalf of [Company_____].
- [Company_____] understands that the Philanthropic Partner has approved the Fund based on it and the Philanthropic Partner's mutual understanding regarding the policies and procedures described in this MOU.
- [Company_____] understands and will abide by the terms and conditions of this MOU, and will ensure that each Donor and/or Donor Advisor to the Fund also understands and abides by such terms and conditions.

AGREED TO:

[Donor (Founder) _____]

Name, Title

Date

[Company _____]

Name, Title

Date

[Philanthropic Partner _____]

Name, Title

Date



Founder and the Company will designate the individual(s) who are authorized to direct funds to be granted from the DAF as defined below as Donor Advisors. See Section B below and Appendix C for appointment of Donor Advisor and Primary Contact.

Terms and Conditions

A. DISTRIBUTIONS FROM THE FUND

Recommendation/Review Process. The legal distinction of a donor advised fund is the right of the donor to the Fund (the “Donor”) and any person appointed or designated by the Company (“Donor Advisor”) to make recommendations regarding disbursements from the fund. Following a recommendation by a Donor Advisor regarding a grant from the Fund, the Fund’s Tides Advisor will coordinate review of the proposed grant. In accordance with IRS rules and regulations, the Foundation maintains and exercises full discretion and control with respect to amounts contributed to it, and will use its independent judgment to determine whether a proposed distribution from the Fund will forward Tides’ charitable mission and otherwise comply with applicable law. Tides’ charitable mission, as reflected in its Vision, Mission, and Approach, is attached to this MOU as Appendix B.

Distribution Minimum. The Foundation does not make disbursements of less than \$250. Any release of funds will be contingent on there being sufficient amounts in the Fund to cover the disbursement and all related fees.

Prohibited Distributions. Donor advised funds are subject to a number of restrictions under IRS rules and regulations. To ensure compliance with all rules and regulations and to safeguard Foundation's charitable purpose, the following restrictions apply to all disbursements from the Fund:

- **No Compensation, Reimbursements, and Similar Payments.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, (iv) the Company, or (v) any business entity, partnership, trust or estate in which any of (i), (ii), (iii) or (iv), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii), (iv) and (v), "Restricted Persons"). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund's grantmaking.
- **No Prohibited Benefits.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii), (iii) or (iv), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii), (iv) and (v) "Restricted Persons"). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund's grantmaking.
- **No Grants/Distributions to Individuals.** The Foundation will not make grants or other distributions from a donor advised fund to individuals.

- **No Lobbying or Political Activity.** The Foundation will not make distributions from a donor advised fund to (i) support lobbying, (ii) intervene or participate in (including through the distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office, or (iii) engage in or support partisan political activity. Any grant approved by the Foundation to support charitable and/or educational activities of a non-501(c)(3) organization with funds from a donor advised fund will be accompanied by a grant agreement that expressly limits the use of the funds to charitable and/or educational activities, and prohibits the use of the funds for impermissible political activity.
- **No Distributions Inconsistent with 501(c)(3) Status.** The Foundation will not make any grants or other distributions that are inconsistent with the Foundation's legal responsibilities as a public charity under Internal Revenue Code section 501(c)(3) or with the rules under IRC section 4966 applicable to donor advised funds.

Expenditure Responsibility. In accordance with IRS rules, the Foundation exercises expenditure responsibility in connection with certain grants from a donor advised fund, including grants to international organizations, to organizations not organized under section 501(c)(3) of the Internal Revenue Code, and to non-operating private foundations.

B. FUND MANAGEMENT AND REPORTING

Appointment / Identification of Donor Advisor. You have identified the person(s) listed on Appendix C as the Donor Advisor(s) to the Fund, as of the date of this MOU, one of whom is identified as a "Primary Contact". Any change to the Donor Advisor(s) and/or Primary Contact must be communicated to the Fund's Tides Advisor in writing. Each Donor Advisor must comply with all terms and conditions of this MOU.

Successor Donor Advisors. The Fund may appoint one generation of successor Donor Advisor(s), or may recommend that, following a certain time and/or inactivity of the Donor/Donor Advisor, distributions from the Fund be made to specific issue area(s) or organization(s). Such recommendations will be subject to the continued discretion of Foundation staff, as described in this MOU. Any successor Donor Advisor(s) identified as of the date of this MOU are listed on Appendix C.

Charitable Solicitations. Any solicitation for charitable contributions on behalf of the Foundation, including to support the Fund, is subject to federal, state and local laws, including, but not limited to, the laws that govern registration for charitable fundraising. Please note that any charitable contributions solicited for the Fund are also subject to all of the restrictions in this MOU. Please consult with the Fund's Tides Advisor prior to engaging in any fundraising activity.

Donor Acknowledgement. The Foundation complies with all applicable laws regarding donor acknowledgement. It is the Foundation's general policy to acknowledge only cash contributions of \$250 or more. Online donations received in a lump sum from an online fundraising platform will be recorded in one lump sum; unless otherwise agreed, the Foundation does not send acknowledgements to individual donors contributing through an online fundraising platform.

Foundation Reporting. The Foundation will provide the Primary Contact with quarterly reports of Fund activity unless other arrangements are requested and agreed to by the Primary Contact and the Foundation. Only cash receipts to the Fund of \$250 or more will be acknowledged to a donor. The Primary Contact and such other person(s) agreed with Foundation also have access to information about the Fund via our secure online service. Copies of the Foundation's annual financial statements and audit will be forwarded on request.

Grantee Reporting. Some grantees are required to submit programmatic and financial reports to the Foundation. [Grantee _____] may request copies of these reports on a grant-by-grant basis or for all grants made from the Fund. You may also coordinate with your Tides Advisor regarding any special grantee reporting requests that you have.

C. OTHER ADMINISTRATION AND FEES

Inactive Funds / Transfer. If no contributions or grant recommendations are made in connection with the Fund during any two-year period, the Foundation will attempt to contact you and, if we are unable to contact you, any other Donor Advisor(s) listed in Foundation's records and authorized to act on [Grantee _____]'s behalf. In the event the Foundation is unable to connect with an authorized representative of [Grantee _____], or there is no such person willing to act in that capacity with respect to the Fund, Foundation staff will recommend disbursements for any amounts remaining in the Fund, taking into account issue areas or organizations designated by the Fund (if any), and take appropriate steps to close the Fund. If [Grantee _____] wishes to transfer all or a portion of the Fund to another public charity engaged in activities consistent with the charitable purposes of the Foundation, a recommendation may be made to the Foundation, which will be reviewed in a manner consistent with the policies and procedures described above.

Fees and Charges Assessed to the Fund. Please see [Appendix A](#) for a detailed list of fees and other charges assessed to the Fund.

Investment Income. At any one time, the Foundation holds substantial assets. The Foundation's management of those assets includes investment pursuant to the Foundation's Investment Policy Statement. Investment income earned by the Foundation from the management of its assets, including assets in the Fund, are credited exclusively to Tides' general fund, which covers operating and administrative costs of the Foundation. The Foundation's management of its assets has no impact on the availability of amounts for disbursement from the Fund.

D. ADDITIONAL SERVICES

This MOU covers standard grantmaking services from a donor advised fund. The Foundation also offers a variety of professional philanthropic services to support our partners in understanding, evaluating and achieving shared charitable goals. For example, we can develop a values planning session to help you refine philanthropic goals and strategies, produce a docket of funding recommendations with in-depth research on specific issue areas, create customized financial reports and related data regarding charitable grantmaking, and provide information, data and support regarding a comprehensive approach to charitable impact, including options for impact investing. Please feel free to contact your Tides Advisor for additional detail regarding any of these services, including associated fees.

E. POLICY CHANGES

Please note that the Foundation reserves the right to amend its policies at any time. We consider and balance the needs and expectations of our charitable partners, the evolving rules applicable to funding the type of charitable activities contemplated by this MOU, and the effective achievement of our charitable mission when doing so.

Donor-Advised Fund MOU (Founder Establishing DAF)

Hybrid Model

Please note that Tides will fill in pricing at the time of entering into the DAF MOU based on the agreement between Tides and the entity creating the DAF. Tides fees are generally 1.25% for a standard DAF for Pledge 1% companies. However, if there are significant assets, Tides will customize pricing so that the fee is reasonable. There is also an invested DAF fund option with a different pricing schedule. See Tides Pricing Sheets starting on page 193 of this Companion Guide.

Other Philanthropic Partners may have different fee structures. We provide this by way of example.

Appendix A: Tides Fees

(Per note above, customized when assets are significant)

Fee Description	Fee
Administrative Fee	[1.25]% of each contribution
Contract Fee	[4.5]% of the value of the contract
Grant Fee	\$50.00 for each installment of a grant
Expenditure Responsibility Fee	\$350.00 per grant
Minimum Annual Fee	Difference between \$500.00 and total administrative and contract fees paid by Fund during calendar year.
Other Philanthropic Services/Special Transactions Fee	Additional fees may be required for Tides' staff time associated with additional Fund-specific services, including philanthropic consulting or special or unique transactions requested by a Donor Advisor. Any such fees would be agreed with such Donor Advisor prior to initiation of the transaction.

The Foundation reviews its fees from time to time. Any proposed changes to fees will be discussed with you and/or the Fund's Primary Contact in good faith, taking into account the evolving rules applicable to funding charitable activities contemplated herein, and the effective achievement of our charitable mission.

Third Party Costs

The Fund will be assessed a wire transfer fee of \$20.00 for each domestic wire transfer, and \$40.00 for each international wire transfer, as well as any other bank or other third party fees or charges associated with grants or other transactions specific to the Fund. Examples include a void/reissue fee associated with incorrect information provided to Tides by the Fund or a proposed grantee and, in the case of an invested fund, any investment management fee charged directly by the custodian. The Fund will also be responsible for any unrelated business income tax and the cost of any external legal and accounting services associated with specific transactions requested by a Donor Advisor to the Fund and approved by Tides. Engagement of any external legal and/or accounting professionals will be discussed and agreed with such Donor Advisor before reimbursable charges are incurred.



Tides describes its purpose as highlighted in yellow below, but if you choose another philanthropic partner, the language to be included in their form MOU will likely describe that organization's philanthropic purpose.

Appendix B

The Foundation is a mission-driven public charity committed to positive social change. We actively promote movement toward a more just society, founded on principles of social justice, broadly shared economic opportunity, a robust democratic process, and sustainable environmental practices.

Our Vision

A world of shared prosperity & social justice founded on:

- Equality & human rights
- Sustainable environment
- Quality education
- Healthy individuals & communities

Our Mission

Tides accelerates the pace of social change, working with innovative partners to solve society's toughest problems.

Our Approach

- We cross boundaries and link sectors, communities, and cultures.
- We act with empathy and respect.
- We engage with those whose lives are affected.
- We embrace risk.
- We prioritize ideas that can scale.

Appendix C

Donor Advisor Detail

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

See page 19 CEO Equity Playbook - Critical Considerations - Leverage the Simplicity of a Corporate Donor Advised Fund (DAF). This is a Tides form MOU that companies will enter into when they are ready to establish their DAF with the Tides Foundation.

We provide this MOU as a template for working with Tides and as an example for what another Philanthropic Partner's MOU establishing a DAF might look like. Please note that if you choose another philanthropic partner, they will likely have a different MOU form and fee structure.

This form of MOU Establishing a DAF will be used if the Company makes the equity pledge first and sets up the DAF.

DONOR ADVISED FUND [ESTABLISHING DAF]

MEMORANDUM OF UNDERSTANDING

[NAME OF COMPANY FUND]

Thank you for choosing Tides Foundation (the "Foundation") as your partner in philanthropy. Since 1976, Tides has worked with thousands of innovative partners to contribute to positive social change; to powerfully pursue our vision of a world of shared prosperity and social justice, founded on equality and human rights, a sustainable environment, healthy individuals and communities, and quality education. We are thrilled to include you in the Tides community, and look forward to being a thoughtful and effective partner in achieving our shared goals.

This letter (this "MOU") sets forth our mutual understanding regarding the [Name of Company Fund _____] (the "Fund"), a donor advised fund established by the Foundation at the request of [Company _____]:

Donor Certification

- I am authorized to execute this MOU on behalf of [Company_____].
- [Company_____] understands that the Foundation has approved the Fund based on it and the Foundation's mutual understanding regarding the policies and procedures described in this MOU.
- [Company_____] understands and will abide by the terms and conditions of this MOU, and will ensure that each Donor and/or Donor Advisor to the Fund also understands and abides by such terms and conditions.

AGREED TO:

[Company_____]

Name, Title

Date

Terms and Conditions

A. DISTRIBUTIONS FROM THE FUND

Recommendation/Review Process. The legal distinction of a donor advised fund is the right of the donor to the Fund (the “Donor”) and any person appointed or designated by the Donor (a “Donor Advisor”) to make recommendations regarding disbursements from the fund. Following a recommendation by a Donor Advisor regarding a grant from the Fund, the Fund’s Tides Advisor will coordinate review of the proposed grant. In accordance with IRS rules and regulations, the Foundation maintains and exercises full discretion and control with respect to amounts contributed to it, and will use its independent judgment to determine whether a proposed distribution from the Fund will forward Tides’ charitable mission and otherwise comply with applicable law. Tides’ charitable mission, as reflected in its Vision, Mission, and Approach, is attached to this MOU as Appendix B.

Distribution Minimum. The Foundation does not make disbursements of less than \$250. Any release of funds will be contingent on there being sufficient amounts in the Fund to cover the disbursement and all related fees.

Prohibited Distributions. Donor advised funds are subject to a number of restrictions under IRS rules and regulations. To ensure compliance with all rules and regulations and to safeguard Foundation's charitable purpose, the following restrictions apply to all disbursements from the Fund:

- **No Compensation, Reimbursements, and Similar Payments.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii) or (iii), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii) and (iv), "Restricted Persons"). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund's grantmaking.
- **No Prohibited Benefits.** The Foundation will not make grants or loans, pay compensation, reimburse expenses, or make any similar payments to (i) a Donor, (ii) a Donor Advisor, (iii) any family member of a Donor or Donor Advisor, or (iv) any business entity, partnership, trust or estate in which any of (i), (ii) or (iii), in the aggregate, hold more than 35% of the voting power, equity, profits or beneficial interest ((i), (ii), (iii) and (iv), "Restricted Persons"). For example, the Foundation will not directly or indirectly reimburse a Restricted Person for travel costs for conferences, purchasing supplies, or hosting a charitable event, or for any goods or services the Restricted Person provides, even if the services are related to the Fund's grantmaking.
- **No Grants/Distributions to Individuals.** The Foundation will not make grants or other distributions from a donor advised fund to individuals.

- **No Lobbying or Political Activity.** The Foundation will not make distributions from a donor advised fund to (i) support lobbying, (ii) intervene or participate in (including through the distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office, or (iii) engage in or support partisan political activity. Any grant approved by the Foundation to support charitable and/or educational activities of a non-501(c)(3) organization with funds from a donor advised fund will be accompanied by a grant agreement that expressly limits the use of the funds to charitable and/or educational activities, and prohibits the use of the funds for impermissible political activity.
- **No Distributions Inconsistent with 501(c)(3) Status.** The Foundation will not make any grants or other distributions that are inconsistent with the Foundation's legal responsibilities as a public charity under Internal Revenue Code section 501(c)(3) or with the rules under IRC section 4966 applicable to donor advised funds.

Expenditure Responsibility. In accordance with IRS rules, the Foundation exercises expenditure responsibility in connection with certain grants from a donor advised fund, including grants to international organizations, to organizations not organized under section 501(c)(3) of the Internal Revenue Code, and to non-operating private foundations.

B. FUND MANAGEMENT AND REPORTING

Appointment / Identification of Donor Advisor. You have identified the person(s) listed on Appendix C as the Donor Advisor(s) to the Fund, as of the date of this MOU, one of whom is identified as a "Primary Contact". Any change to the Donor Advisor(s) and/or Primary Contact must be communicated to the Fund's Tides Advisor in writing. Each Donor Advisor must comply with all terms and conditions of this MOU.

Successor Donor Advisors. The Fund may appoint one generation of successor Donor Advisor(s), or may recommend that, following a certain time and/or inactivity of the Donor/Donor Advisor, distributions from the Fund be made to specific issue area(s) or organization(s). Such recommendations will be subject to the continued discretion of Foundation staff, as described in this MOU. Any successor Donor Advisor(s) identified as of the date of this MOU are listed on Appendix C.

Charitable Solicitations. Any solicitation for charitable contributions on behalf of the Foundation, including to support the Fund, is subject to federal, state and local laws, including, but not limited to, the laws that govern registration for charitable fundraising. Please note that any charitable contributions solicited for the Fund are also subject to all of the restrictions in this MOU. Please consult with the Fund's Tides Advisor prior to engaging in any fundraising activity.

Donor Acknowledgement. The Foundation complies with all applicable laws regarding donor acknowledgement. It is the Foundation's general policy to acknowledge only cash contributions of \$250 or more. Online donations received in a lump sum from an online fundraising platform will be recorded in one lump sum; unless otherwise agreed, the Foundation does not send acknowledgements to individual donors contributing through an online fundraising platform.

Foundation Reporting. The Foundation will provide the Primary Contact with quarterly reports of Fund activity unless other arrangements are requested and agreed to by the Primary Contact and the Foundation. Only cash receipts to the Fund of \$250 or more will be acknowledged to a donor. The Primary Contact and such other person(s) agreed with Foundation also have access to information about the Fund via our secure online service. Copies of the Foundation's annual financial statements and audit will be forwarded on request.

Grantee Reporting. Some grantees are required to submit programmatic and financial reports to the Foundation. [Grantee_____] may request copies of these reports on a grant-by-grant basis or for all grants made from the Fund. You may also coordinate with your Tides Advisor regarding any special grantee reporting requests that you have.

C. OTHER ADMINISTRATION AND FEES

Inactive Funds / Transfer. If no contributions or grant recommendations are made in connection with the Fund during any two-year period, the Foundation will attempt to contact you and, if we are unable to contact you, any other Donor Advisor(s) listed in Foundation's records and authorized to act on [Grantee_____]'s behalf. In the event the Foundation is unable to connect with an authorized representative of [Grantee_____], or there is no such person willing to act in that capacity with respect to the Fund, Foundation staff will recommend disbursements for any amounts remaining in the Fund, taking into account issue areas or organizations designated by the Fund (if any), and take appropriate steps to close the Fund If [Grantee_____] wishes to transfer all or a portion of the Fund to another public charity engaged in activities consistent with the charitable purposes of the Foundation, a recommendation may be made to the Foundation, which will be reviewed in a manner consistent with the policies and procedures described above.

Fees and Charges Assessed to the Fund. Please see [Appendix A](#) for a detailed list of fees and other charges assessed to the Fund.

Investment Income. At any one time, the Foundation holds substantial assets. The Foundation's management of those assets includes investment pursuant to the Foundation's Investment Policy Statement. Investment income earned by the Foundation from the management of its assets, including assets in the Fund, are credited exclusively to Tides' general fund, which covers operating and administrative costs of the Foundation. The Foundation's management of its assets has no impact on the availability of amounts for disbursement from the Fund.

D. ADDITIONAL SERVICES

This MOU covers standard grantmaking services from a donor advised fund. The Foundation also offers a variety of professional philanthropic services to support our partners in understanding, evaluating and achieving shared charitable goals. For example, we can develop a values planning session to help you refine philanthropic goals and strategies, produce a docket of funding recommendations with in-depth research on specific issue areas, create customized financial reports and related data regarding charitable grantmaking, and provide information, data and support regarding a comprehensive approach to charitable impact, including options for impact investing. Please feel free to contact your Tides Advisor for additional detail regarding any of these services, including associated fees.

E. POLICY CHANGES

Please note that the Foundation reserves the right to amend its policies at any time. We consider and balance the needs and expectations of our charitable partners, the evolving rules applicable to funding the type of charitable activities contemplated by this MOU, and the effective achievement of our charitable mission when doing so.

Please note that Tides will fill in pricing at the time of entering into the DAF MOU based on the agreement between Tides and the entity creating the DAF. Tides fees are generally 1.25% for a standard DAF for Pledge 1% companies. However, if there are significant assets, Tides will customize pricing so that the fee is reasonable. There is also an invested DAF fund option with a different pricing schedule. See Tides Pricing Sheets starting on page 193 of this Companion Guide.

Other Philanthropic Partners may have different fee structures. We provide this by way of example.

Appendix A: Tides Fees

(Per note above, customized when assets are significant)

Fee Description	Fee
Administrative Fee	[1.25]% of each contribution
Contract Fee	[4.5]% of the value of the contract
Grant Fee	\$50.00 for each installment of a grant
Expenditure Responsibility Fee	\$350.00 per grant
Minimum Annual Fee	Difference between \$500.00 and total administrative and contract fees paid by Fund during calendar year.
Other Philanthropic Services/Special Transactions Fee	Additional fees may be required for Tides' staff time associated with additional Fund-specific services, including philanthropic consulting or special or unique transactions requested by a Donor Advisor. Any such fees would be agreed with such Donor Advisor prior to initiation of the transaction.

The Foundation reviews its fees from time to time. Any proposed changes to fees will be discussed with you and/or the Fund's Primary Contact in good faith, taking into account the evolving rules applicable to funding charitable activities contemplated herein, and the effective achievement of our charitable mission.

Third Party Costs

The Fund will be assessed a wire transfer fee of \$20.00 for each domestic wire transfer, and \$40.00 for each international wire transfer, as well as any other bank or other third party fees or charges associated with grants or other transactions specific to the Fund. Examples include a void/reissue fee associated with incorrect information provided to Tides by the Fund or a proposed grantee and, in the case of an invested fund, any investment management fee charged directly by the custodian. The Fund will also be responsible for any unrelated business income tax and the cost of any external legal and accounting services associated with specific transactions requested by a Donor Advisor to the Fund and approved by Tides. Engagement of any external legal and/or accounting professionals will be discussed and agreed with such Donor Advisor before reimbursable charges are incurred.



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- We act with empathy and respect.
- We engage with those whose lives are affected.
- We embrace risk.
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Appendix C

Donor Advisor Detail

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

Phone:

Authorized to act individually on behalf of the Fund? Y / N

Primary Contact? Y / N

Please Choose One: Donor Advisor / Successor Donor Advisor

Name:

Title:

Contact Information:

E-Mail:

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Authorized to act individually on behalf of the Fund? Y / N

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Name:

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Primary Contact? Y / N

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With the Hybrid model adopted by Lookout whereby the Founders transferred their shares Pre-Exit, a pledge agreement would not be needed.

This pledge agreement would be used by a founder who wants to commit today to gifting shares to a Philanthropic Partner after a liquidity event. See chart on page 15 of the CEO Equity Playbook - Founder Equity for an analysis of the pros and cons of founders pledging equity pre-and post-liquidity. In most cases, founders will receive greater tax benefits if shares are transferred post-exit, but they must always consult their own personal tax advisors.

If the Company has already set up a Donor Advised Fund with a Philanthropic Partner, then the Founder would pledge its shares to that Company DAF. If the Company has not yet set up a DAF, then Founder could create a Company DAF and would enter into an MOU with the Philanthropic Partner.

FOUNDERS PLEDGE AGREEMENT

for the benefit of

[Tides Foundation][Other Philanthropic Partner _____]

PLEDGE

This Agreement is made by and between _____ (the “Donor”) and [Tides Foundation , a California nonprofit public benefit corporation][Other Philanthropic Partner _____] (the “Philanthropic Partner”) for the benefit of [Insert Company Name DAF created by Founder or Company via the MOU Establishing DAF _____].

Donor is making the pledge in connection with either the company that Donor founded, is employed by or a company that Donor has invested in. This agreement is legally binding and may have personal tax implications.

Most Founders either individually or together with their co-founders, donate 1% of the Company's outstanding shares out of their personal holdings, but this % may vary, based on the % of the Company shares that the Founder holds at the time of the Exit Event or other personal circumstances.

RECITALS

A. Donor intends to pledge to make a gift to Philanthropic Partner for the benefit of [Insert Company Name DAF created by Founder or Company via the MOU Establishing DAF] of the number of shares of stock in [Company _____] ("Company") that equals 1% of the total value of the [the Company's outstanding] shares that Donor holds in Company at the time of an Exit Event (the "Shares") as described below.

AGREEMENT

1. Gift by Donor. Donor hereby promises, subject to the provisions of this Agreement, to transfer the Shares to Philanthropic Partner on the schedule set forth in Section 2 herein (such promise, the "Pledge", and such money or property, the "Gift"). The Gift shall be in addition to any contribution the Donor has made or agreed to make before the effective date of this Agreement.

See page 18 of CEO Equity Playbook- Ride the Upside of Your Stock. If a Founder would like to transfer shares to the DAF over time, in order to ride the upside of the stock, then you would include a schedule for transferring shares in Section 2 below.

See page 19 of the CEO Equity Playbook - Critical Considerations - Avoid Stock Volatility. "Consider pre-setting the first sale of your social impact shares to a date other than the end of the lock-up period i.e. 1 year anniversary of your IPO or 2 months after the lock up."

2. Timing of Gift. Donor agrees to make the gift within [60 days of an Exit Event or following the expiration of any lock-up or holding periods applicable to the Shares]. [Donor agrees to make X% of the gift within [60] days of the exit or following the expiration of any lock-up or holding periods applicable to the Shares and then X% on each one year anniversary thereof.] An Exit Event is defined as the earlier of the following events:

Donor agrees to make the gift within 60 days following Exit Event unless the Donor is restricted by the terms an Exit Event, in which case, the Donor agrees to make the gift within 60 days of the first allowable date. An Exit Event is defined as the earlier of the following events:

(i) **"Change of Control"** shall mean any (i) sale, lease, exclusive license or other disposition of all or substantially all of the assets of Company, (ii) merger, consolidation or reorganization with respect to Company, or (iii) sale or transfer of all or substantially all of the then-outstanding equity securities of Company in one or a series of related transactions.

(ii) **"Initial Public Offering"** shall mean the closing of Company's first firm commitment underwritten initial public offering of Company's common stock pursuant to a registration statement filed under the Securities Act of 1933, as amended.

(iii) other exit events define

Donor will arrange that this Pledge is part of Donor's estate plan, (subject to the next revision of estate plan), which will be completed upon death, if it has not already been completed during life. Donor further agrees to provide the Philanthropic Partner, upon request, with documentation of such estate plan modifications.

3. Conditions. The Philanthropic Partner must be qualified as a public charity pursuant to sections 501(c)(3) and 509(a)(1), (2), or (3) of the Internal Revenue Code at the time any amount is to be given under this Agreement.

4. Enforcement. The Philanthropic Partner may enforce this Pledge by way of an action for specific performance or by any other appropriate remedy by any court having jurisdiction.

5. Applicable Law. This Agreement shall be governed pursuant to the laws of the State of California applicable to contracts entered into and to be performed entirely within that State.

6. Entire Agreement. This Agreement constitutes the sole and complete agreement between the parties with respect to this subject matter, and supersedes any prior or contemporaneous representation or understanding between the parties with respect to this subject matter. This Agreement may not be amended, except in a writing signed by the parties.

7. Severability. If any provision of this Agreement is invalid, that provision shall be disregarded, and the remainder of this Agreement shall be construed as if the invalid provision had not been included.

8. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the last date written below.

Dated: [NAME], Donor

Dated: [NAME], Philanthropic Partner

By:

Its:

WAIVER OF SPOUSE

I am the spouse of [_____] Donor]. I hereby acknowledge that the assets my spouse pledged under that certain charitable pledge agreement for the benefit of [_____] (the “Philanthropic Partner”), effective as of [_____] Date] (the “Agreement”), are my spouse’s separate property, and I consent to the transfer of those assets to the Philanthropic Partner for the purposes described in the Agreement.

I irrevocably waive any right that I may have, now or in the future, to claim any of those assets by reason of any spousal right of election, community property law, or other law governing marital property rights. I hereby acknowledge that my spouse has adequately disclosed to me the nature and extent of [his // her] property, and I expressly waive any right I may have to any financial disclosure beyond that which my spouse has already made to me.

I hereby acknowledge that I have had the opportunity to consult with legal counsel of my own choice before executing this consent and waiver.

Dated:

Signature

Print Name

CONSENT AND WAIVER OF REGISTERED DOMESTIC PARTNER

Under the laws of the State of California, I am the registered domestic partner of [_____] Donor]. I hereby acknowledge that the assets my partner pledged under that certain charitable pledge agreement for the benefit of [_____] (the “Philanthropic Partner”), effective as of [_____] Date] (the “Agreement”), are my partner’s separate property, and I consent to the transfer of those assets to the Philanthropic Partner for the purposes described in the Agreement.

I irrevocably waive any right that I may have, now or in the future, to claim any of those assets by reason of any right of election, community property law, or other law governing registered domestic partner property rights. I hereby acknowledge that my partner has adequately disclosed to me the nature and extent of [[his // her]] property, and I expressly waive any right I may have to any financial disclosure beyond that which my partner has already made to me.

I hereby acknowledge that I have had the opportunity to consult with legal counsel of my own choice before executing this consent and waiver.

Dated:

Signature

Print Name

Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

To be executed when Founder transfers shares to the Philanthropic Partner to fund the DAF established by Founder or Company via an MOU Establishing DAF. With a Hybrid model, if the Company has already set up a Donor Advised Fund with a Philanthropic Partner, then the Founder would pledge and/or transfer its shares to that Company DAF. If the Company has not yet set up a DAF, then Founder could create a Company DAF to which it would pledge and/or transfer his or her shares.

Many Founders will transfer the shares to the DAF all at once. If a Founder would like to transfer shares to the DAF over time, in order to ride the upside of the stock, then the Founder would execute a Stock Transfer Agreement each time they transfer shares.

Stock Transfer Agreement

THIS STOCK TRANSFER AGREEMENT, made and effective as of [____], 201[____] (the “Effective Date”), is by and among [____] (“Donor”), [Tides Network, a California nonprofit public benefit corporation, (“Philanthropic Partner”)] [_____] a _____ corporation “Philanthropic Partner”] and [Company _____] (the “Company”), a [_____] corporation.

RECITALS

WHEREAS, Donor is record owner of certain shares of the [common stock] of the Company and desires to transfer [Insert number representing 1% of Donor’s outstanding shares in the Company _____] shares (the “Shares”) of the Company’s [common stock] to the [Tides][Philanthropic Partner _____] for the benefit of [Insert Company Name DAF created by Founder or by Company via the MOU Establishing DAF _____];;

WHEREAS, [Tides][Philanthropic Partner _____] is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code;

WHEREAS, Donor desires to transfer, as a gift and for bona fide charitable purposes, all of Donor’s right, title and interest to the Shares to [Tides][Philanthropic Partner _____] for the benefit of [Insert Company Name DAF created by Founder or by Company via the MOU Establishing DAF _____] (the “Gift”); and

WHEREAS, the Company has authorized and approved the Gift.



AGREEMENT

NOW THEREFORE, in consideration of the promises and of the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Transfer.**

a. Donor hereby transfers and assigns to Philanthropic Partner [Insert Company Name DAF created by Founder via the MOU Establishing DAF _____] and Philanthropic Partner hereby agrees to accept and assume, all of Donor's right, title and interest to the Shares.

b. Donor has delivered to Philanthropic Partner the original stock certificate or certificates representing the Shares, if applicable, and Donor shall instruct the Company to: (i) cancel Donor's original stock certificate or certificates representing the Shares and (ii) issue duly executed stock certificates evidencing the Shares to Philanthropic Partner.

2. **Representations and Warranties of Donor.**

a. Title to Shares. Donor is the sole beneficial owner of the Shares, with good and marketable title to the Shares, free and clear of any pledge, lien, security interest, encumbrance, options, claim, restrictions, including vesting and repurchase rights of the Company, or equitable interest.

b. Authority. Donor has all necessary power and authority to enter into and perform this Agreement. This Agreement constitutes Donor's valid and binding obligation.

c. Bona Fide Gift. Donor is transferring the Shares as a bona fide gift to Philanthropic Partner (the "Gift"), and is receiving no monetary compensation from Philanthropic Partner or any affiliate of Philanthropic Partner in connection with the transfer. Other than this Agreement, Donor has no contract, undertaking, agreement or arrangement with any person, including Philanthropic Partner, pursuant to which Donor or an affiliate of Donor would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

d. Compliance with Other Instruments. The execution, delivery and performance of this Agreement and the consummation of the Gift will not result, with or without the passage of time and giving of notice, in any in violation or default of any instrument, judgment, order, writ or decree, under any note, indenture or mortgage, or under any lease, agreement, contract or purchase order to which Donor is a party or, to Donor's knowledge, of any provision of federal, state or local statute, rule or regulation applicable to Donor.

e. Transfer and Voting Restrictions. The Shares are not subject to any restrictions on transfer, rights of first refusal, right of repurchase, or voting obligation, other than as described on Appendix A to this Agreement. Donor has provided Philanthropic Partner with true and complete copies of any and all agreements describing any such restrictions on transfer, rights of first refusal, right of repurchase or voting obligation.

f. Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or, to Donor's knowledge, investigation pending or, to Donor's knowledge, currently threatened that questions the validity of this Agreement or the right of Donor to enter into this Agreement, or to consummate the transactions contemplated hereby.

g. Representation by Counsel; Donor Qualifications. Donor has been represented by his or her own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Donor acknowledges and agrees that Donor is not relying on any tax, accounting or other advice from Philanthropic Partner, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the Gift. Donor represents that by reason of Donor's business or financial experience, Donor has the capacity to protect his own interests in connection with the transactions contemplated in this Agreement.

h. Disclosure. Donor acknowledges that the price and terms of the Gift have been privately discussed between Donor and Philanthropic Partner without the material involvement of the Company. Notwithstanding the foregoing, Donor has received all the information Donor considers necessary or appropriate for deciding whether to complete the Gift. Donor has entered into this Agreement based on Donor's own knowledge, investigation and analysis, and Donor understands that the Company's plans for the future, if successful, may result in an increase in the value of the Shares. Donor acknowledges and understands that Donor will not be entitled to the benefit of any future increase in the value of the Shares. Neither the Company nor Philanthropic Partner has made any representation to Donor about the advisability of this decision or the potential future value of the Company's shares.

3. **Representations and Warranties of Philanthropic Partner.**

a. Bona Fide Gift. Neither Philanthropic Partner nor any affiliate of Philanthropic Partner is providing any monetary compensation to Donor in connection with the Gift.

b. Compliance with Securities Laws. Philanthropic Partner understands and acknowledges that the Shares are not registered with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968, as amended (the "Law"), but instead are being transferred under an exemption or exemptions from the registration and qualification requirements of the 1933 Act and the Law which impose certain restrictions on Philanthropic Partner's ability to transfer the Shares. Philanthropic Partner acknowledges that the Company is under no obligation to register the Shares.

c. Restricted Securities. Philanthropic Partner understands that the Shares are "restricted securities" under applicable U.S. federal and state laws and that, pursuant to these laws, Philanthropic Partner must hold its portion of the Shares indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

d. Representation by Counsel. Philanthropic Partner has been represented by its own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Philanthropic Partner acknowledges and agrees that it is not relying on any tax, accounting or other advice from Donor, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the purchase of the Shares.

e. Acceptance for Own Account. Philanthropic Partner is acquiring the Shares for an indefinite period for Philanthropic Partner' own account, not as a nominee or agent and not with a view to the sale or distribution of any part thereof, and Philanthropic Partner has no present intention of selling, granting participation in or otherwise distributing the same. Other than this Agreement, Philanthropic Partner has no contract, undertaking, agreement or arrangement with any person, including Donor, pursuant to which Donor, an affiliate of Donor, or any third party would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

4. **Restrictive Legends.**

a. Legends. Philanthropic Partner authorizes the Company and its agents to place on each certificate for the Shares that Philanthropic Partner may receive pursuant to this Agreement any legends required under applicable investor agreements and/or state securities laws, as well as the following legends:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR, IF REASONABLY REQUESTED BY THE COMPANY, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

5. Miscellaneous.

a. Further Assurances. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

b. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, as such laws are applied to contracts entered into and performed in such State.

c. Successors and Assigns. This Agreement shall be binding upon Donor, Philanthropic Partner, and their successors, assigns and legal representatives.

d. Counterparts. This Agreement may be executed in counterparts with the same force and effect as if each of the signatories had executed the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

PHILANTHROPIC PARTNER

By:

Name:

Title:

DONOR

By:

Name:

Title:

Authorized and acknowledged by:

COMPANY

By:

Name:

Title:



Sections in yellow are strongly recommended but optional

Comments in blue are for instructional purposes only

To be executed each year/each time Company desires to transfer shares to the Philanthropic Partner to fund the DAF established by Founder or Company. A Company could execute a warrant agreement vs a stock transfer agreement when using the Hybrid model, but Lookout used a stock transfer agreement. If the Company has already set up a Donor Advised Fund with a Philanthropic Partner, then the Company would transfer its shares to that Company DAF. If the Founder has already set up a DAF, then Company would transfer its shares to the DAF set up by Founder.

Stock Transfer Agreement

THIS STOCK TRANSFER AGREEMENT, made and effective as of [____], 20[___] (the “Effective Date”), is by and among [Tides Foundation, a California nonprofit public benefit corporation, (“Philanthropic Partner”)] [_____] a _____ corporation “Philanthropic Partner”] and [Company _____] (the “Company”), a [_____] corporation.

RECITALS

WHEREAS, Donor is record owner of certain shares of the [common stock] of the Company and desires to transfer [___ Insert number representing 1% of Donor’s outstanding shares in the Company] shares (the “Shares”) of the Company’s [common stock] to the [Philanthropic Partner Foundation] [Philanthropic Partner _____] for the benefit of [Insert Company Name DAF created by Founder or by Company via the MOU Establishing DAF _____];

WHEREAS, [Tides][Philanthropic Partner _____] is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code;

WHEREAS, Donor desires to transfer, as a gift and for bona fide charitable purposes, all of Donor’s right, title and interest to the Shares to [Tides] [Philanthropic Partner _____] for the benefit of [Insert Company Name DAF created by Founder or by Company via the MOU Establishing DAF _____] (the “Gift”); and

WHEREAS, the Company has authorized and approved the Gift.

AGREEMENT

NOW THEREFORE, in consideration of the promises and of the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Transfer.**

a. Company hereby transfers and assigns to Philanthropic Partner, and Philanthropic Partner hereby agrees to accept and assume, all of Company's right, title and interest to the Shares.

b. Company has delivered to Philanthropic Partner the original stock certificate or certificates representing the Shares, if applicable, and Company shall instruct the Company to: (i) cancel Company's original stock certificate or certificates representing the Shares and (ii) issue duly executed stock certificates evidencing the Shares to Philanthropic Partner.

2. **Representations and Warranties of Company.**

a. Title to Shares. Company is the sole beneficial owner of the Shares, with good and marketable title to the Shares, free and clear of any pledge, lien, security interest, encumbrance, options, claim, restrictions, including vesting and repurchase rights of the Company, or equitable interest.

b. Authority. Company has all necessary power and authority to enter into and perform this Agreement. This Agreement constitutes Company's valid and binding obligation.

c. Bona Fide Gift. Company is transferring the Shares as a bona fide gift to Philanthropic Partner (the "Gift"), and is receiving no monetary compensation from Philanthropic Partner or any affiliate of Philanthropic Partner in connection with the transfer. Other than this Agreement, Company has no contract, undertaking, agreement or arrangement with any person, including Philanthropic Partner, pursuant to which Company or an affiliate of Company would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

d. Compliance with Other Instruments. The execution, delivery and performance of this Agreement and the consummation of the Gift will not result, with or without the passage of time and giving of notice, in any in violation or default of any instrument, judgment, order, writ or decree, under any note, indenture or mortgage, or under any lease, agreement, contract or purchase order to which Company is a party or, to Company's knowledge, of any provision of federal, state or local statute, rule or regulation applicable to Company.

e. Transfer and Voting Restrictions. The Shares are not subject to any restrictions on transfer, rights of first refusal, right of repurchase, or voting obligation, other than as described on Appendix A to this Agreement. Company has provided Philanthropic Partner with true and complete copies of any and all agreements describing any such restrictions on transfer, rights of first refusal, right of repurchase or voting obligation.

f. Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or, to Company's knowledge, investigation pending or, to Company's knowledge, currently threatened that questions the validity of this Agreement or the right of Company to enter into this Agreement, or to consummate the transactions contemplated hereby.

g. Representation by Counsel: Company Qualifications. Company has been represented by his or her own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Company acknowledges and agrees that Company is not relying on any tax, accounting or other advice from Philanthropic Partner, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the Gift. Company represents that by reason of Company's business or financial experience, Company has the capacity to protect his own interests in connection with the transactions contemplated in this Agreement.

h. Disclosure. Company acknowledges that the price and terms of the Gift have been privately discussed between Company and Philanthropic Partner without the material involvement of the Company. Notwithstanding the foregoing, Company has received all the information Company considers necessary or appropriate for deciding whether to complete the Gift. Company has entered into this Agreement based on Company's own knowledge, investigation and analysis, and Company understands that the Company's plans for the future, if successful, may result in an increase in the value of the Shares. Company acknowledges and understands that Company will not be entitled to the benefit of any future increase in the value of the Shares. Neither the Company nor Philanthropic Partner has made any representation to Company about the advisability of this decision or the potential future value of the Company's shares.

3. Representations and Warranties of Philanthropic Partner.

a. Bona Fide Gift. Neither Philanthropic Partner nor any affiliate of Philanthropic Partner is providing any monetary compensation to Company in connection with the Gift.

b. Compliance with Securities Laws. Philanthropic Partner understands and acknowledges that the Shares are not registered with the Securities and Exchange Commission (“SEC”) under the Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968, as amended (the “Law”), but instead are being transferred under an exemption or exemptions from the registration and qualification requirements of the 1933 Act and the Law which impose certain restrictions on Philanthropic Partner’s ability to transfer the Shares. Philanthropic Partner acknowledges that the Company is under no obligation to register the Shares.

c. Restricted Securities. Philanthropic Partner understands that the Shares are “restricted securities” under applicable U.S. federal and state laws and that, pursuant to these laws, Philanthropic Partner must hold its portion of the Shares indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

d. Representation by Counsel. Philanthropic Partner has been represented by its own counsel in connection with the Gift or knowingly chose not to consult such counsel and understands the tax and accounting consequences associated with the Gift. Philanthropic Partner acknowledges and agrees that it is not relying on any tax, accounting or other advice from Company, the Company or any of their respective advisors, representatives or counsel with respect to the legal, investment, and/or tax consequences of the purchase of the Shares.

e. Acceptance for Own Account. Philanthropic Partner is acquiring the Shares for an indefinite period for Philanthropic Partner’s own account, not as a nominee or agent and not with a view to the sale or distribution of any part thereof, and Philanthropic Partner has no present intention of selling, granting participation in or otherwise distributing the same. Other than this Agreement, Philanthropic Partner has no contract, undertaking, agreement or arrangement with any person, including Company, pursuant to which Company, an affiliate of Company, or any third party would have the ability to purchase, effect the transfer of, or otherwise direct and control the treatment of the Shares.

4. Restrictive Legends.

a. Legends. Philanthropic Partner authorizes the Company and its agents to place on each certificate for the Shares that Philanthropic Partner may receive pursuant to this Agreement any legends required under applicable investor agreements and/or state securities laws, as well as the following legends:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR, IF REASONABLY REQUESTED BY THE COMPANY, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

5. Miscellaneous.

a. Further Assurances. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

b. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, as such laws are applied to contracts entered into and performed in such State.

c. Successors and Assigns. This Agreement shall be binding upon Company, Philanthropic Partner, and their successors, assigns and legal representatives.

d. Counterparts. This Agreement may be executed in counterparts with the same force and effect as if each of the signatories had executed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

PHILANTHROPIC PARTNER

By:

Name:

Title:

COMPANY

By:

Name:

Title:





Appendix A: Deloitte Tax Memo

Deloitte Tax Memo ... 163



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The purpose of this memorandum is to summarize the U.S. federal income tax consequences arising from various scenarios of donations involving equity interests.

BACKGROUND

Pledge 1% is a program that is fiscally sponsored by the Tides Foundation, a U.S. public charity qualified under section 501(c)(3). Pledge 1% is a global movement to create a new normal in which giving back is integrated into the DNA of companies of all sizes. Pledge 1% encourages and challenges individuals and companies to pledge one percent (1%) of equity, profit, product and/or employee time for the benefit of their communities.

ASSUMPTIONS

- The equity interests being discussed are organized as corporations taxed as C-corporations under the Internal Revenue Code of the United States.
- Unless otherwise indicated, each corporation has only one class of stock.
- Each corporation's stock is appreciated (the donor's basis in the equity is less than the fair market value).
- The stock has been held for more than 1 year, and it qualifies for long-term capital gain treatment.
- Unless otherwise indicated, there is no debt associated with the ownership of the equity interest, and there is no unusual debt other than operating debt inside of any of the companies.
- Any terms related to options or warrants, and the values assigned to the equities, options or warrants are indicated in the individual fact patterns.



QUESTIONS

1. What are the tax implications of charitable contributions of stock (pre-initial public offering ["IPO"] and post-IPO) by individuals and corporations?
2. What are the tax implications of charitable contributions of stock via a warrant by a company?
3. What are the tax implications of charitable contributions of stock via a pledge agreement by an individual or company?
4. What are the tax implications of charitable contributions of stock via an option by an individual?
5. What is the assignment of income principle, and how does that impact the donations described in this memorandum?

ANALYSIS

General Rules

The tax rules regarding charitable contributions of stock are similar between individuals and corporations. While the value of a contributed asset may be similar, the value of the charitable deduction will differ depending on the type of taxpayer contributing it, based on the respective tax rate and the charitable deduction limitation, which is based upon adjusted gross income ("AGI") for individuals and taxable income for corporations. The formula used for limiting the deductible amount of the donation of a non-cash deduction for individuals depends upon not only the type of asset but also the type of charitable entity (public charity or private foundation) to which the asset is being contributed.

The following table provides a summary of the rules. Please note a contribution to a Donor Advised Fund ("DAF") is a contribution to a public charity. This is because only a public charity may sponsor a DAF. When donors contribute to a DAF, they have made a completed gift to a public charity which is owned and controlled by the public charity. However, the funds are separately identifiable by reference to the donors, and the donors have a reasonable expectation of advisory privileges over the investment and/or distribution of the assets in the DAF in the future. Thus, all references in this memorandum to public charities apply to DAFs.

Private operating foundations are distinguished from private foundations in the table because, for donation purposes, private operating foundations offer benefits similar to public charities. However, in the body of the memo, the cautions applicable to private foundations are equally applicable to private operating foundations as they apply to disqualified persons (substantial contributors or managers) with respect to both types of foundations.

Overview of Donation Values and Benefits

	Type of Asset	Donee Organization	Income Limit on the Deduction	Deduction Value	Max Value ¹
Individual	Closely held LTCG Stock	Public Charity or Private Operating Foundation	30% AGI	FMV	37%
Individual	Closely held LTCG Stock	Private Foundation	20% AGI	Basis	37%
Individual	Qualified Appreciated Stock	Public Charity or Private Operating Foundation	30% AGI	FMV	37%
Individual	Qualified Appreciated Stock	Private Foundation ²	20% AGI	FMV	37%
Individual	Stock Options	Public Charity	30% AGI	FMV on date of exercise ³	37%
Individual	Stock Options	Private Operating Foundation ⁴	30% AGI	FMV on date of exercise	37%
Individual	Stock Options	Private Foundation ⁵	20% AGI	FMV on date of exercise	37%
Corporation	Closely held LTCG Stock / Qualified Appreciated Stock	Any 501(c)(3) entity	10% taxable income	FMV	21%
Corporation	Stock Warrants	Any 501(c)(3) entity	10% taxable income	Net exercise value	21%

Charitable Deduction Limitations

- a. AGI Limitation (Individuals):** In general, an individual may deduct a charitable gift of capital gain property of **up to 30%** of AGI. This applies to gifts made to public charities, private operating foundations, private nonoperating foundations that distribute contributions within two and one-half months of year's end (and make a conduit election), and private nonoperating foundations that maintain a common fund. (Gifts made to other private nonoperating foundations are generally subject to a **20%** of AGI limitation.)

¹ The highest federal individual marginal tax rate is currently 37%. The federal corporate tax rate is currently a flat 21%. There may be an additional benefit available for individual/corporate state taxes.

² Qualified appreciated stock donated to a private foundation may be limited to 10% of the FMV of all outstanding stock based upon total stock ever contributed by the donor to the private foundation (Section 170(e)(5)(C)(i)).

³ Section 170(b)(1)(A) and (B).

⁴ If the donor is a substantial contributor to the private foundation, **options/warrants are not normally exercisable by the private foundation directly because to do so would be an act of self-dealing** (since the donor is a disqualified person). Either the options/warrants are transferred to an unrelated public charity which may then exercise the options, or the foundation will exchange the options with the corporation for stock in a cashless net exercise transaction as described in PLR 200530007.

⁵ *Ibid.*



The 30 percent limitation applies when a taxpayer deducts the fair market value of capital gain property as a charitable contribution deduction. Taxpayers may make an election whereby instead of deducting the property's fair market value at the 30% AGI limit, donors may limit the value of their deduction to their basis in the donated property.⁶ If this election is made, a gift of capital gain property is allowed the higher AGI deduction limitation allowed for organizations (public charity/private operating foundation) of either **50%** or **30%**.

- b. Taxable Income Limitation (Corporations):** A corporation may deduct a charitable gift of **up to 10% of its taxable income**. (Taxable income is computed without regard to the following: (1) the charitable contribution deduction; (2) the dividends received deductions or special deductions for corporations in sections 241–247 and 249–250; (3) any net operating loss carryback under section 172; (4) any capital loss carryback under section 1212(a)(1); and (5) any qualified business income deductions allowed to specified agricultural or horticultural cooperatives.)⁷ The 10% of taxable income limitation applies regardless of the type of contribution made – cash, publicly traded securities, or other property.
- c. Carryover of unused amounts:** If the deductible amount exceeds the limitation computed based on AGI or taxable income, the remainder may be carried forward for the succeeding 5 taxable years.⁸ However, if the taxpayer also has net operating losses carried over into the same tax period into which the taxpayer would otherwise have been allowed a charitable contribution deduction, the taxpayer is allowed to convert the charitable contribution deductions which is lost due to the net operating loss taken, into net operating loss carryover. This results in an extension of the charitable contribution which was not allowed from 5 years to a much longer period.⁹

CORPORATE EQUITY:

Corporate Equity – Shares of Stock (Pre- or Post-IPO) (1% Upfront Model)

A charitable contribution of shares of stock by a corporation is subject to the normal charitable contribution rules discussed above. An immediate tax deduction is available to the corporation when the shares are transferred, subject to the limitations described above (10% of taxable income).

Corporate Equity – Stock Warrants (1% Upfront Model)

If a company enters into a warrant agreement with a tax-exempt organization, the company can take a tax deduction in the year that the tax-exempt organization exercises the warrant and receives the shares.

A warrant is a type of option that entitles the holder of the warrant to purchase the underlying stock of the issuing company at a fixed price - called the exercise price - until the expiration date. If the value of the stock specified in the warrant is worth more than its specified exercise price, it generally falls within the rules of a charitable gift of appreciated property. The donor is allowed a gift based upon the fair market value of the stock without having to recognize any gain on the stock disposition.

A gift of appreciated property to a qualified organization should qualify for a charitable deduction under the capital gain property rules discussed above **subject to the vesting schedule** and does not typically result in income to the donor, assuming the donor gives away all rights to the property before the property gives rise to income by way of a sale.¹⁰ (See following for a discussion of the assignment of income rules.)

For grants of warrants to purchase stock, the donor will not be entitled to a deduction at the time of the grant of the warrant, but rather as and when the charity exercises the warrant and receives the shares

⁶ Section 170(b)(1)(C)(iii).

⁷ Section 170(b)(2)(A).

⁸ Sections 170(d)(1)(A) and 170(d)(2)(A).

⁹ Treas. Regs. §§ 1.170A-10(d)(1) (for individuals) and 1.170A-11(c)(2) (for corporations).

¹⁰ *Rauenhorst v. Commissioner*, 119 T.C. 157 (2002).

over the vesting schedule. The deduction will be computed as the excess of the fair market value of the property on the date the warrant was exercised over the exercise price of the option.¹¹

This position is further supported in Treas. Reg. § 1.170A-1(e), which states that if “a transfer for charitable purposes is dependent upon the performance of some act or the happening of a precedent event in order that it might become effective, no deduction is allowable unless the possibility that the charitable transfer will not become effective is so remote as to be negligible.” In this case, the transfer of the underlying stock is dependent upon the charity exercising the warrant and, therefore, is likely not considered complete until the actual exercise has occurred.

The general limitations for charitable contributions made by corporations discussed apply in the case of donations of warrants (i.e., 10% of taxable income, carryover of unused amounts for 5 years).

The same rules discussed below regarding stock options contributed to a private foundation also apply in the case of warrants. Often, the gifts of warrants are from a donor who is a disqualified person with regard to the private foundation to which they are contributing; therefore, the warrants are not normally exercisable by the private foundation directly because to do so would be an act of self-dealing. Instead, either the warrants may be transferred to an unrelated public charity, which may then exercise them, or the foundation will exchange the warrants with the corporation for stock in a cashless net exercise transaction as described in PLR 200530007.

Stock Warrants with Nominal Exercise Price (e.g., \$0.01) –

Stock warrants granted with a nominal exercise price will likely qualify for the same treatment described above (deduction upon exercise of the warrant). There is one possible exception to this, which should be examined with care: As referenced above, Treas. Reg. § 1.170A-1(e) states that if “a transfer for charitable purposes is dependent upon the performance of some act or the happening of a precedent event in order that it might become effective, no deduction is allowable *unless the possibility that the charitable transfer will not become effective is so remote as to be negligible.*” The so remote as to be negligible standard could perhaps be argued to apply in the case of an exercise price so low that it is almost inconceivable that the charity would not exercise the warrant. In this case, it could be argued that the corporation is contributing the stock at FMV upon the date of the grant of the warrant. However, this position carries significant risk given Revenue Rulings 82-197 and 75-348, which concluded no deduction was available until the actual underlying assets were transferred. Additionally, there are several private letter rulings (“PLRs”) addressing situations in which the IRS overruled the use of the so remote as to be negligible standard.¹²

Corporate Equity – Stock via a Pledge Agreement (1% Distributed Model)

If a company enters into a pledge agreement– similar to a warrant agreement – with a tax-exempt organization, the corporation can take a tax deduction in the year in which the gift is completed, i.e., when the shares are issued to the tax-exempt organization.

General rules regarding the timing of a charitable contribution deduction follow that deductibility occurs at the time in which unconditional delivery occurs.¹³ However, the delivery of a pledge agreement itself does not follow this rule. Because a pledge is a mere promise for delivery of property at a future date, the timing of the deduction is determined based on the deductibility rules of the pledged asset actually being delivered.¹⁴ Therefore, an individual or corporate owner is not entitled to a charitable deduction for a pledge of stock until the delivery of the pledged stock to the charity occurs. A pledge of options or warrants allowing the charity to purchase stock at a particular price at a future date does not result in a charitable deduction until the charity exercises the options or warrants, following the deductibility rules of options (discussed below) and warrants (noted above).

Deductibility of a pledge to sell stock to a charity for a discounted price occurs when the bargain sale takes place and the charity purchases the shares at the discounted price. As an example, if a corporation pledges

¹¹ Rev. Rul. 82-197; Rev. Rul. 75-348; Section 170(a)(1).

¹² PLRs 200141018 and 200202034.

¹³ Treas. Reg. § 1.170A-1(b).

¹⁴ Treas. Reg. § 1.170A-1(a).

to sell 1,000 shares of its publicly traded common stock to a charity for a discounted price, the corporation is entitled to a charitable deduction when the charity executes the pledge by purchasing the shares for the discounted price. The corporation in this example will then be entitled to a charitable deduction of the excess of the fair market value of the shares over the agreed-upon purchase price.¹⁵

At times, situations arise whereby the original donor does not satisfy a pledge as originally agreed. If someone other than the original donor satisfies a pledge, the original donor will still be entitled to a charitable deduction when the pledge is satisfied. This, however, will also be treated as though the third party relieved the original donor of a debt and results in a taxable gift by the third party to the original donor under the gift tax provisions.¹⁶

Occasionally pledges are secured with collateral. When this is the case and a default on the pledge occurs, calling on the secured collateral, the donor of the pledge is entitled to a charitable deduction when the charity is entitled to receive the collateral, assuming the possibility that the transfer will not become effective is so remote as to be negligible.¹⁷

FOUNDER EQUITY:

Founder Equity - Closely Held Stock (1% Pre-IPO)

Individual founders may wish to donate closely held stock prior to an IPO. There are stringent appraisal requirements to support the donation of closely held stock (vs. publicly traded stock, discussed next).

The fair market value of non-publicly-traded stock held to be worth more than \$5,000 must be determined via a qualified written appraisal.¹⁸ A qualified written appraisal must be performed by a qualified appraiser, defined as an individual with verifiable education and experience in valuing the type of property for which the appraisal is performed.¹⁹ The appraisal must be prepared in accordance with generally accepted appraisal standards, contain a description of the property, the condition of the property, the valuation date, the fair market value, and the date of the contribution to the donee, amongst other items. The appraisal must also state that it was prepared for income tax purposes.²⁰ (Note that an appraisal performed during 409A or priced round of financing **may** work for these purposes, but it must contain all the required information listed in Treas. Reg. § 1.170A-17(a), including the information specific to the contribution being made.)

The written appraisal does not need to be attached to the donor's tax return if the value of the contributed stock is less than \$500,000 but should be maintained in the donor's records. However, the donee organization must complete and sign Part IV of the donor's Form 8283, as the form is required to be attached to the donor's tax return in the year of the original gift and each year a carryover contribution is claimed.²¹

In addition to the signed Form 8283, the donor must obtain a contemporaneous written acknowledgment of the gift from the qualified organization. This document must be maintained in the donor's records for all contributions of \$250 or more.²²

Founder Equity - Qualified Appreciated Stock (1% Post-IPO)

Individual founders may also choose to donate post-IPO stock which is publicly traded on an exchange. This type of contribution is perhaps the easiest to administer, since value is readily determinable, and a qualified written appraisal is typically not necessary.

¹⁵ Rev. Rul. 75-348.

¹⁶ Rev. Rul. 81-110.

¹⁷ Treas. Reg. § 1.170A-1(e) and PLR 200241044.

¹⁸ Section 170(f)(11)(C).

¹⁹ Treas. Reg. § 1.170A-17(b).

²⁰ Treas. Reg. § 1.170A-17(a).

²¹ Treas. Reg. § 1.170-10(e) and Form 8283 Instructions (revised November 2019).

²² Section 170(f)(8); Treas. Reg. § 1.170A-13(f); Treas. Reg. § 1.170A-16(b), (c)(1), and (d)(1)(i).

The fair market value of securities that are regularly traded on a stock exchange or over-the-counter market is readily determined by reference to the published quotation for the security: the mean (average) price of all transactions (weighted by volume) on the date of the contribution is the value that will control for purposes of determining the amount of the contribution.²³

A written appraisal is not required for determining the value of the donation of publicly traded securities. In addition, the donee organization does not need to complete or sign the donor's Form 8283.²⁴

As with gifts of pre-IPO stock, the donor must obtain a contemporaneous written acknowledgment for the gift of public stock from the qualified organization. The documentation must be maintained in the donor's records for all contributions valued at \$250 or more.²⁵

Founder Equity – Stock Options

Individual founders may have stock options from their company that they want to donate to tax-exempt organizations. The tax rules regarding charitable contributions of stock options are complex and depend on the type of options involved.

Before evaluating the tax implications of stock option donations, the terms of the stock option plan or agreements should be reviewed to determine whether a transfer of the option is even possible. Many plans have strict restrictions in place regarding the transferability of options. The following brief discussion assumes that the plan does allow for transferability, other than the general restrictions discussed below.

The tax consequences related to the donation of options depend upon the type of option being exercised:

- a. **Statutory Stock Options (SSOs)** – This type of employee stock option may receive favorable income tax treatment under section 421, depending on the specific circumstances of the SSO and the holder of such option.
- b. **Non-Statutory Stock Options (NSOs)** – This type of employee stock option is not subject to favorable income tax treatment of SSOs, but generally is more flexible.

Statutory Stock Options (SSOs)-

SSOs are generally favorable from a tax perspective. Neither the grant nor the exercise of SSOs typically result in income tax, assuming the employee holds the shares for a minimum holding period and does not exercise more than three months after leaving employment.²⁶

However, SSOs are subject to significant restrictions. SSOs cannot be transferred other than by will and, therefore, cannot be donated to charitable organizations during the employee's life.²⁷ Thus, a prospective donor with SSOs will have to exercise the SSOs and donate the resulting shares.

A donation of exercised SSO shares to charity prior to the expiration of the required holding period will completely undo the employee's favorable tax treatment and cause him or her to recognize compensation income.²⁸ Accordingly, the charity should not recommend a donation of SSO shares unless the donor is sure that the shares have been held for the requisite time period.

Once the employee has held the SSO shares for the requisite time period, a gift of those shares will be deductible in the same fashion as other long-term capital assets.

As there is no mechanism to contribute SSOs directly to charity, this memo will not discuss further rules surrounding SSOs.

²³ Treas. Reg. § 1.170A-13(c)(7)(xi).

²⁴ Form 8283 Instructions (revised November 2019).

²⁵ IRS Publication 526.

²⁶ Sections 421(a) and 422(a).

²⁷ Sections 422(b)(5) (Incentive Stock Options) and 423(b)(9) (423 plan options).

²⁸ Sections 421(b), 422(a)(1), and 423(a).

Non-Statutory Stock Options (NSOs)-

NSOs are less restricted than SSOs but can still present problems for donors and charities. Unlike SSOs, an employee can transfer NSOs during life, provided the individual stock option plan or agreement permits.

Assuming the option does not have a readily ascertainable fair market value, the donation of an NSO to the charity does not immediately trigger any income to the donor.²⁹ However, NSOs are deemed to generate compensation income to the employee whenever they are exercised or disposed of in an arm's-length transaction—even if the charity is the party that exercises or sells them.³⁰ This means the employee will eventually have to recognize ordinary income in the future when the charity exercises the NSOs.

For these reasons, it is essential that the donor and his or her tax advisor carefully consider whether donating NSOs to the charity is the most tax-efficient way to make the desired donation.

There is some uncertainty as to the proper event triggering the charitable deduction in the case of NSO donations. The IRS issued Revenue Ruling 98-21 addressing the gift (not income) tax consequences of a gift of an NSO in a noncharitable gift context. The ruling states that, for gift tax purposes, the NSO gift is complete at the later of 1) the transfer date; or 2) the time when the donee's right to exercise the option is vested and absolute.

Additionally, since stock options generate compensation income to the original holder when exercised, based on a strict interpretation, the charitable deduction could be reduced to zero (i.e., the stock options' basis) under section 170(e), since this is considered an ordinary – not capital – asset in the hands of the donor. The PLRs discussed below may lessen this concern (but note that PLRs are not considered precedent for Internal Revenue purposes unless issued directly to the taxpayer at issue).

Although these are not considered precedent, there are three PLRs that hold that a gift to charity of an NSO is considered complete and the deduction allowed when the charity actually exercises the NSO.³¹ In this case, the donor's ordinary income and charitable deduction are triggered at the same moment – the date of exercise. Importantly, the rulings also hold that the deduction is not reduced under section 170(e) and is deductible up to 50% of the employee's AGI. This is a result of a limited exception in Treas. Reg. § 1.170A-4(a) which provides the reduction rules of section 170(e) do not apply where, by reason of the transfer of contributed property, the donor recognizes income in the same year as the contribution.

The employee can avoid this uncertainty by exercising the NSO him/herself and then donating the stock.

Similar to SSOs, if the employee exercises NSOs and holds shares for the required period of time, a donation of these shares would be deductible in the same fashion as other long-term capital assets, assuming the shares are considered capital assets in their hands at the time of donation.

Lastly, note that if stock options are contributed to a private foundation by a substantial contributor, these options are not normally exercisable by the private foundation directly because to do so would be an act of self-dealing (as the donor is a disqualified person). Instead, either the options may be transferred to an unrelated public charity which may then exercise the options, or the foundation will exchange the options with the corporation for stock in a cashless net exercise transaction as described in PLR 200530007.

Assignment of Income

Generally, when a company or individual makes a charitable donation of noncash assets, the donor receives a charitable deduction and the donee receives the asset along with any income generated by the asset following the donation. However, under certain situations the donor is required to report the income

²⁹ Treas. Reg. § 1.83-7; *Weigl v. Commissioner*, 84 T.C. 1192 (1985).

³⁰ Treas. Reg. § 1.83-1(c); PLR 9616035.

³¹ PLRs 9737014, 9737015 and 9737016.

generated even though that income was generated following the donation date. As an example, this might be applicable where the board of a company has approved an acquisition agreement with another company to be bought out at a specific price. If stock is donated to a charity between the board approval date and the effective purchase date the gain related to those shares could be taxable to the donor. This reporting of income by the donor is due to the assignment of income principle, which is an important consideration/risk area in the charitable contribution of non-cash assets. Essentially, a taxpayer cannot shift his or her taxable income to another entity (in this case, a tax-exempt organization) simply by contributing the underlying asset. This comes into play most commonly with donations of assets which are in the middle of a transaction – e.g., a stock redemption or outstanding warrant agreement. If a company is a likely acquisition target or is contemplating a stock redemption or liquidation, the company must take into consideration assignment of income issues. Company and founders should be sure to pledge or transfer shares to a tax-exempt organization well in advance of the acquisition, redemption or liquidation paperwork being signed, or risk an assignment of income issue.

The general principle of the assignment of income doctrine is to include in taxable income “to those who earn or otherwise create the right to receive it.”³² Simply put, if a transaction that will generate taxable income is substantially completed, a taxpayer generally cannot avoid the tax liability on that income by assigning the underlying asset to another taxpayer prior the transaction closing. Although the outcome of how the assignment of income is applied depends on the facts and circumstances of each transaction, below is a summary of the guiding concepts and cases that the Internal Revenue Service has looked to depending on the type of arranged transaction. These guiding concepts and cases are applied to both individual and corporate taxpayers alike and for charitable contributions to public charities and private foundations without difference.

Stock Liquidation Transactions -

Stock liquidations generally refer to shareholders selling their shares on the open market for cash or one company acquiring another through the sale off its shares. For application of this assignment of income discussion we will refer to the situation of an acquisition of a company by another through the sale of its shares.

The guiding principle for stock liquidation transactions is focused on the realities and substance of events. The premise of this concept entails that one looks to factual realities that have occurred prior to the donation and whether those realities are substantive enough to conclude that the planned transaction will occur. If the realities and substance of events are enough prior to the donation, the donor will be required to include in their gross income the taxable income associated with the planned transaction once completed.

One of the leading court cases for determining assignment of income resulting from a stock liquidation transaction is *Kinsey v. Commissioner*. This case involved a donor who had donated stock to a charity immediately preceding a liquidation. The events preceding the donation included the liquidation plan having been approved by the shareholders and the company having legally contracted to sell its principal assets prior to the donation. Following the donation, the company effectuated the liquidation plan by transferring its real property in exchange for cash with the purchasing company and distributing all remaining properties, including net sales proceeds, to the shareholders of the liquidated company.³³

Although the liquidation process had not yet been completed at the time of donation, as cash and assets had not yet been exchanged, the court found that the shareholder vote, execution of a legal contract for sale, and a lack of any action to prevent the liquidation were factual realities that contained sufficient substance for the courts to rule that the donation was instead characterized as an anticipatory assignment of the liquidation proceeds. This resulted in the taxable gain on liquidation being taxable to the donor.

³² *Helvering v. Horst* 40-2 USTC ¶9787, 311 U.S. 112, 119 (1940).

³³ *Kinsey v. Commissioner* 477 F.2d 1058 (2d Cir. 1973), *aff'g* 58 T.C. 259 (1972).

Stock Redemption Transactions -

A stock redemption is an agreement between a corporation and a shareholder by which the corporation purchases back shares of stock from the shareholder for cash.

The guiding principle for the assignment of income with regards to stock redemptions is based on a legally bound precedent. This precedent looks to the legal restrictions of donated stock and whether the charitable organization is "legally bound or can be compelled by the corporation to surrender the shares."³⁴ If the charitable organization is legally bound at the time of donation to surrender the shares, the income resulting from the redemption is taxable to the donor.

A leading court case for determining assignment of income resulting from a stock redemption transaction is *Palmer v. Commissioner*. The facts of this case involved a donation of stock followed by a prearranged redemption the day following the donation. Specifically, the foundation received via donation approximately 8% of the stock of a corporation and on the same day acquired through purchase approximately 72% of the stock of the same corporation, resulting in the foundation owning approximately 80% of the stock. On this same day, the board of directors and trustees of the foundation resolved that the foundation would convene a joint directors and stockholders meeting for the purpose of considering the redemption of the stock held by the foundation. The following day the meeting convened, and the redemption was approved.

The court ruled that despite any anticipation by the donor that a redemption was imminent, the expectation was not enough. "At the time of gift, that vote had not yet been taken, and by the afternoon... the foundation had the voting power to prevent the redemption, if it wished to do so. In these circumstances, at the time of the gift, the redemption had not proceeded far enough along for us to conclude that the foundation was powerless to reverse the plans of the petitioner."³⁵

As this case demonstrates, the courts apply a legally bound precedent when applying the assignment of income doctrine to stock redemptions. Only if the charity is powerless to prevent a redemption at the time of donation will the gain on redemption be taxable to the donor.

Despite this ruling by the court there still exists ambiguity within prearranged redemption transactions depending on facts and circumstances. As an example, in *Blake v. Commissioner* there was a gift of appreciated stock to a charity, followed by the charity selling the stock and using the proceeds to purchase a yacht from the donor for an amount equal to the sales proceeds, which exceeded the fair market value of the yacht. The facts in *Blake* differed from *Palmer* in that the situation involved a quid pro quo arrangement from the donor and the court determined that the charity was obligated to purchase the yacht based on the legal theory of promissory estoppel. Ultimately, the court determined that the donor would not be entitled to a charitable deduction of the value of the stock donated, but rather limited the charitable deduction to the much lesser amount of the fair market value of the yacht and disallowed the capital loss on the sale transaction of the yacht.³⁶ Therefore, while the legally bound precedent can be applied in many situations, caution should still be exercised based on facts and circumstances.

Stock Warrants with Outstanding Offers to Purchase Transactions -

Stock warrants are rights to purchase a company's stock at a specific price and are issued directly by a company to an investor. Like stock redemption transactions, stock warrants with outstanding offers to purchase follow the legally bound precedent.

A leading court case for determining assignment of income involving stock warrants is *Rauenhorst v. Commissioner*. At the point in time which donors had assigned their rights in warrants in NMG, Inc. ("NMG") to four separate charities, an offer to purchase the warrants was outstanding, but not yet accepted. Some of the events that had taken place prior to the donation included receipt by NMG of a letter of intent from World Color Press, Inc. ("WCP") to purchase all issued and

³⁴ Rev. Rul. 78-197, 1978-1 CB 83, January 1, 1978.

³⁵ *Palmer v. Commissioner* 62 T.C. 685 (1974).

³⁶ *Blake v. Commissioner* 83-1 USTC 9121, 697 F.2d 473 (2d Cir. 1982).

outstanding shares of NMG and WCP's board of directors adopted a resolution to negotiate and to enter into the agreement for purchase of all the issued and outstanding capital stock of NMG. However, no legal agreement was in place at the time of donation, indicating that the charities were not legally bound to sell their warrants. As such, the court ruled that the donor was not required to include in taxable income the gain on the sale of the warrants by the charities.³⁷

In general, when contemplating the impact of the assignment of income doctrine, one should consider whether the pending transaction is a liquidation transaction, which would imply that an analysis of the realities and substance of events occurring prior to the donation, or if the transaction is some other sales transaction such as a redemption or offer to purchase, which will require an analysis of whether the charity would be legally bound to sell the transferred asset.

Donation to Private Foundation vs. Public Charity (including DAFs)

As discussed above in various sections of the memo, there are several differences involved in making donations of equity interests to Private Nonoperating Foundations vs. Public Charities (including DAFs). For individual donors, non-cash contributions to Private Foundations are limited to 20% of AGI (vs. 30% to Public Charities and Private Operating Foundations). Corporate donors are subject to the same 10% of taxable income limitation for donations made to both Private Foundations and Public Charities.

Additionally, founder's stock (pre-IPO stock) donations to Private Nonoperating Foundations are limited to the cost basis of stock, vs. the FMV for contributions made to Public Charities and Private Operating Foundations.

The potential risk of self-dealing discussed above related to contributed options and warrants should also be considered for donations made to Private Foundations (both operating and nonoperating).

This memorandum is not intended to be a formal opinion of the tax consequences, and accordingly, it may not contain a full description of all the facts or a complete analysis of all relevant tax issues and authorities. The analysis and conclusions contained in this memorandum are based on our understanding of the facts, assumptions, information, and documents referenced herein, as well as current tax laws and published tax authorities in effect as of the date of this memorandum, which are subject to change. If the facts or assumptions described herein are incorrect or change, or the tax laws change, our analysis and conclusions would likewise be subject to change.

Deloitte Tax LLP assumes *no obligation to update this memorandum for any future changes in tax law, regulations, or other authorities.* This memorandum addresses only the specific tax matters and tax consequences discussed herein and no other federal, state, or local tax matters of any kind were considered.

This memorandum is solely for the benefit of Tides Foundation and Pledge 1% and may not be relied upon by any other person or entity.

³⁷ *Rauenhorst v. Commissioner* 119 T.C. 157 (2002).

Appendix B: FAQs

Corporate Equity

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Frequently Asked Questions (1/5)

Role	Question	Answer
GC	<p>Paperwork What paperwork is used to document a company's equity pledge?</p> <p>For any "upfront" equity, should the company pledge equity with a warrant agreement or a stock transfer agreement?</p>	<p>See chart on page 14 of the Equity Playbook.</p> <p>1% Upfront Model: Company will pass a Board Resolution, and enter into a Warrant Agreement and a Warrant Memorandum of Understanding (MOU) with a philanthropic partner. After liquidity event, Company will enter into an MOU establishing the Donor Advised Fund (DAF) with their philanthropic partner.</p> <p>1% Distributed Model: Company will pass a Board Resolution approving future issuance of the shares, and then execute a stock transfer agreement to transfer equity. In some instances, per our recommendation, company may transfer a portion of the 1% immediately via stock transfer or warrant.</p> <p>Pledge 1%'s preferred philanthropic partner is the Tides Foundation (in U.S. except Boston Foundation in Boston and Rose, Denver Foundation and Community Foundation Boulder County in Colorado), but we will work with any philanthropic or operating organization to which a Company chooses to pledge equity.</p> <p>We recommend that companies pledge equity via a warrant agreement. The benefits of using a warrant agreement vs stock transfer agreement are that (i) the warrants are non-voting stock, (ii) the Company's ability to take the tax deduction occurs when shares are actually transferred vs when the warrant agreement is signed, and See chart on page 14 and page 19 of the CEO Equity Playbook and Deloitte Tax Memo (Appendix A) but always consult your Company's accountants for confirmation of tax treatment.</p>
CEO, CFO, GC	<p>Company Stage What model for pledging equity should a company use at an early stage (corporate formation, Series A, or more than 2 years away from a liquidity event)?</p> <p>What model for pledging equity should a company use at growth stage (12-24 months from liquidity event) ?</p>	<p>For early stage companies, we strongly recommend the Corporate Equity: 1% Upfront Model, to protect the company's social impact legacy. This is a legally binding document that will ignite philanthropic dollars regardless of whether the company's exit is an acquisition or an IPO. (If the 1% Distributed Model is selected, there is a risk that this social impact legacy could disappear with a change of control).</p> <p>Note, the value of the social impact legacy may be diluted with future fundraising rounds, but the Company could "top off" the pledge in conjunction with later fundraising rounds or right before a liquidity event. See chart on page 14 and page 18 of the CEO Equity Playbook - Take Action to Minimize Social Impact Legacy Dilution.</p> <p>Companies in a growth phase that are likely to be 1- 2 years from a liquidity event may be able to commit to a full 1% equity pledge via a warrant agreement, a stock transfer agreement or a simple Board resolution reserving the shares for future issuance after the liquidity event, combined with a disclosure in their S-1 Registration Statement. Companies may want to spread out the equity grant over a number of years via a simple pledge to grant a portion of the 1% each year (ex. 0.2% per year over 5 years). The determination may depend upon the level of support that you are able to obtain from your Board of Directors. See chart on page 14 of the CEO Equity Playbook, pages 17 and 18 - Critical Considerations, and pages 23 and 24 - Recommended Approach.</p>

Frequently Asked Questions (2/5)

Role	Question	Answer
CEO, CFO, GC	<p>Company Stage What model for pledging equity should a company use at a late stage (less than 12 months from a liquidity event)?</p>	<p>Late-stage companies (less than 1 year from liquidity event) might find it easier to obtain Board approval for spreading the pledge out over a period of time (ex. 0.1% per year over 10 years). This strategy helps address potential investor concerns in terms of dilution and perceived interference with IPO or acquisition plans.</p> <p><i>See chart on page 14, page 18 of the CEO Equity Playbook - Critical Considerations, and pages 23 and 24 - Recommended Approach.</i></p>
CEO, CFO, GC	<p>Funding Social Impact Staff If a company creates a DAF, are they able to use DAF funds to pay for social impact staff overhead? If they can't use DAF funds, can the staff costs be written off as tax deductions?</p> <p>Funding Social Impact Pre-Liquidity</p>	<p>No. Funds in a DAF may only be used for grantmaking purposes, which includes employee-matching grants if the recipient charities are valid, tax-exempt organizations. The Company must use the company budget or percentage of profits donated to pay for social impact staff, and overhead, and may not use money in the DAF to pay for overhead and company-related marketing programs.</p> <p>In addition to the equity grant, we recommend having at least 2 sources of social impact funding, and funding social impact pre-liquidity with an operating budget for social impact, and/or directing revenue and/or profits.</p> <p><i>See page 28 of the CEO Equity Playbook - Plan for at Least 2 Sources of Social Impact Funding and page 29 - Fund Your Social Impact Pre-Liquidity.</i></p>
CEO, CFO, GC	<p>Cap Table Will the equity pledge appear on the cap table? How will different equity structures affect the response to this question (i.e. warrants, stock, non-binding agreements, etc.)?</p>	<p>Corporate Equity: 1% Distributed Model No (technically). If a Board passes a resolution that they will reserve Pledge 1% Shares for future issuance, the shares will not technically show up on the cap table, but best practices recommend keeping track of those shares somewhere so that future investors are aware of the reservation of those shares for future issuance.</p> <p>Warrants: Yes. Warrants are like stock options on a company's cap table (in that they are not "issued shares", but rather represent a right to purchase shares in the future), and will appear on the cap table as the warrant agreement is a binding agreement, and the shares will automatically be purchased by the philanthropic partner when the liquidity event happens.</p> <p>Stock Transfer Agreement: Yes. This agreement transfers stock and the charity to which shares are transferred (Tides or another philanthropic partner) will be a common shareholder on the cap table and should be represented in a similar manner to any other shareholder.</p>

Frequently Asked Questions (3/5)

Role	Question	Answer
CEO, CFO, GC	<p>Taxes What are the tax consequences of pledging equity via a Board resolution reserving shares for future issuance to a philanthropic partner?</p> <p>What are the tax consequences of pledging equity via a stock transfer?</p> <p>What are the tax consequences of pledging equity via a warrant agreement?</p>	<p>General: Companies may deduct charitable gifts of up to 10% of its taxable income, and may carry forward the remainder for the succeeding 5 taxable years, if unused in year one. The Company may take a tax deduction in the year that the shares are actually transferred to the philanthropic partner, not when the Board approves the reservation of shares for issuance to a philanthropic partner. HOWEVER, AS EVERY CORPORATION'S CIRCUMSTANCE IS DIFFERENT, PLEASE CAREFULLY READ THE ATTACHED DELOITTE TAX MEMO AND ALWAYS CONSULT YOUR COMPANY'S ACCOUNTANTS.</p> <p>When a stock transfer agreement is executed, the shares are actually transferred, and the Company may take a tax deduction at that time.</p> <p>If the Company pledges equity via a warrant agreement, then the Company will be able to take a tax deduction when the warrants are exercised (at the time of liquidity event), not when the warrant agreement is executed. If the warrant contains a vesting schedule, then the tax deduction may be taken at each vesting date, when the warrants are exercised and the shares transferred to the philanthropic partner.</p> <p>As companies may carry forward the tax deduction for 5 years, transferring the shares at the time of or after a liquidity event potentially maximizes tax benefits. However, as many companies may not be profitable until after they go public or for several years thereafter, whether or not they may take a tax deduction is rarely a major factor in determining how to fulfill the company's equity pledge.</p> <p><i>See Deloitte Tax Memo (Appendix A), but always consult your Company's accountants for confirmation of tax treatment.</i></p>
CFO, GC	<p>Dilution If my company pledges 1%, how will this dilute current shareholders at the time of the pledge and at the liquidity event? How will this answer be different for an early- vs. mid- vs. late-stage company?</p>	<p>No matter the company stage, when 1% of equity is transferred from a company (whether through a stock transfer agreement or warrant), it will equally dilute every shareholder in the company pro rata. The amount of shares that equal 1% of the company will tend to be a fewer number of shares and dilute fewer shareholders earlier on in the company's history. This is one reason why it might be easier to build board consensus earlier in a company's funding cycle.</p> <p><i>See chart on page 14 of the CEO Equity Playbook.</i></p> <p>The 1% Distributed Model whereby the Company commits to issuing .1% per year for the 5- 10 years after the IPO is a good way of spreading out investor dilution over time.</p> <p><i>See chart on page 14 of the CEO Equity Playbook.</i></p>

Frequently Asked Questions (4/5)

Role	Question	Answer
CFO, GC	<p>Philanthropic Partner When does a company generally transfer shares after a liquidity event? When will the philanthropic partner sell the shares?</p>	<p>Transfer of Shares: The specifics regarding transfer and sale of shares will be set forth in the stock transfer or warrant agreement and the MOU with your philanthropic partner. A stock transfer agreement transfers the shares immediately. The warrant allows the philanthropic partner to exercise the warrants at the time of a liquidity event, at which time the shares will be transferred to the philanthropic partner. We recommend that you do not include a “vesting” period for warrants and that 100% of the warrants be exercisable at the time of the liquidity event. The company can still pre-define and spread out the sale of the shares via a “scheduled sale” that we strongly recommend you document in your MOU and warrant agreement so that you can ride the upside of your stock.</p> <p><i>See page 17 of the CEO Equity Playbook - Outline Plans for Change of Ownership and page 18 of the CEO Equity Playbook - Ride the Upside of your Stock.</i></p> <p>Sale of Shares. IPO: If the liquidity event is an IPO, the underwriters usually impose a 6-month lock-up period before the shares may be sold. As a general rule, the philanthropic partner will sell the shares as soon as they are able to do so, so that they are not deemed responsible for timing the market, unless you include a scheduled sale (which we strongly recommend so that you can ride the upside of your stock) in your MOU and if appropriate, warrant agreement.</p> <p>If the shares were transferred via stock transfer agreement, the philanthropic partner will sell the shares as soon as the lock up expires, or in accordance with the scheduled sale set forth in the MOU. If shares were granted via a warrant agreement, the philanthropic partner will net exercise and sell the shares as soon as the lockup expires or in accordance with the scheduled sale included in the warrant agreement and MOU.</p> <p>Acquisition: If the exit is a sale of the company, then the shares are typically sold (or net exercised if granted via a warrant agreement) if the proceeds are cash (and then the cash is transferred to the DAF).</p> <p>If the sale is for stock in the acquiror, then the philanthropic partner will receive stock or other consideration (which can then be transferred to the DAF after the sale closes). The philanthropic partner will likely sell the shares immediately. A scheduled sale does not apply in the event of an exit via sale of the company, but you can include language in the warrant agreement and MOU instructing how the charitable proceeds from the sale of the warrant shares (or transferred via stock transfer agreement) should be allocated.</p> <p><i>See page 17 of the CEO Equity Playbook - Outline Plans for Change of Ownership and page 18 of the CEO Equity Playbook - Ride the Upside of your Stock.</i></p>

Frequently Asked Questions (5/5)

Role	Question	Answer
CFO, GC	Philanthropic Partner Will transferring equity to a philanthropic partner give them voting rights?	A Founder or Company may transfer stock that does not have voting rights to the philanthropic partner. Warrants do not give the philanthropic partner voting rights, but the shares to be exercised by the warrant may hold underlying voting rights. You will want to discuss this with your legal counsel to make sure that you do not inadvertently transfer voting rights, if you do not intend to do so.
CFO, GC	Employee Equity For a company setting aside equity after a Series A, does the equity for the pledge come out of the employee equity pool? Does the response vary by company stage?	It is possible to allocate shares to fund social impact from the shares set aside for issuance to employees under a company's employee stock option pool. However, we have not seen it done in practice. Most companies reserve the shares in the equity incentive plan for employees and issue new shares for social impact.
CFO, GC	LLC Can a company pledge equity if they are an LLC? Do we recommend an LLC to pledge profit and sign a promissory letter? Is this the same process for US and international companies?	Yes, an LLC can pledge equity, but because equity in an LLC can vary greatly from LLC to LLC, company counsel should be involved in determining how best to structure a grant of equity. A grant of profit from an LLC is similarly complicated. Again, company counsel and accountants should be involved. All of the guidance provided in this Equity Playbook applies only to the company's organized in the United States. Requirements for international companies vary from country to country.
CEO, CFO, GC	Shareholder Approval Is shareholder approval required to issue shares or enter into a warrant agreement with a philanthropic partner?	You must check your Company's Articles of Incorporation. Shareholder approval may be required due to anti-dilution rights, participation rights, protective provisions, and other rights held by preferred shareholders.
CEO, CFO, GC	Public Companies Can a public company pledge equity? If yes, how? Are there any examples?	Yes, but because a public company has many public shareholders, the scrutiny that is given to a decision to donate equity is much higher. As such, a Board of Directors will need a strong argument about why the donation is in the company's best interest, and it will need to justify that reasoning in its public company filings. Company counsel should be involved. Individual shareholders, including founders, executives and employees, of the public company may make a pledge of their personal equity with far less scrutiny as long as it does not represent a significant % of the Company's outstanding shares. <i>See Deloitte Tax Memo (Appendix A), but always consult your tax advisor as personal circumstances vary.</i>

Frequently Asked Questions (1/5)

Role	Question	Answer
CEO, CFO, GC	<p>Pros & Cons What are the pros and cons to formalizing your equity via the 1% Upfront Model?</p>	<p>Pros: Social Impact Legacy: 100% protects and preserves social impact commitment even in the event of a change of control or leadership. This is a legally binding agreement. <i>Especially important if the company is an acquisition target or if it's likely that a new CEO will be in place at the time of IPO.</i></p> <p>Simpler execution: Does not require annual Board vote post liquidity</p> <p>Cons: Shareholder dilution: Investors are impacted by the full 1% dilution upfront.</p> <p><i>See chart on page 14 and pages 17 and 18 of the CEO Equity Playbook - Critical Considerations.</i></p>
GC	<p>Warrants Why would a company choose warrants (vs. a stock transfer)?</p>	<p>We strongly recommend that companies selecting the Corporate Equity 1% Upfront Model execute their pledge via a warrant agreement. The benefits of using a warrant agreement vs stock transfer agreement are that (i) the warrants are non-voting stock, (ii) the Company's ability to take the tax deduction occurs when shares are actually transferred vs when the warrant agreement is signed (per Deloitte Tax Memo).</p> <p>Note the Philanthropic Partner generally will not start charging you when the warrant agreement is signed but rather when the warrants are exercised and the Donor Advised Fund (DAF) is funded.</p> <p><i>See Deloitte Tax Memo (Appendix A), chart on page 14 and page 19 of the CEO Equity Playbook - Critical Considerations, but always consult your Company's accountants for confirmation of tax treatment. Approach..</i></p>

Frequently Asked Questions (2/5)

Role	Question	Answer
CFO, GC	<p>Warrants Is the warrant agreement binding for companies?</p> <p>Should the warrant be exercisable all at once or should it vest over time?</p>	<p>When a warrant agreement is executed, the grant of equity becomes legally binding, and the warrant holder/philanthropic partner will appear on the Company’s cap table as a shareholder. The stock is not actually transferred until the liquidity event happens. The warrant is exercised, and the philanthropic partner purchases the shares. Once the Company executes the warrant, the pledge is a binding obligation on the Company. Warrants are like stock options on a Company's cap table in that they are not "issued shares" but rather represent a right to receive shares in the future.</p> <p>We recommend that 100% of the warrants be exercisable at the time of a liquidity event, whether the likely exit is an acquisition or an IPO, and that you do not include a vesting schedule.</p> <p>The company can still pre-define and spread out the sale of the warrants over a number of years, thus benefiting from any rise in stock price. Rather than vesting, a “scheduled sale” is a more effective way to achieve this, and should be documented in your warrant agreement and Memorandum of Understanding with your Philanthropic Partner.</p> <p>Acquisition: You will want to clearly define the treatment of the warrants in the event of acquisition. If you are unable to obtain approvals to make 100% of the warrants exercisable in the event of a sale of the company, we recommend that at the very least 45% of the warrants become immediately exercisable, so that 45% of the original social impact legacy would be preserved. You should include language in the warrant agreement instructing how the charitable proceeds from the sale of the warrant shares should be allocated in the event of a sale of the company, e.g. grants will be made for 5 years.</p> <p><i>See FAQs for Corporate Equity: General, chart on page 14 of the CEO Equity Playbook, pages 17 and 18 - Critical Considerations, and pages 23 and 24 - Recommended Approach.</i></p>

Frequently Asked Questions (3/5)

Role	Question	Answer
CFO, GC	<p>Exercising Warrants At the time of a liquidity event, when will the philanthropic partner exercise the warrant agreement? When will they sell the shares?</p>	<p>The terms around exercisability of the warrant and sale of the shares will be spelled out in the warrant agreement and MOU with your philanthropic partner. As a general rule, the philanthropic partner will automatically net exercise (or "cashless exercise") the warrant upon the occurrence of the liquidity event (sale of the company or when the lock-up period after the IPO expires), as they do not want to be held responsible for timing the market.</p> <p>Sale of Shares. IPO: If the liquidity event is an IPO, the underwriters usually impose a 6-month lock-up period before the shares may be sold. As a general rule, the philanthropic partner will sell the shares as soon as they are able to do so, so that they are not deemed responsible for timing the market, unless you include a scheduled sale in your MOU and warrant agreement. The philanthropic partner will net exercise and sell the shares as soon as the lockup expires or in accordance with the scheduled sale included in the warrant agreement and MOU.</p> <p>Acquisition: If the exit is a sale of the company, then the shares are typically net exercised if the proceeds are cash (and then the cash is transferred to the DAF);</p> <p>If the sale is for stock in the acquiror, then the philanthropic partner will receive stock or other consideration (which can then be transferred to the DAF after the sale closes). The Philanthropic partner will likely sell the shares immediately. A scheduled sale does not apply in the event of an exit via sale of the company, but you can include language in the warrant agreement and MOU instructing how the charitable proceeds from the sale of the warrant shares (or transferred via stock transfer agreement) should be allocated.</p> <p><i>See page 17 of the CEO Equity Playbook - Outline Plans for Change of Ownership and page 18 of the CEO Equity Playbook - Ride the Upside of your Stock.</i></p>

Frequently Asked Questions (4/5)

Role	Question	Answer
CFO, GC	<p>Cashless Exercise What is a cashless exercise and when/why would you do it or not do it</p>	<p>Net exercise (or "cashless exercise") allows Tides or another philanthropic partner the ability to exercise the warrant without paying any cash for the exercise price but rather by being issued a fewer number of shares than are represented by the warrant. Essentially, the philanthropic partner "borrows" the exercise price from the Company and the Company in turn issues the philanthropic partner a fewer number of shares to make up for the exercise price. The following is an example of how the math works in a net exercise:</p> $X = \frac{Y * (A-B)}{A}$ <p>where:</p> <p>X = the number of shares of to be issued to Tides upon net exercise. Y = the number of shares purchasable under the Warrant A = the current fair market value of one share B = the exercise price of the warrant</p> <p>By way of example, if we assume the warrant is for 100 shares, the exercise price of the warrant is \$1/share and the company is selling for \$10/share (which is the current fair market value of one share), then the philanthropic partner would be issued 90 shares upon its net exercise.</p> $90 = \frac{100 * (10-1)}{10}$ <p>The philanthropic partner can only exercise its warrant upon a sale of the company or an IPO and the net exercise occurs automatically immediately prior to the sale or the IPO.</p>

Frequently Asked Questions (5/5)

Role	Question	Answer
CFO, GC	<p>Dilution If a company pledges 1% of company equity now (today), it will likely get diluted over time. How do most companies approach this dilution? What are the options?</p>	<p>Topping Off: We recommend that at the very least, you discuss “topping off” with your Board at the time of your commitment. “Topping off” is simply setting aside additional equity pre exit so that your social impact commitment once again equals 1% of your fully diluted shares. If possible, we suggest that you include in your Board Resolution an “intent” to top off either right before your IPO (or with each subsequent funding round). However, if this adds too much friction, we suggest that you focus first on simply getting the equity pledge done. If needed, you can always address this later.</p> <p>Anchor your 1% social impact commitment on the number of outstanding shares at IPO: Quite candidly, we have not seen this approach applied yet. However, for you pioneers out there, you could specify in your Board Resolution that the 1% for social impact will be calculated based on the number of fully diluted shares at the time of your IPO (rather than at the time of the Board Resolution). Note: this primarily applies to those selecting the Corporate 1% Distributed Model.</p> <p><i>See page 18 of the CEO Equity Playbook.</i></p>
CFO	<p>Tax Deduction May a company deduct the value of the warrants at the time of the grant or at the time it is exercised?</p> <p>How might an early-stage company calculate current fair market value if that is relevant from a tax perspective?</p>	<p>Company may take tax deduction when the warrant is exercised and the shares are transferred to the philanthropic partner or charity, not when it is granted. If the warrants vest over time, the company would take the tax deduction each year, when the philanthropic partner exercises and receives the shares, regardless of when the shares are sold.</p> <p>Warrants are generally granted at a nominal exercise price and are exercisable after a liquidity event when the value of the shares (and therefore the tax deduction that company may take) is likely to be much higher. There is a remote possibility that if the exercise price is so low relative to the value of the shares at the time that the warrant agreement is executed that the IRS would deem the shares to have been donated on the date the warrant is executed, but recent IRS Rulings indicate that they will still allow the deduction to take place when warrants exercised. PLEASE CAREFULLY READ THE DELOITTE TAX MEMO AND ALWAYS CONSULT THE COMPANY’S ACCOUNTANTS.</p> <p>In order to claim a tax deduction of more than \$5,000, a qualified appraisal may be required, so an early-stage company may rely on the appraiser's determination of value. No appraisal is required if the stock is publicly traded or if the donation is valued at \$5,000 or less. <i>See Deloitte Tax Memo (Appendix A), but always consult your Company’s accountants for confirmation of tax treatment.</i></p>

Frequently Asked Questions

Role	Question	Answer
CEO, CFO, GC	<p>Pros & Cons What are the pros and cons to formalizing your equity via the 1% Distributed Model?</p>	<p>Pros: Minimal shareholder dilution: Spreads investor dilution over 10+ years. Investors are only diluted 0.1% upfront. This model tends to be appealing for late-stage companies very close to an exit. Ongoing Board engagement: Annual Board vote enables social impact commitment and results to stay top of mind.</p> <p>Cons: Potential for reduced social impact: If the company changes ownership, leadership, or Board, anything beyond the upfront equity is at risk. <i>This risk is even more relevant if the company is an acquisition target. Potential to overcome with M&A parameters in Board Resolution and DAF.</i></p> <p>Ongoing Board management: An annual board vote is typically required to issue shares each year. <i>See chart on page 14 and Twilio case study on page 33 of the CEO Equity Playbook.</i></p>
CFO, GC	<p>Timing We understand that the timing of pledging equity as a company nears acquisition/IPO becomes more critical. What are the key requirements that must be met in terms of timing (i.e. pledge equity before signing acquisition letter of intent)? What are the legal requirements vs. tax implications?</p>	<p>The Company may choose a 1% distributed model if they are within 1 year of a likely liquidity event, as it might be easier to build Board consensus for this model so close to a liquidity event. The Company will pass a board resolution authorizing the future issuance of 1% of equity to fund their social impact work. If the company is close to an IPO, they will include a disclosure in their S-1. Companies will generally establish a DAF with a philanthropic partner and with the exception of any warrants/shares transferred up front (our recommendation is .1%) begin funding the DAF when the lock-up period after the IPO has expired. Companies may choose to spread out the gift over e.g. 5 or 10 years, whereby each year, the Board will approve and transfer .2% or .1% shares to a donor-advised fund for grantmaking. <i>See chart on page 14 of the CEO Equity Playbook and attached Deloitte Tax Memo (Appendix A), but always consult your Company's accountants for confirmation of tax treatment.</i></p>
CFO, GC	<p>Taxes In the years following a liquidity event, if the company donates cash or stock to a DAF or Foundation, is that tax deductible?</p>	<p>Yes. Subsequent donations of cash or stock are treated as additional donations and are not related to the original donation. A company may take the tax deduction of their taxable income in the year that the shares are actually transferred to the DAF. Companies may carry forward their ability to take a tax deduction for 5 years. HOWEVER, AS EVERY CORPORATION'S CIRCUMSTANCE IS DIFFERENT, PLEASE CAREFULLY READ THE ATTACHED DELOITTE TAX MEMO AND ALWAYS CONSULT YOUR COMPANY'S ACCOUNTANTS. <i>See Deloitte Tax Memo (Appendix A) but always consult your Company's accountants for confirmation of tax treatment.</i></p>

Frequently Asked Questions (1/2)

Role	Question	Answer
<p>CEO</p> <p>CEO, GC</p>	<p>Paperwork What paperwork is used to document a founder's equity pledge?</p> <p>My governance docs restrict the transfer of my personal equity to another entity. How do other founders handle this? How can or should I change these documents? If I'm just forming my company, what language/terms should I include in my governance docs so that pledging equity can be possible at a later date?</p>	<p>If a founder would like to donate the equity pre-exit, they will execute a stock transfer agreement and a DAF MOU. If they would like to donate the shares after a liquidity event, they will execute a pledge agreement committing to donate their shares, a DAF MOU and then execute a stock transfer agreement after the liquidity event. A founder's pledge of 1% of the corporate shares out of their personal equity holdings does not generally require a Board Resolution as most companies allow the transfer of up to 3 to 5% of an individual's holdings without restriction.</p> <p><i>See chart on page 15 of CEO Equity Playbook and Deloitte Tax Memo (Appendix A), but founders should consult their personal tax advisor as to the best timing and vehicle for pledging equity.</i></p> <p>It is good corporate governance to have strong transfer restrictions in the Company's corporate governance documents, but they are always waivable. Typically, these restrictions can be waived by the Board of Directors and potentially by certain shareholders. Talk to your company counsel about how the restrictions can be waived.</p> <p>Most corporate documents include some type of exception to the restrictions on transfer for transfers for estate planning purposes, and it is conceivable that you could add an exception for transfers to Pledge 1% or other charitable organizations.</p> <p><i>Founders should consult their personal tax advisor as to the best timing and vehicle for pledging equity.</i></p>
<p>CFO, GC</p>	<p>Other Employees If other employees in my company want to pledge options or shares, can they do that? If yes, how? What are examples? If a founder wanted to pledge options, could they do that too?</p>	<p>Many stock option plans have strict restrictions regarding the transferability of stock options. If a company were very interested in allowing its employees to transfer or pledge their stock options, it would need to work with company counsel to design an equity incentive plan that allows for such pledge or transfer. In general, non-statutory stock options, which are most commonly granted to employees, are more flexible than Statutory Stock Options but have less favorable tax treatment.</p> <p><i>See Deloitte Tax Memo (Appendix A), but founders should always consult company counsel and your personal tax advisor for confirmation of tax treatment.</i></p>

Frequently Asked Questions (2/2)

Role	Question	Answer
CEO, CFO	<p>Maximum Pledge Can a founder pledge more than 1% of his/her own equity/shares? Can a company pledge more than 50% of company shares? Is there a maximum amount of equity/shares that can be pledged?</p>	<p>There is no limit to the number of shares/equity that can be pledged by a founder or a company, but many companies' certificate of incorporation require Board or shareholder vote for a founder to transfer more than 3- 5% of their shares.</p> <p><i>See Deloitte Tax Memo (Appendix A), but founders should always consult company counsel, accountants, and personal tax advisors.</i></p>
CEO, CFO	<p>Tax Deduction Can the executives get a tax deduction from the donation of the shares?</p> <p>If an executive enters into a non-binding or binding agreement to pledge personal equity, when is the founder able to take a tax deduction and what are the tax consequences?</p>	<p>Executives may take tax deductions on the donation of personal shares, not a donation of Company shares. Individuals may deduct gifts to public charities, including DAFs, private operating foundations, and some private nonoperating foundations up to 30% of their Adjusted Gross Income (AGI), and gifts to other private nonoperating foundations of up to 20% of AGI.</p> <p>Whether a binding or non-binding pledge agreement is executed, the Founder will be able to take a tax deduction not when the agreement is executed but when the shares are actually transferred. The value of the shares is likely to be higher after a liquidity event, so we recommend that a founder pledge to donate the shares after a liquidity event to maximize the tax deduction. HOWEVER, AS EVERY INDIVIDUAL'S CIRCUMSTANCE IS DIFFERENT, PLEASE CAREFULLY READ THE ATTACHED DELOITTE TAX MEMO AND ALWAYS CONSULT YOUR PERSONAL TAX ADVISOR. <i>See chart on page 15 of the CEO Equity Playbook and Deloitte Tax Memo (Appendix A), but founders should always consult company accountants and personal tax advisors for confirmation of tax treatment.</i></p>
CEO CEO, GC CEO	<p>Hybrid Can I do a Founder's Pledge and Corporate Pledge?</p> <p>Donor Advisor Who determines how grants are made from a Company DAF?</p> <p>Personal DAF May I transfer my shares to a personal DAF?</p>	<p>Yes. A founder may donate personal equity, and a company may donate corporate shares. <i>See page 13 of the CEO Equity Playbook - Source of Equity - Hybrid, page 36 - Lookout Case Study and in the following FAQs for the Hybrid Model.</i></p> <p>If Founder donates shares to a corporate DAF, Company will designate the individual(s) who are authorized to advise the DAF on grants to be made from the DAF in the MOU Establishing the DAF.</p> <p>Founders may choose to donate their shares to a personal DAF. Pledge 1% and the Tides Foundation can help set up personal DAFs, as well. Founders would then serve as the donor advisor</p>

Frequently Asked Questions (1/2)

Role	Question	Answer
<p>CEO, CFO, GC</p>	<p>Overview How would a founder execute a Founder Equity: 1% Pre-Exit model pledge?</p>	<p>The founder would transfer shares via a stock transfer agreement to a nonprofit or corporate donor-advised fund.</p>
<p>CEO, CFO, GC</p>	<p>Pros & Cons What are the pros and cons of a founder transferring equity prior to an exit?</p>	<p>Pros: Social impact legacy: 100% protects and preserves social impact commitment, even in the event of a change of control or leadership.</p> <p>Potential for pre-exit liquidity: Nonprofit (and/or corporate DAF) could potentially sell a portion of the shares pre-exit (pending company approval) to fund impact.</p> <p>Cons: Likely reduction in founder tax benefits: In most cases, founders will receive greater tax benefits if shares are transferred post-exit or during another time when these offsets could be helpful (i.e. secondary). Founders should always consult a tax advisor.</p> <p><i>See chart on page 15 of the CEO Equity Playbook and attached Deloitte Tax Memo (Appendix A), but founders should always consult personal tax advisors as to the best timing and vehicle for pledging equity.</i></p>
<p>CEO, CFO, GC</p>	<p>Board Approval Is Board approval required for a founder to transfer his/her shares to a corporate donor-advised fund?</p>	<p>Board approval is not generally required for a founder to transfer 3-5% of his/her shares, but founders should always check their Articles of Incorporation and other corporate documents.</p>

Frequently Asked Questions (2/2)

Role	Question	Answer
<p>CEO, CFO, GC</p>	<p>Taxes What are the tax implications of a transfer prior to a liquidity event?</p>	<p>As the company is still private, the founder will need to get an appraisal of the value of the stock. Making the transfer in conjunction with a round of financing could serve as an appraisal. The founder will be able to take tax deduction at the fair market value on the date of transfer of up to 30% of the Founder’s AGI. It will most likely be lower than if the founder waits until a liquidity event to maximize tax benefits. HOWEVER, AS EVERY INDIVIDUAL'S CIRCUMSTANCE IS DIFFERENT, PLEASE CAREFULLY READ THE DELOITTE TAX MEMO AND ALWAYS CONSULT YOUR PERSONAL TAX ADVISOR.</p> <p><i>See Deloitte Tax Memo (Appendix A), but founders should always consult personal tax advisors for confirmation of tax treatment..</i></p>
<p>CEO, CFO, GC</p>	<p>Immediate Funding Options I want to start giving grants now. As I wait for my liquidity event, what options do I have for funding my foundation (i.e. sell shares on the secondary market)? What are the tax trade-offs of different options?</p>	<p>In order to fund social impact work prior to a liquidity event, founders (and companies) have donated shares and sold them in conjunction with financings on the secondary market. Founders may take the tax deduction in the year that they make the donation, allowing them to offset income generated from the sale of shares.</p> <p><i>See chart on page 15 of the CEO Equity Playbook and Deloitte Tax Memo (Appendix A), but founders should always consult company counsel and personal tax advisors for confirmation of tax treatment.</i></p>

Frequently Asked Questions (1/2)

Role	Question	Answer
CEO, CFO, GC	<p>Overview How would a founder execute a Founder Equity: 1% Post-Exit model pledge?</p>	<p>The founder would enter into a binding pledge agreement committing to transfer shares to a philanthropic entity or nonprofit post exit.</p>
CEO, CFO, GC	<p>Pros & Cons What are the pros and cons of a founder transferring equity after an exit?</p>	<p>Pros: Likely founder tax benefits: In most cases, founders will receive greater tax benefits if shares are transferred post exit or during another time when these offsets could be helpful i.e. secondary. Founders should always consult a tax advisor.</p> <p>Potential to avoid social impact dilution: If the founder commits to a number of shares equal to 1% at the time of exit (vs. 1% at the time of commitment), he/she can avoid dilution to the social impact commitment.</p> <p>Cons: Social impact legacy risk: Possible risk if founders are no longer at the company at the time of exit and/or founders are no longer on good terms with the company. This scenario could be especially awkward if the company has publicly promoted the equity commitment. (This risk is mitigated if the founder agreement is legally binding).</p> <p><i>See chart on page 15 of CEO Equity Playbook and Deloitte Tax Memo (Appendix A), but founders should always consult their personal tax advisor as to the best timing and vehicle for pledging equity.</i></p>
CEO, CFO, GC	<p>Board Approval Is Board approval required for a founder to transfer his/her shares to a corporate donor-advised fund?</p>	<p>Board approval is not generally required for a founder to transfer 3- 5% of his/her shares, but you must check your Articles of Incorporation and other documents. If the founder wants to donate 1% of company equity from his/her personal holdings and chooses to disclose this in the S-1 registration statement filed before an IPO, Board approval may be required.</p>
CEO, CFO, GC	<p>Subsequent Donations In the years following a liquidity event, if a founder donates cash or stock to a DAF or Foundation, is that tax deductible?</p>	<p>Yes. Subsequent donations of cash or stock are treated as additional donations and are not related to the original contribution. Individuals may carry forward their ability to take a tax deduction for 5 years.</p> <p><i>See chart on page 15 of the CEO Equity Playbook and Deloitte Tax Memo (Appendix A), but founders should always consult their personal tax advisor as to the best timing and vehicle for pledging equity.</i></p>

Frequently Asked Questions (2/2)

Role	Question	Answer
<p>CEO, CFO</p>	<p>Taxes What are the tax implications of a transfer post liquidity?</p>	<p>The founder would be able to take a tax deduction at the time and at the value of shares when the transfer takes place post-liquidity.</p> <p>In most cases, founders will receive greater tax benefits if shares are transferred post exit or during a secondary if the founder is selling shares. Pledging today to donate shares post-exit allows founders to benefit from the goodwill created by pledging today, as well as tax benefits of transferring shares after liquidity event. Post-exit is an excellent time for a founder to take the tax deduction as s/he will likely want to offset the money made in the exit. HOWEVER, AS EVERY INDIVIDUAL'S CIRCUMSTANCE IS DIFFERENT, PLEASE CAREFULLY READ THE ATTACHED DELOITTE TAX MEMO AND ALWAYS CONSULT YOUR PERSONAL TAX ADVISOR.</p> <p><i>See chart on page 15 of CEO Equity Playbook and Deloitte Tax Memo (Appendix A), but founders should always consult their personal tax advisor as to the best timing and vehicle for pledging equity.</i></p>
<p>CFO, GC</p>	<p>Timing If a company is late stage (within 1 year of exit), what are the pros/cons for individual to donate now vs. waiting until after IPO from a tax perspective? Overall, when is the best time for an individual to donate from a tax perspective?</p>	<p>An individual's tax deduction for a charitable contribution is generally based on the fair market value (FMV) of the stock on the date that it is donated. If a corporation is not publicly traded, an appraisal will generally be required for a deduction of over \$5,000. If the donation is delayed until after the IPO, no appraisal is required if quotations are published daily or the stock is regularly traded, unless the donated asset includes sale restrictions.</p> <p>In most cases, founders will receive greater tax benefits if shares are transferred post exit. The value of the shares is likely to be higher as well as the founders desire to offset proceeds after a liquidity event, so we recommend that a founder pledges to donate the shares after a liquidity event to maximize the tax deduction. Executing a pledge agreement prior to the acquisition being consummated or IPO to donate shares post-exit allows founders to benefit from goodwill created by pledging today and tax benefits of formalizing pledge after liquidity event. However, founders must be aware of certain Assignment of Income issues if the shares are donated after an acquisition agreement has been executed. HOWEVER, EVERY INDIVIDUAL'S CIRCUMSTANCE IS DIFFERENT.</p>

Frequently Asked Questions

Role	Question	Answer
CEO, CFO, GC	Overview Is it possible to donate both founder and corporate equity?	<p>Yes. It is possible to do both.</p> <p>If the company or founders decide to sell some of their shares in a secondary transaction prior to a liquidity event, they may also want to transfer shares to a nonprofit entity or corporate DAF at that time in order to take advantage of a tax deduction.</p> <p>HOWEVER, AS EVERY INDIVIDUAL'S CIRCUMSTANCE IS DIFFERENT, PLEASE CAREFULLY READ THE DELOITTE TAX MEMO (APPENDIX A) AND ALWAYS CONSULT YOUR PERSONAL TAX ADVISOR.</p> <p><i>See page 13 and 36 of the CEO Equity Playbook and Deloitte Tax Memo (Appendix A), but founders should always consult their personal tax advisor and companies should always consult their accountants as to the best timing and vehicle for pledging equity.</i></p>
CFO, GC	Pledge Is it possible to fulfill a pledge with both company and founder equity?	<p>Yes. Companies and founders are free to fulfill a pledge in any way that they choose.</p> <p>Some founders have pledged 1% of their personal equity, while some founders have pledged 1% of the company's outstanding capital stock out of their personal holdings. Other founders have pledged personal equity and the company also pledged company equity, totaling 1% all together.</p> <p><i>See case studies on pages 32-36 of the CEO Equity Playbook.</i></p>



Appendix C: Information Sheets

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Accelerating the Change You Seek

Charitable giving can be a powerful way to advance positive social change in local communities and around the world. But having an impact through your own personal or institutional philanthropy is not easy. From selecting the best grantees and social investments to conducting due diligence to managing tax compliance, grants administration, reporting, and beyond: the simple act of supporting good causes can get very complicated, very quickly.

At Tides, we provide expert advice and simple, effective solutions to help corporations, private foundations, and individual and family donors make the most of their charitable giving and investing. It all starts with a conversation. We listen to your goals and aspirations for social change and then tailor and execute the best solutions for you.

Tides has the expertise and charitable tools to guide your philanthropic journey at every step. Working hand-in-hand with Tides' diverse team of experienced advisors, you have an **unrivaled platform to make a real and lasting difference on the issues and causes that matter most to you.**

By partnering with Tides, you also join a community of donors, activists, and philanthropic innovators who share your values and passion for advancing a more just and sustainable world.

WHAT IS A DONOR ADVISED FUND?

One of the fastest growing charitable vehicles in the United States, a donor advised fund (DAF) is a fund or account created by individuals, corporations, or private foundations to manage their charitable giving. It starts with you making a tax-deductible contribution to Tides in cash, securities, or other assets. Tides then opens a DAF to house those funds, establishing an ongoing relationship wherein you, as the donor, make decisions and recommendations about the distribution of grants and other social impact investments. Tides manages the fund's distributions, assuring they align with Tides' mission to accelerate the pace of social change. Tides is a pioneer of donor advised funds, sponsoring them since our start in 1976.

What are the benefits of managing your philanthropy with Tides?

EXPERTISE AND PROVEN SOLUTIONS: Tides' extensive tools and know-how will help you realize your vision for effective, strategic philanthropy.

From assisting you in developing a giving strategy, to conducting research, supporting grant application processes, structuring charitable investments in socially-screened funds and ventures, or even creating or managing a corporate giving program, we have the resources and expertise to support the change you seek.

FLEXIBILITY: Your contributions to the DAF are immediately tax-deductible, and unlike a private foundation, you have complete flexibility to manage the timing of annual grant distributions. The monies in your donor advised fund are always available for grantmaking, impact investments, and related expenses: you can recommend a grant or investment at any time.

- # In addition to grants to nonprofit organizations, donor advised funds can make mission-aligned equity or loan investments in social impact for-profit companies and funds.

TAX EFFICIENCY: Tides is a public charity, so contributions—including gifts of appreciated stock, real estate property and other assets—are tax deductible.

SIMPLICITY: Tides handles all administrative details of your giving, allowing you to focus on your vision for your philanthropy and on the causes and entities you want to support.

- # Donors use Tides' online system to recommend grants, check fund balances, review the status of grant recommendations and grant reports, and research nonprofit organizations.

GLOBAL REACH: Tides helps U.S. donors overcome the challenges associated with supporting non-US organizations. We oversee all compliance and reporting requirements for international grants and can help you identify the best opportunities for philanthropic impact anywhere in the world. Contributions to your DAF are tax-deductible no matter where the DAF makes its gifts.

SOCIALLY RESPONSIBLE INVESTING: Tides' invested funds are managed by socially responsible investment managers, making Tides one of the largest and oldest providers of donor advised funds with fully socially screened investment portfolios.

PRIVACY: Tides is committed to protecting the confidentiality of donor information, and donors have the ability to manage the level of public acknowledgement or anonymity for each grant recommendation (see below for more).

What else should I know?

Grant recommendations: Contributions to a donor advised fund are technically within the exclusive control of Tides, which is why donors are considered fund advisors and make recommendations to Tides on where DAF funds will be granted or invested. While Tides seeks to fulfill each grant and investment recommended by a donor partner, all grants and investments must be legally permissible and in alignment with Tides' shared prosperity and social justice values. It is extremely rare that recommendations are not followed.

Expenses: In addition to grants, your donor advised fund can cover the costs of charitable expenses related to the grantmaking activity of the fund, such as consulting support or research to determine grant recommendations. A DAF cannot cover expenses that would result in any personal benefit to the donor, like sponsoring a table at a fundraiser.



Reporting: Tides provides donors with a quarterly report summarizing fund activities year-to-date, as well as any grant reports that are required by law or requested by the donors.

Anonymous giving: Tides does not publish the names of any of its funds, donors or any other individuals associated with those funds or their grants unless expressly directed to do so by the donor. Tides also does not sell, loan or distribute contact information of donors or fund advisors. Any electronic information relating to your fund is protected by security systems meeting industry-wide standards.

WHAT DOES IT COST?

Fee Structures: Donor advised funds at Tides have two basic fee structures, which include the processing of contributions, quarterly reports, grants administration, access to Fluxx, as well as personalized advisory support. These are:

For **Cash DAFs:** a one-time fee upon contribution of 1-3%, depending on the complexity of planned grantmaking.

OR

For **Invested DAFs:** funds not planned for near-term grantmaking can be invested in a selection of socially-screened impact investment funds. They are subject to annual fees on the fund balance prorated monthly and tiered as follows:

- / 1.00% on the first \$500K
- / 0.75% on the next \$500K
- / 0.50% on the next \$4M
- / 0.25% of any amount over \$5M

With an additional investment manager fee ranging from 0.13% to 3% depending on the investment fund selected.

Additional service fees are developed and negotiated based upon a mutually agreed upon scope of work and set of deliverables. These fees are generally for more complex philanthropic advising for grantee landscape analysis or request for proposal (RFP) management among other services. Fees may be based on a percentage of contributions, a flat fee, or combination thereof.

Other **direct expenses** that may incur while operating the fund include:

- / **Grant fees** of \$50 for each installment of domestic and international grants, charged to your fund after a grant payment is made.
- / **Wire transfer fees** for grant payments transmitted via wire transfer as opposed to check for an additional cost of \$20 per wire for domestic grants and \$40 per wire for international grants.
- / Expenditure responsibility fees of \$350 for grants that require additional due diligence, such as international and other non-501(c)(3) organization doing charitable work.
- / **External legal review** for a particular fund activities that may require additional screening, such as proposed grants that intersect with political activities or complex financial or legal activities. These are charged to your fund and discussed with you beforehand.
- / Minimum annual fee of \$500 for funds that have not otherwise met this threshold through other direct expenses by year end, charged from the fund.



Touch Point	Pledge 1% Team Role	Tides' Role	Tides' Upfront Fee	Tides' Ongoing Fee
1. Custody of Warrant	Refer pledger to Pledge 1% documents and Tides	<ul style="list-style-type: none"> Support the completion of all required documents Offer expertise and services in the development of company's impact strategy and program. 	<ul style="list-style-type: none"> No fee 	No fee
2. Execution of Warrant (upon availability of liquidity)	Track liquidity events	<ul style="list-style-type: none"> Use Tides' cash, if needed, to exercise warrant for stock, sell stock, and generate cash. Engage with company for execution on either steps 3.a or 3.b. 	<ul style="list-style-type: none"> Reimbursement of Tides' cash outlay, if needed, to execute the warrant for stock and sell stock. \$5,000 one-time warrant execution fee¹ 	N/A
3. Liquidity Event: a. For companies choosing not to build an on-going charitable program at Tides: Make up to three grants with the remaining cash balance within 120 days ²	Support company through	<ul style="list-style-type: none"> Verify identified grantees with the company and execute up to 3 grants 	<ul style="list-style-type: none"> 1.00% fee on the cash generated from the execution of the warrant <i>plus</i> Tides' standard grant transaction fees 	N/A
3.b Opening a Tides Corporate DAF: With the cash generated from the warrant and other	<ul style="list-style-type: none"> Refer pledger to Pledge 1% documents and facilitate introduction to Tides 	<ul style="list-style-type: none"> Receive stock and generate cash to make grants and/or impact investments Formalize MOU Agreement 	1.25% on all additional contributions for a fund held in cash; OR:	Standard grantmaking transaction fees and minimum fees as outlined in our MOU agreement

¹ \$5,000 warrant execution fee may be waived if company chooses to open a DAF or build an on-going charitable program at Tides

² After warrant becomes cash (ref. #2), Tides will make up to three, one-time grants per prior allocations within 120 days. Grants may only be made to U.S. 501(c)(3) organizations; Tides advisory services not included and must zero out the account within 120 days



<p>contributions of tradable stock or cash from the company, a Tides Corporate DAF will serve as your grantmaking or impact investing fund with advisory and other services.</p>		<ul style="list-style-type: none"> • Activate Corporate DAF • Support company with the official launch of their giving program • Create impact investment strategy (if applicable) • Execute on grants • Execute on selected activities and services 	<p>Invested fund option with annual fees based on fund balance³):</p> <ul style="list-style-type: none"> • 1.00% of first \$500K • 0.75% of the next \$500K • 0.50% of the next \$4M • 0.25% of any amount over \$5M • Plus: Fund Manager Fee, ranging from 0.13%-0.3% depending on the investment fund selected <p>*All fees subject to change based on most current pricing structure at the of liquidity or DAF activation</p>	
<p>4. Tides Individual DAF: for CEOs, founders, and/or employees who want to start their own DAF at Tides with personal stock or other assets.</p>	<ul style="list-style-type: none"> • Refer pledger to Pledge 1% documents and Tides • Support the completion of all required documents 	<ul style="list-style-type: none"> • Receive stock and generate cash to make grants and/or impact investments • Formalize MOU agreement • Execute on selected activities and services (if applicable) 	<p>1.00% non-annualized fee on all contributions to fund held in cash;</p> <p>OR</p> <p>Invested fund option with annual fees (as noted above).</p> <p>*All fees subject to change based on most current pricing structure at the of liquidity or DAF activation</p>	<p>Standard grantmaking transaction fees and minimum fees as outlined in the MOU agreement</p>
<p>5. Private Corporate Foundation Management Services</p>	<ul style="list-style-type: none"> • Refer to other providers 	<ul style="list-style-type: none"> • Tides does not intend to offer this service 	<ul style="list-style-type: none"> • N/A 	<p>N/A</p>

³ See "Investing for Impact" document for more information on related structure, fees, and options.



Donor Advised Fund vs. Private Foundation

Along with your company's decision to pledge equity or cash to support your corporate charitable vision, it is important to consider which philanthropic vehicle will best serve that vision and be the most cost and time efficient. Companies often elect to open either a Donor Advised Fund or an Independent Private Foundation to help meet their philanthropic goals. To help you determine which charitable vehicle is better suited for you, the following chart summarizes key considerations when deciding between a Donor Advised Fund or Private Foundation such as cost, timing, resources required and flexibility. Please note that Tides does not offer independent Private Foundation setup or management services for Pledge 1%.

	Tides Donor Advised Fund	Private Foundation*
General		
Seed Value	<ul style="list-style-type: none"> Tides minimum \geq\$100,000 	<ul style="list-style-type: none"> Recommended Private Foundation Start Value: \$1-10 million Minimum recommended amount: \$250,000 for management firm
Corporate Income Tax Deductions for Gifts**		
Tax Deduction for Cash or Publicly Traded Stock Gifts	<ul style="list-style-type: none"> Individual: Up to 60% of Adjusted Gross Income Corporation: Up to 10% of Taxable Income 	<ul style="list-style-type: none"> Individual: Limited to 30% of Adjusted Gross Income Corporation: Limited to 10% of Taxable Income
Tax Deduction for Other Long Term Capital Gain Equity/ Property Gifts	<ul style="list-style-type: none"> Individual: Generally fair market value up to 30% of Donor's Adjusted Gross Income Corporation: Up to 10% of Taxable Income 	<ul style="list-style-type: none"> Individual: Fair market value up to 20% of Donor's Adjusted Gross Income Corporation: Up to 10% of Taxable Income
Initial Setup Costs		
Initial and One-Time Startup Costs	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Legal, accounting, and filing fees for incorporation and registration can be as low as \$5,000 but more often are \$10,000-\$25,000. Form 1023 \$850 fee for IRS tax exemption application, plus preparation costs.
Annual Expected Costs		
Average Annualized Administrative Costs to Factor In	<ul style="list-style-type: none"> 1.25% on all contributions to fund Or invested account option: <ul style="list-style-type: none"> 1.00% on first \$500K 0.75% on the next \$500K 0.50% on the next \$4M 0.25% of any amount over \$5M 	<ul style="list-style-type: none"> The barebones fee of a private foundation for basic support services is \$4,500 + 0.45% of assets, not including grantmaking, investment, and audit fees. Or outsourced service fees including: <ul style="list-style-type: none"> Annual accounting services can cost \$25,000 and can vary widely depending on foundation size; Grantmaking services fees that can vary widely depending on the complexity and volume of grants desired and the location of the grantees; \$10,000-\$20,000 annual fee for services to complete foundation's annual IRS form 990-PF. Cost of foundation's office space should be considered.
Investment Costs	<ul style="list-style-type: none"> Investment Manager Fee: 0.35% of invested balance 	<ul style="list-style-type: none"> Foundation's Board has fiduciary obligation to oversee and prudently invest assets or hire investment management services.



*Private foundation data is summarized from available public sources
 ** General rules only - consult your tax advisor to determine how these general rules would be applied in your case

Tides DAF vs. Private Foundation Analysis

Appendix C: Information Sheets

	Tides Donor Advised Fund	Private Foundation*
Annual Expected Costs (Continued)		
Audit Fees and Requirements	<ul style="list-style-type: none"> DAF is audited as a part of Tides -no additional fee is charged 	<ul style="list-style-type: none"> Private foundation audit fees vary depending on complexity and size of the foundation but often range from \$20,000-\$75,000. Note: Foundations face specific state-by-state audit requirements.
Additional Issues		
Expected Timing for Tax Exempt Status	<ul style="list-style-type: none"> 2-3 week application process 	<ul style="list-style-type: none"> Generally 7 to 45 days for initial foundation set-up 4-12 months after submission of Form 1023 until formal tax-exemption (<i>Note: if granted, the determination of 501(c)(3) status is retroactive to the date of incorporation so many foundations begin accepting funds and making grants upon inception, though at some risk</i>)
Required Payout, Per IRS Guidelines	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Requirement to distribute at least 5% of net assets annually (administrative expenses and some advisory fees may be included in the 5% payout)
Excise Tax on Investment Income	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> 1-2% of net investment income
Separate/Additional Taxation Forms	<ul style="list-style-type: none"> No additional filings are required once the fund is established 	<ul style="list-style-type: none"> Form 1023 for tax-exempt status (one-time) Form 990-PF filing with IRS (annual) Form 990-T for Unrelated Business Income (annual if applicable) External audit (requirements vary state-by-state) Annual financial and expense reporting for tax records
Miscellaneous		
Fund Control	<ul style="list-style-type: none"> Subject to variance power, but donor may advise and make recommendations to Tides for the distribution of grants. Investment choices often limited to pre-selected investment vehicles. 	<ul style="list-style-type: none"> Donor may have a higher level of control over the grant making process and investment decisions/allocations depending on their desired level of engagement.
Payment of Expenses	<ul style="list-style-type: none"> Direct costs associated with DAF's charitable purpose such as travel, board meetings, site-visits, and certain event tickets/attendance are generally impermissible. Payments to Consultants and other support services to the fund may be permitted. 	<ul style="list-style-type: none"> Direct costs associated with advancing the foundation's work such as travel, board meetings, site-visits, and event tickets/attendance fees may be reimbursed subject to self-dealing rules.
Compensation of Board Members	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Permitted but rare, in accordance with reasonable compensation guidelines.
Liability and Insurance	<ul style="list-style-type: none"> Covered by Tides 	<ul style="list-style-type: none"> Must purchase or cover foundation with liability insurance as well as cover separate officer/employee insurance.
Privacy	<ul style="list-style-type: none"> Tides protects donors' privacy and ensures anonymity, if desired. 	<ul style="list-style-type: none"> More restrictive in terms of anonymity due to IRS filing requirements—donor information to a private foundation is public information.

For more resources and information, we recommend the following links from our philanthropic partners:

Tides

- [Homepage](#)
- [Resources for Corporate Partners](#)

Boston Foundation

- [Homepage](#)

Community Foundation Boulder County

- [Comparing Two Kinds of Donor-Advised Funds \(Investment Pools vs. Cash Pools\)](#)
- [Homepage](#)

Denver Foundation

- [The Denver Foundation,](#)

Rose Community Foundation

- [Opening a Donor-Advised Fund](#)
- [Donor-Advised Fund Guidelines](#)
- [Homepage](#)



Appendix D: Templates

Template Job Description ... 203

About the Role

As the Global Head of Social Impact, you will define and build [Company Name] social impact function through strategic relationships and by working cross-functionally to incorporate the work into the product. You will report to the [Managerial Title].

What You'll Do / What You'll Need / Bonus Points / About the Team

What You'll Do

- Define the priorities, set the strategy, identify KPIs, make plans and execute against those plans for the full global social impact initiative
- Define the approach for each social impact pillar & build / lead the team, direct and cross-functional, to bring it to life
- Lead and influence a broader network of stakeholders and contributors across [Company Name]
- Engage employees across the globe by enabling meaningful involvement with our communities, whether through volunteerism, donations, mentorship, etc.
- Represent social impact internally with executive leadership team and the broader company
- Build relationships with and advocate among external stakeholders including drivers, riders, policy-makers, thought leaders, etc.
- Make [Company Name] a thought leader on social impact, by building a best in class social impact function

What You'll Need

- 7+ years of experience, with some meaningful experience in operations
- Passionate about diversity and social impact, with an educated point of view & humility to continuously be learning
- Demonstrated results leveraging analytical and operational skills
- Compelling speaker and presenter with the ability to build advocates and allies
- Collaborative team player
- Possess a high tolerance for ambiguity, along with an ability to create order out of chaos
- Strategic thinker -- can set priorities & operate against them, knows how to sequence work for maximum impact, and differentiate when there are competing commitments