

Harvard Travellers Club Permanent Fund

I met with Ken Henderson on November 17, 1986 to learn more about the Fund. The fund is a Massachusetts Trust which was organized May 5, 1937. Ken prepares and files both federal and state tax returns each year. There is a 12 page federal return - Form 990PF - which is a return for private foundations and a 4 page state return - Form PC - for a public charity. A copy of the federal return must be filed with the state return. There is no state tax, but the Fund must pay a federal tax equal to 2% of its income. In addition to the 2% tax, there would be an additional tax if the Fund did not make sufficient grants. To determine the Fund's annual grant obligation, Ken has to calculate the market value of the Fund every month and then average these values for the fiscal year which ends April 30. The Fund must grant at least 5% of this annual average either during that year or it may make up a deficit in the succeeding year. At the present time, the Fund has a \$1,200 distribution surplus brought forward from the fiscal year ended April 30, 1986. The income available for distribution during the current fiscal year will be about \$1,000. In addition to filing the federal and state tax returns, Ken must also advertise in a newspaper once each year the availability of the Fund's annual report - this is the report that is published each year for the annual meeting. The reason the annual meeting is usually held near the end of May is to give Ken time to complete the annual report and have it printed and mailed to the membership before the meeting. Ken must complete the federal and state tax returns before he can prepare the annual report. The Internal Revenue Service audited the tax return one year, but found nothing wrong. Ken maintains a file on every grant to justify the grant under the terms of the tax code. The Fund is governed by Chapter 501c3 which deals with tax exempt organizations. Our grants must have a scientific or educational purpose of benefit to the public. The Fund's charter and

application to the IRS for tax exemption under 501c3 represent that the Fund is a "Scientific Organization", although this does not preclude us from making a grant for educational purposes. The results of any project supported by the Fund must be available to the public. It is best if the grants are made to organizations rather than individuals. Ken likes to have on file a description of the project to be funded and any published results or a record of any lectures describing the results. Letters notifying recipients of grants should mention the scientific or educational purpose of the grants. Ken and I do not feel that the acquisition of medals or speaker fees are appropriate for payment from the Fund. Although the IRS Code does allow for minor non tax exempt activity, we feel it would be better if such payments were made by the Harvard Travellers Club. I have attached pertinent sections from the Commerce Clearing House's treatment of tax exempt organizations.

Ken feels that grants should be made for original research and that travel and field work should be involved. Ken thinks we should give preference to persons who would have difficulty obtaining funds from other sources. On a questionnaire from Associated Grantmakers of Massachusetts, Ken listed the grantmaking emphasis as being "research grants in geographical exploration with sidelines in medicine, geology, glaciology, archaeology, anthropology, etc." I have enclosed copies of the Fund's listing in the directories of Associated Grantmakers of Massachusetts and the National Register Publishing Co.

During recent meetings of the Council, I solicited comments which would help us determine the criteria for making grants. Some of the suggestions are as follows:

out of ordinary

daring

adventuresome

individual as opposed to a group effort

something you would really like to do yourself

unusual travel

in line with object of Club which is "the promotion of intelligent travel and exploration"

unusual places

innovative

financial need demonstrated

young persons because they would tend to need financial help more than older persons

give preference to persons who would be willing to give talks and who we think would give good talks

remarkable people doing remarkable things

The Fund is listed as making grants between \$100 and \$500. The Council agreed that grants in the higher end of this range would be appropriate because of the large total cost of most trips.

I suggest that grants be determined at our February or March meeting each year which will allow time for the grant to actually be made before the end of the fiscal year of the Fund (April 30) unless someone is very deserving and needs to know sooner. Also we could also make a grant later in the spring for a deserving applicant which would be taken from the succeeding year's grant budget.

I suggest that the secretary mention in the meeting announcements a couple of times each year that small grants are available from the Fund. The purpose of

of the grants should also be mentioned, once determined by the Council. I wonder if we should suggest the possibility of gifts to the Fund? Perhaps this suggestion could be made annually.

After further discussion by the Council, I will attempt to prepare a concise objective for grants from the Fund which can be used to help determine the most qualified grantees. Subsequently, if appropriate, the directory listings can be amended.

George P. Bates

11/20/86