



Donor Advised Funds

To: BOARD OF DIRECTORS, Donors (as needed) and staff

From: Erika Rauscher, Executive Director

Adopted: 8/3/2022

Effective: Immediately

OVERVIEW & SCOPE

Donor Advised Funds (DAF) provide the donor with a charitable deduction tax benefit at the time of the contribution to the DAF, and the ability of the donor to designate the charity which receives grants from their DAF. While they can be administered by a variety of organizations, certain IRS rules must be followed. The donor received the tax deduction when placing funds in their DAF. For this reason, donors (1) cannot receive letters confirming the tax deduction from the charity when making a donation to the charity from their DAF, and (2) they cannot receive any benefit from the charity in connection with the donation from the DAF. Adverse repercussions can result for the donor, the administrator of the DAF as well as the charity if these rules are violated. For this reason, THANC will not accept donations from any DAF relating to any fundraising event if the donor and/or his/her guests are planning to attend the event or otherwise receive a benefit from the contribution.

While THANC and its board of directors are grateful for all donations made to perpetuate the charitable work of the organization, accepting DAF funds to cover the cost of events is a direct violation of IRS code and would place the donor, the DAF administrator and THANC Foundation in an unlawful situation—and could risk THANC Foundation's 501(c)3 status.

POLICIES

1. DIRECT BENEFIT/Fundraising Events. Individuals recommending a grant to THANC from their DAF may **not** do so in order to cover all or any part of the registration fee for a fundraising event, including a golf outing or a gala. Instead, donors should make separate donations to THANC from their DAF and receive appropriate acknowledgement (see #2 below). Any donor making a contribution to THANC through a DAF who also plans to attend an event (and/or has guests who will attend) must pay separately (not from their DAF) for the entire registration fee or ticket price for the event. In addition, they may not use a DAF contribution to cover the deductible portion of a registration fee—the entire price must be paid from sources other than the DAF. Donors who register and pay for an event separate from their DAF will receive an appropriate acknowledgement with

language confirming the tax deductible amount so they can deduct the portion of the registration fee which is tax deductible (contains no direct benefit).

2. Acknowledgement of Donation. Donors who make contributions to THANC via a DAF can expect to receive an acknowledgement letter in a timely manner which will offer thanks for the donation and indicate any restriction placed on the donation. This acknowledgement letter will NOT have any language relating to any tax deduction since the tax benefit was already received by the donor prior to recommending funding to THANC.