



What Do Donors Want ?

By
James L. Gustafson
jgustafson@nebcommfound.org
Nebraska Community Foundation
Lincoln, Nebraska

EMERGING TRENDS in GIFT PLANNING

- Desire to give to specific projects or programs that may change over time
- Need to participate after the gift is made
- Accountability by charity
- Involve family members




OVERVIEW OF ALTERNATIVES

Private Foundations
Supporting Organizations
Donor Advised Funds



Private Foundation

- Funding \$20,000,000 +
- Investment Staff
- Grant-Making Skill
- Changing of Charitable Purpose



Private Foundation

- Flexible Grants
- Family Control
- Excise Tax
- Private Foundation Prohibitions
- Expenditure Responsibility
- Longevity Challenges




Supporting Organization

- Funding \$1,000,000 +
- Investment-Charity Board
- Grant-Making Expertise
- Certain Charitable Purpose




Supporting Organization

- Public Charity Status
- “Controlled by” Type I
- “For the Benefit of” Type II
- “In Connection with” Type III
- Family Participation




Donor-Advised Fund

- Funding \$100,000 +
- Investment Efficiency
- Grant-Making Expertise
- Certainty of Charitable Purpose



Donor-Advised Fund

- Public Charity - Manages Fund
- Donor or Family Recommends
- Public Charity Must Approve
- Anonymity if desired



DAF After PPA 2006

- **Definition of DAF:**
 - Separately Identified Fund
 - Controlled By Charity
 - Reasonable Advisory Rights



DAF Exceptions

- Scholarship Grants
 - Objective Committee appointed by Parent Charity
 - No Discrimination or Control
 - BOD Approves Selection Process
- Parent Charity Receives Grants
- Fund with Governmental Entity




Deductions

- Public Charity Limits vs. Private Foundation Limits
 - 50% vs. 30% Cash Gifts
 - 30% vs. 20% Appreciated Asset Gifts
 - Deduct Full Fair Market Value vs. Cost Basis




DAF Prohibited Payments

- Donors and Families Disqualified
- No Donor Expenses
- No Excess Payments to Investment Advisors




DAF Distributions

- US Public Charities
- Type I, Type II SOs
- Functionally Integrated Type III SOs
- PF and Foreign Charities – Expenditure Responsibility
- No Payments to Individuals
 - Scholarship Exception




DAF Prohibited Benefits

- Excess Business Holdings
- Splitting Payments to Fundraising Events
- Satisfying Donor’s Pledge




Unique Provision for CF

- Variance Power
 - Authorizes Community Foundation's Governing Board the Power to Modify Donor Restrictions
 - Only Used When the Restriction Cannot Be Fulfilled, Unnecessary, or Inconsistent with Needs of the Community or Area Served.
 - Treas. Reg. 1.170A-9(e)(11)(v)(B)(1).



PF Conversion*

- Implement DAF Agreement
 - 60 mos. existence
- PF Board Resolution
- Transfer Assets to DAF
- File Tax Return for PF
- File Articles of Dissolution
- * 2003-13 Revenue Ruling



DAF Alternatives

- Field of Interest Funds
- Designated Funds

