



# What Do Donors Want ?

**By**

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# 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