

AMERICAN GIFT FUND – DONOR ADVISED FUND GRANT MAKING REGULATIONS

The American Gift Fund (AGF) was established in 1998 to provide donors with a flexible charitable gifting option – a Donor Advised Fund (DAF). All grant recommendations are subject to review and approval by the AGF Board of Directors.



The
American
Gift Fund
STEP UP YOUR GIVING

A grant from a DAF can be denied primarily for two reasons:

DAFs cannot make gifts to non-qualified organizations, such as certain types of trusts, private non-operating foundations, or to individuals. This also includes political organizations and other tax-exempt associations, credit unions, and fraternal organizations. Grants from a DAF must be made to other 501(c)(3) public charities or private operating foundations that are in good standing with the IRS and approved by The American Gift Fund.

Additionally, The American Gift Fund will review each special purpose and information provided by the donor to ensure the purpose does not include any disallowed personal benefits to the donor as described below.

A grant from a DAF cannot result in the donor, advisor, or any related party receiving more than an incidental benefit.

If the goods or services are more than of de minimis value, it violates IRS regulations and subjects the charity and donor to a 125% excise tax.

A grant from a DAF cannot be used to fulfill a legally enforceable pledge of any separate donor agreement that AGF did not review and approve.

Donors cannot make a grant recommendation from their DAF to satisfy a legally binding commitment to a charity that provides any quid pro quo benefits to the donor or any disqualified individuals.

A grant from a DAF cannot be made to or for the benefit of a specific individual, such as for tuition, a scholarship, or other required fees.

Donors cannot exercise discretion over who receives a benefit from the grant. Also, grant purposes cannot be made directly to any named individuals.

A grant from a DAF cannot be used for any political lobby or solicitations to influence law makers.

All grant recommendations must support qualifying organizations and be used for public good.

Some examples of disallowed benefits include pledges, commitments, discounted merchandise, free event admission, tickets to events or galas, purchase of auction items, raffle tickets, bifurcated contributions, membership fees, and material quid-pro-quo benefits.

GRANT MAKING CASE STUDY

Susan and Robert Lito established their Donor Advised Fund (DAF) with The American Gift Fund (AGF) over a year ago and were excited to start gifting some of the money away to their favorite charities...



...It was a down year in the market, but the Lito's were grateful that they had contributed funds to their DAF in prior years that they could now use for grant making.

The Lito's called their wealth advisor to discuss their passion, mission, and plans for grant making throughout the year. They specifically discussed establishing a scholarship grant to their alma mater where the Lito's had first met.

Robert had played on the soccer team and received a scholarship to attend the prestigious Division I University. He strongly felt the desire to reciprocate the generosity that he had received by supporting future student athletes.

Robert's intent was to specifically support 1-2 athletes and name them directly in the grant recommendation from his DAF, the "Lito Family Charitable Fund". After speaking with the AGF team about his plans, the Lito's learned that although they couldn't name any specific individuals to receive the scholarships, a solution was provided.

The AGF team explained how the Lito's could participate in a named scholarship fund at the school, as long as, they did not have majority control of the end individual recipients.

The Lito's spoke with the University and were happy to discover there was already a specific scholarship fund for soccer athletes that included a selection committee to determine the most deserving players. The University discussed how the Lito's could potentially join the existing selection committee or potentially create their own name scholarship fund for soccer athletes.

Based on the amount of commitment the Lito's were comfortable supporting, they decided to start by simply making an annual recurring donation for the next three years to support the existing scholarship fund for soccer athletes at the University.

The Lito's appreciated the willingness and cooperation from The American Gift Fund Team in finding a viable solution that aligns with their current charitable giving goals while providing for flexibility into the future.

The American Gift Fund (AGF) is an independent 501(c)(3) public charity sponsoring a Donor Advised Fund program. Donors make irrevocable charitable contributions to AGF while maintaining the right to recommend grants to qualified organizations. AGF as a matter of policy, does not give tax, accounting, regulatory or legal advice. Rules in the areas of law, tax, and accounting are subject to change and open to varying interpretations. You should consult with your other advisors on the tax, accounting, and legal implications of actions you may take based on any strategies presented considering your own circumstances. Additional information may be found at: giffund.org

We're here to help. Contact us at:

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