



Important Information Regarding Donor Advised Funds and Charitable Event Sponsorships

It is crucial for donors and organizations alike to understand the guidelines set forth by the Internal Revenue Service (IRS) to ensure compliance and maintain the integrity of charitable giving.

IRS Regulations on Donor Advised Funds:

According to the IRS regulations, funds from a Donor Advised Fund cannot be used to purchase tickets or sponsorships for charitable events if the donor, donor advisor, or any related party receives more than an incidental benefit in return. This rule is in place to preserve the tax-advantaged status of the contributions made to DAFs and to ensure that these funds are used exclusively for charitable purposes.

Understanding Incidental Benefits:

The IRS defines incidental benefits as those benefits that are considered minor and do not affect the tax-deductibility of the donation. Examples of incidental benefits might include a thank-you letter or public recognition in an event program. However, benefits such as event tickets, meals, or exclusive experiences do not qualify as incidental. If the use of DAF funds results in the donor receiving such benefits, it compromises the charitable nature of the contribution.

Implications for Charitable Event Sponsorships:

When considering sponsorship for a charitable event, it is essential to separate personal contributions from those made through a Donor Advised Fund. While personal funds can be used to purchase event tickets or sponsorships, DAF funds must be reserved for donations that do not result in tangible benefits to the donor. This ensures adherence to IRS guidelines and protects the tax-exempt status of the contribution.

Best Practices for Compliance:

To ensure compliance with IRS regulations, we recommend the following best practices:

1. **Separate Contributions:** Make event sponsorship contributions using personal funds rather than DAF funds.
2. **Consult Your DAF Sponsor:** If you have any questions or uncertainties, consult with your DAF sponsor or financial advisor for guidance.
3. **[Review IRS Guidelines](#):** Stay informed by regularly reviewing IRS publications and guidelines related to Donor Advised Funds.

By following these guidelines, donors can continue to support charitable causes effectively while maintaining compliance with IRS regulations. We appreciate your understanding and cooperation in this matter. Should you have any questions or require further clarification, please do not hesitate to reach out to: Shannon Cassidy, Director of Individual Giving & Donor Relations, (sscassidy@girlsinc-alameda.org), 510.357.5515 ext. 644