

## Donor Advised Fund – Q&A



**Q. What is a Donor Advised Fund (DAF)?**

A. *A donor advised fund is simply a charitable fund managed by a charity as defined by IRS code 501(c)3 that allows a named individual to serve as the advisor for suggesting distributions to other qualifying 501(c)3 charities within the United States.*

**Q. Who is the owner of the assets in a DAF at CFNEK?**

A. *All assets in a DAF are sole assets of the CFNEK at all times.*

**Q. What is the minimum amount of each distribution from a DAF?**

A. *\$100*

**Q. What are the minimum contribution limits for gifts to a DAF at CFNEK?**

A. *The first gift to establish a DAF must be at least \$5,000. Subsequent contributions can be of any size and from people, businesses, and entities besides the original donor or advisor.*

**Q. What can be contributed to a DAF at the Catholic Foundation of Northeast Kansas (CFNEK)?**

A. *Cash, appreciated securities, and other appreciated assets (if accepted by CFNEK) may be given as contributions to a DAF.*

**Q. Who is the advisor?**

A. *The advisor is named when the fund is created. It may be, but does not need to be, the donor. A successor advisor can be named by the advisor to make distributions from the DAF in the event of the death or incapacity of the advisor. Only one successor can be named. If the advisor dies without naming a successor advisor and without naming a final Catholic beneficiary charity within the Archdiocese, the residual balance of the DAF shall be transferred to the CFNEK's operations fund as an unrestricted asset of the CFNEK.*

**Q. What are the advisor's responsibilities?**

A. *The advisor may suggest distributions from the fund and may advise how the fund is invested within CFNEK investment options.*

**Q. May distributions be made to charities outside the United States of America?**

A. *All distributions must comply with IRS regulations that allow distributions only to qualifying 501(c)3 charities. Charities outside the U.S. are not subject to the United States Internal Revenue Service, and are, therefore, ineligible for distributions.*

**Q. May a distribution be made to fulfill a "pledge"?**

A. *Since the donor has already received the tax deduction for the DAF contribution, the donor cannot then benefit by having his/her debt obligation paid by CFNEK's assets. If a "pledge" is a legally binding charitable commitment, it cannot be paid from a DAF.*

**Q. May I support a named seminarian, missionary or student from my DAF?**

A. *Tax-deductible charitable gifts may not be made to an individual. They must be made to a qualifying charity. DAF distributions cannot be used to fund scholarships or tuition assistance for an advisor or a relative of the advisor. The advisor cannot receive even an incidental benefit.*

**Q. May distributions from a DAF be used to sponsor a table at a fundraiser, buy items at a charitable auction, or make a contribution to a charity that would only be partially tax deductible if the gift were made directly from the donor?**

A. *Only the tax-deductible portion of the gift can be made from the DAF. Since 100% of the contribution was tax-deductible when made to the DAF, 100% of distributions must also meet IRS charitable gift restrictions. No material benefit can come to the donor as a result of DAF distributions.*