



Guide for Donor Advisors

At Waco Foundation, we take great care to ensure that all donations you advise comply completely with tax laws and IRS regulations. We know that this can be frustrating and confusing at times, but please know our requirements are developed to ensure that your charitable contributions remain compliant with the most current laws and restrictions of the IRS and the state of Texas.

As you are aware, the Pension Protection Act of 2006 specifically defined a number of restrictions on grants from donor advised funds, and we developed a set of policies to protect both you and Waco Foundation. You may want to keep these in your charitable giving files, but please know that we have posted them on our website if you ever want to refer to them. These policies state that we cannot distribute funds from any donor advised fund for the following:

- ⇒ Grants to individuals, including grants for individual scholarships. However, grants to scholarship funds are permissible.
- ⇒ Grants to a nonprofit organization to retire or reduce a pledge previously made by the donor. If you have pledged a gift, the nonprofit has already included it as a receivable donation, and your donor advised fund cannot be used to meet such an obligation.
- ⇒ Grants that provide the donor advisor or related party with more than an incidental benefit from a grant recipient organization, such as event tickets, entertainment, patron recognition or special privileges. When a gift is made to a qualified charity for a fundraising event, the amount we will pay from your donor advised fund is the deductible portion (total gift amount less the value of the tickets and/or meal the donor will receive at the event). The non-deductible portion will need to be paid from the donor's personal funds and not with money from his/her donor advised fund.
- ⇒ Donor advisors or related parties are prohibited from receiving grants, loans, compensation or similar payments from a donor advised fund. This includes reimbursement of expenses incurred from hosting a fundraising event.
- ⇒ Grants for membership dues.
- ⇒ Grants that support political election campaigns.
- ⇒ Grants to private non-operating foundations.

A FEW OTHER REMINDERS

Make sure you only count it once! A donor may not claim a tax deduction for a gift to his or her donor advised fund at Waco Foundation and subsequently receive an additional tax deduction from a recipient organization of a grant from such donor advised fund. The tax deduction originates when you make a contribution into your donor advised fund. That is, if you advise a distribution to a certain charity, do not count the gift to the charity even if they send you an acknowledgement of the gift.

Grants from donor advised funds may only be made to qualified 501(c)(3) charities. We screen all the donations that you make to determine the charitable status of all grantees through the IRS website or GuideStar Charity Check, so we will inform you if the organization is not eligible.

Our staff is happy to answer questions if you are unclear about whether or not a potential distribution you would like to advise is eligible. We thank you for partnering with us in managing your donor advised fund. Your generous gifts are a part of Waco's incredible philanthropy – these gifts are a benefit to so many and contribute greatly to making our community a great place to live. On behalf of Waco Foundation's Board of Trustees and the people and causes that have benefited from your fund, thank you for your generosity.