



Donor Advised Funds (DAF) and Special Events Funder Informational Guide

Thank you for your interest in supporting Boys & Girls Clubs of Chicago (BGCC). Donor-advised funds (DAFs) are a great way to direct fully tax-deductible gifts to BGCC. When used to support events, however, there are restrictions as defined by the Internal Revenue Service (IRS).

Grants made through DAFs are required to be 100% tax-deductible. For events, this would preclude the following to be paid from a DAF:

- **Tickets to charitable events that the donor plans on attending**, even if the donor pays the non-tax-deductible portion with non-DAF funds.
 - The IRS has specifically ruled that costs associated with fundraising events cannot be separated, a practice known as "bifurcation." For example, if the ticket breaks out the cost for the dinner and the gift to the charity, the donor must pay from sources other than their DAF for the full value of the ticket and not just for the non-charitable amount.
- **Paying for a sponsorship at an event where the donor plans on accepting the associated benefits.**
- **Paying for an auction item.**

DAFs, however, are allowed to cover fully tax-deductible contributions to events and can be used in the following ways:

- Sponsoring or donating in support of an event using DAF funds and not attending.
- Sponsoring the event using DAF funds and attending by purchasing an individual ticket through non-DAF funds.
- Sponsoring the event using DAF funds, and joining the event as a guest of a donor/table guest who has already covered the full price of the seat.
- Sponsoring the event and hosting a table as long as payment for the full table at the lowest table level is paid outside of their DAF.
 - As an example, a \$15,000 Youth of the Year sponsorship could be paid with \$3,000 (\$300/ticket for a table of 10) paid from a different source of funds, and the remaining \$12,000 paid from the DAF.

Please consult your DAF administrator for verification of allowable DAF applications for events.