



MAKING THE RIGHT CHOICE



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FISCAL SPONSOR FUND
[FSF]

DONOR ADVISED FUND
[DAF]

DONOR ADVISED FUND OR FISCAL SPONSOR FUND

The few similarities and many differences



THE SIMILARITIES



RESTRICTED CHARITABLE FUNDS

Both are restricted charitable funds, meaning both must advance charitable purposes.

TIME OF GIFT DEDUCTION

At the time of giving, the donor recognizes the charitable gift as a charitable contribution.

FUND ADMINISTRATOR

Both have a Fund Administrator [sponsor] which assumes the legal, fiscal and reporting obligations.

THE SIMILARITIES STOP THERE

DONOR ADVISED FUNDS

DAFs' are limited in their inputs and outputs

FISCAL SPONSOR FUNDS

FSFs' provide the most flexibility



DAF EXPLAINED

The donor only retains "advisory rights."

The Fund Administrator [sponsor] retains final rights to:

- Direct the charitable disbursements
- Direct the investment of charitable funds (subject to the Prudent Investment Rule)

Who makes recommendations?

- ECF is not an investment advisor or wealth manager and makes no recommendations concerning investment strategy
- Either the donor makes investment decisions or the investment manager makes recommendations and directs the investment of the funds



A DAF CAN ONLY DISBURSE FUNDS TO TWO SOURCES

1. US approved 501(c)(3) charities
2. Investment Managers

If a philanthropist is doing anything beyond cutting checks for US 501c3 charities, the DAF platform is not the right choice.



DAF LIMITATIONS

- Donors can't raise funds
- Donors can't use funds to put on an event
- Donors can't make charitable contributions to foreign organizations
- Donors can't give a charitable gift to an individual, such as a scholarship
- A DAF cannot pay its lawyers
- Self-dealing rules are onerous
- Some platforms are very limited on types of non-cash assets to receive
- Some platforms are very limited on types of investments



FISCAL SPONSOR FUNDS DON'T HAVE THESE RESTRICTIONS

A Fiscal Sponsor Fund can accommodate:

- If the donor would like raise funds (from friends, other donors, or foundations)
- If the donor would like to disburse charitable funds to foreign organizations
- If the donor would like to gift individuals a charitable gift such as an educational scholarship

A Fiscal Sponsor Fund can also:

- Pay vendors if a donor would like to put on an event to advance their charitable purposes
- Pay its lawyers and other service providers

IN ADDITION...

For Fiscal Sponsor Funds

- Self-dealing rules are mitigated due to structure
- Fiscal sponsorship platforms are open when it comes to types of non-cash assets to receive
- Fiscal sponsorship is open to investment platforms as long as they comply with the Prudent Investment Rule
- FSFs can continue generationally with a legacy plan

TAX BENEFIT CONSIDERATIONS



DAF DONATION LIMITATIONS ON AGI



- 60% on cash
- 30% on other assets

2024 FSF DONATION LIMITATIONS ON AGI



- 60% on cash
- 30% on other assets

OTHER CONSIDERATIONS



ENGAGING THE HEART



MEASURING IMPACT



ENJOY THE JOURNEY

THANK YOU.

Questions? Comments? Please reach out.

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APPENDIX: CASE STUDIES



501(C)(3) UMBRELLA FOR TOP INCUBATOR

We were engaged by a top Silicon Valley Incubator to assist startups by acting as the 501(c)(3) umbrella for newly created charitable and social enterprises. We provided mentorship as well an umbrella entity to receive and disburse funds for some of the most innovative charitable and social enterprise startups. For one startup, we received and oversaw the disbursement of a multi-million dollar grant from the Bill & Melinda Gates Foundation.

RECEIPT & INVESTMENT IN COMPLEX NON-CASH ASSET FOR DAF

We were contracted by a high net worth individual that was unable to use his current DAF to make an investment of charitable funds in a very prudent real estate investment. The traditional DAF platform refused this non-public markets investment. Through outside legal counsel (not Seton & Associates), the donor was able to transfer funds from his traditional DAF to the ECF DAF and was able to invest as a DAF in a very lucrative real estate deal in connection with a charity helping young kids. This partnership is incredible impactful, and meanwhile the investment has increased in value by over 25%.