



## FAQ: Using Donor-Advised Funds (DAFs) for Keshet's Gala Sponsorships

We know donors sometimes want to use their donor-advised funds (DAFs) to support Keshet's gala. Since IRS rules limit how DAFs can be used, here's a quick guide to help you answer donor questions.

### 1. Can a donor use a DAF to pay for a gala sponsorship that includes event tickets?

No. IRS regulations say DAFs can't be used for any donation where the donor (or their guests) receive something in return—like event tickets, meals, or other perks. Since gala sponsorships usually come with these benefits, they don't qualify for DAF payments.

### 2. Can a donor split their sponsorship payment between a DAF and personal funds?

Yes, as long as they personally pay for the part that covers goods and services. For example, if a \$5,000 sponsorship includes four tickets valued at \$250 each (\$1,000 total), the donor can pay that \$1,000 from personal funds and use a DAF to cover the remaining \$4,000.

### 3. How do we explain this to donors?

It's best to be clear upfront. Here's some sample language you can use in materials and on conversations:

*"Per IRS rules, donor-advised funds (DAFs) cannot be used to pay for event sponsorships or tickets that provide benefits, such as admission or meals. However, fully tax-deductible gifts—without associated benefits—can be made through a DAF."*

If a donor asks about using a DAF, just let them know the limitations and suggest alternative ways they can contribute.

#### **4. Can a donor use a DAF to make a general contribution to support the event?**

Absolutely! If they don't need tickets or sponsorship perks, they can make a fully tax-deductible donation to support the gala. Some donors choose to sponsor the event without attending, which works great for DAF contributions.

#### **5. What if a donor insists on using a DAF for a sponsorship that includes tickets?**

We should gently remind them that IRS rules don't allow it. They can either:

- Pay for the sponsorship in full with personal funds, OR
- Use their DAF to make a general donation that doesn't include tickets or other benefits.

If they have more questions, they may want to check with their DAF provider or tax advisor.

#### **6. Should we track whether a donor uses a DAF for part of their sponsorship?**

Yes! If a donor splits their payment, we need to document which part was paid personally and which part came from a DAF to ensure compliance.

#### **7. Where can donors find more info on DAF rules?**

Many DAF providers (like Fidelity Charitable, Schwab Charitable, and Vanguard Charitable) have resources on their websites. Donors can also consult their tax advisor for guidance.

#### **8. Can a donor use a DAF to pay for an event sponsorship that includes tickets if they don't use the tickets and want to donate them back to Keshet?**

No. Even if the donor doesn't use the tickets and gives them back to Keshet, the IRS still considers it a transaction where they received goods or services. That means it can't be paid for with a DAF.

Instead, the donor has two options:

1. **Pay for the sponsorship personally** and then donate the tickets back to Keshet. While the ticket value may not be deductible, the rest of the sponsorship might be.
2. **Make a fully tax-deductible DAF gift** in support of the event without receiving any sponsorship benefits, including tickets.