

PROTECTING MINNESOTA'S CHARITABLE ASSETS

Ensuring that the Office of the Attorney General is able to exercise its oversight over charitable assets transferred to Donor Advised Funds.

PRIVATE FOUNDATIONS

Under federal law, private foundations must disclose which organizations they grant to, including amount and purpose. They report this to the IRS and the Minnesota attorney general's office on Form 990PF. Many private foundations have restrictions on how funds can be used, such as only within Minnesota.



DAFs are an effective charitable vehicle for donors and charities. They are the fastest growing way to give to charity, reaching \$121B in assets nationally. Private foundations in MN granted over \$34M into DAFs from 2010-2018, and that amount is growing. Private foundations grant money into DAFs for efficiency and impact.

DONOR ADVISED FUNDS

THE PROBLEM

DAFs are not subject to reporting requirements in the same way as private foundations. When private foundations grant money to DAFs, ensuing transfers of those dollars occur with no opportunity for attorney general supervision over whether the transfers are in compliance with any trust restrictions on their funding.



THE SOLUTION

Amend Minnesota's charitable trust statute (Minn. Stat. 501B.38) to require that private foundations report to the Attorney General where money granted into a DAF ultimately goes. This would shine light on funds that have been eclipsed from charitable trust oversight.



ADMINISTRATIVELY SIMPLE

This reporting requirement would be a readily accessible list generated from the private foundation's online DAF account. The itemized list to be filed would be identical to what is currently required for private foundation direct grant reporting to the IRS.



FOR MORE INFORMATION
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