

February 2020

## Private Foundations Bulletin

# Donor-Advised Funds: Where California Leads, Others May Follow

Over the years, donor-advised funds (DAFs) have become increasingly larger in number and more influential in the philanthropic community. Unlike private foundations, DAFs are considered tax-exempt organizations and have no required minimum distributions; due to this, the State of California has sought to regulate them. In February 2019, California's Assembly introduced Bill No. 1712. The bill sought "to enact legislation that would relate to donor-advised funds for the purpose of improving transparency and accountability through annual reporting requirements, promoting best practices, and requiring minimum annual distributions."

The bill, since its introduction, has been amended numerous times (in March 2019, June 2019, and January 2020) and has now stalled due to fierce lobbying opposition. However, the bill's sponsor, Assemblywoman Buffy Wicks, has said the legislation was pulled to "strengthen its language and address outstanding privacy concerns." Replacement legislation is expected to be filed by the end of February.

### Looking Ahead

Although this was the nation's first attempt at regulating DAFs, it will most likely not be the last. Other states may follow suit as California laws are often the model for national legislation.

We at PKF O'Connor Davies will be monitoring this situation since many of our private foundation clients utilize various aspects of DAFs in their charitable grantmaking.

### Contact Us

We welcome the opportunity to answer any questions you may have related to this topic or any other accounting, audit, tax or advisory matters relative to private foundations. Please call 212.286.2600 or email any of the Private Foundation Services team members below:

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