Aligning Structure to Strategy

Direct Charitable Activities, Recoverable Grants, & Funding Intermediaries

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Agenda

- Philanthropic strategies beyond traditional grantmaking
- Direct charitable activities (DCAs)
- Funding intermediaries
- Recoverable grants

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Philanthropy Beyond the Grant

- Build capacity, resilience, & equity
- Leverage experience and knowledge through funder & grantee collaboratives
- Share research, convenings, & publications
- Operate public collections, libraries, arts centers
- Catalyze public and private investment
- Recycle grant funds for greater impact

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Direct Charitable Activities (DCAs)

✓ Charitable activities directly conducted by the foundation

✓ Maintaining "significant involvement" in grants to individuals

✕ NOT grants to organizations or related expenses (e.g., reviewing applications, selecting grantees, reviewing grant reports)

Defined under the private operating foundation rules (§4942(j)(3); §53.4942(b)-1))

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Direct Charitable Activities (DCAs)

Examples

- Educational conferences and seminars
- Scientific, historic, public policy, or other research with significance beyond the foundation's grant program & that does not constitute prohibited lobbying
- Publishing & disseminating research results, reports of educational conferences, etc.
- Supporting staff activities like service on boards or advisory committees of other orgs
- Providing technical assistance to grantees, other charitable organizations, or government
- Buying & owning operating assets of a museum, library, or historic site
- Conducting performing arts performances

2024 Instructions for Form 990-PF, Part VIII-A

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Direct Charitable Activities (DCAs)

Legal/Regulatory Considerations

- 5% payout (§4942) – DCA expenses count!
- Taxable expenditures (§4945)
  - Payments to organizations that are not public charities
  - Payments to individuals
  - No lobbying
- Self dealing (§4942)
- Reporting on Form 990-PF, Part VIII-A
  - Four largest DCAs (and qualified set asides)
  - Includes both direct and indirect expenses

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Title search: Aligning Structure to Strategy: Direct Charitable Activities, Recoverable Grants, & Funding Intermediaries

Also available as part of the eCourse
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