

New Option for Money in Donor-Advised Funds: The Cavendish Impact Foundation

It happens all the time: brilliant scientists see their medical research sit in the lab, and innovative entrepreneurs can't get past the early stages. They need money. Meanwhile, Americans with unmet medical needs suffer.

As a Managing Director of Easton Capital, a healthcare and life science venture capital fund, Richard Lipkin has been saddened for years by the many promising ideas he had to turn down.

Traditional venture capital funds need to focus on companies with a high profit potential to justify high risk.

So Lipkin, combining forces with Cavendish Global, an organization that helps family foundations connect with health and life-science companies, created a new option: a *non-profit* venture capital fund.

“Non-profit” and “venture capital” may sound like two words that don't belong in the same sentence. But because it is not obligated to maximize profits, Cavendish Impact Foundation can fund start-ups other venture capital funds would ignore. It can give a vital boost to entrepreneurs with ideas that are earlier in their development. Or to ventures that serve small or simply less profitable groups, for example patients with rare illnesses.

Much of the money that Cavendish Impact Foundation receives comes from donor-advised funds. These funds are a savvy option for anyone who can use an immediate tax deduction and wishes to give to charity, “pre-funding” giving when the tax deduction is most valuable. But for any number of reasons, the money may not move quickly out of the fund.

It's hard to believe but billions of dollars designated for charity are warehoused in donor-advised funds, waiting to be spent. In 2017 alone, about \$10 billion of the nearly \$30 billion contributed to donor-advised funds that year stayed idle, according to a [study](#) by the National Philanthropic Trust.

That same year, charitable assets in these funds passed the \$100 billion mark for the first time, reaching more than \$110.00 billion.

Cavendish Impact Foundation knows how to work with financial planners and their clients to make investing a smooth process. Its Board Chair Jim Patrick is Executive Vice President for Envestnet, Inc., based in New York City, which serves more than 40,000 financial advisors, and manages \$800 billion for institutions.

The foundation is establishing partnerships with leading philanthropic, investment, research and industry organizations to identify valuable innovations that target unmet medical needs.

The bottom line: If you or your clients have a special interest in unserved medical needs—and, perhaps, money in donor advised funds—give Cavendish Impact Foundation a close look. For more information, feel free to call Executive Director Rachel Butler at 781-264-3588 or write her at rachel@cavendishfoundation.org and mention the Protected Tomorrows newsletter.

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