



Navigating Donor-Advised Funds

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Rose Community Foundation
AFP Coffee Chat
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Purpose of today's session

- To help fundraising staff understand the donor-advised fund giving vehicle
- To provide tactical recommendations for major gifts strategies
- To offer insight regarding why, when and how donors use donor-advised funds in their philanthropy

Poll Questions-Who's in the Room?

Rose Community Foundation

Rose Community Foundation

- Founded in 1995 with the assets from the sale of Rose Medical Center, a hospital created by Denver's Jewish community in 1949.
- Starting with an original corpus of \$170 million, to date Rose Community Foundation has granted more than \$304 million to over 1,900 organizations and initiatives, including \$44 million in facilitated grantmaking from donor-advised funds.
- We have supported nearly 70 nonprofit organizations in creating and growing endowments to sustain their vital work into the future, currently stewarding \$31 million in endowed assets.
- At the end of 2019, the Foundation had \$306.5 million in total assets under management, with annual grantmaking of more than \$15 million.

ORGANIZATIONAL GOALS

IMPACT GOALS

ADVANCE EQUITY AND JUSTICE
IN THE GREATER DENVER REGION.

FOSTER AN INCLUSIVE AND ENGAGED
GREATER DENVER.

MISSION:
To advance inclusive, engaged and equitable Greater Denver communities through values-driven philanthropy.

VALUES:
JUSTICE • EQUITY • DIVERSITY AND INCLUSION
EMPATHY • GENEROSITY
TRANSFORMATION THROUGH COLLABORATION
COMMUNITY

VISION:
A thriving region strengthened by its diversity and generosity.

INCREASE RESOURCES DEDICATED TO
STRENGTHENING THE GREATER DENVER COMMUNITY.

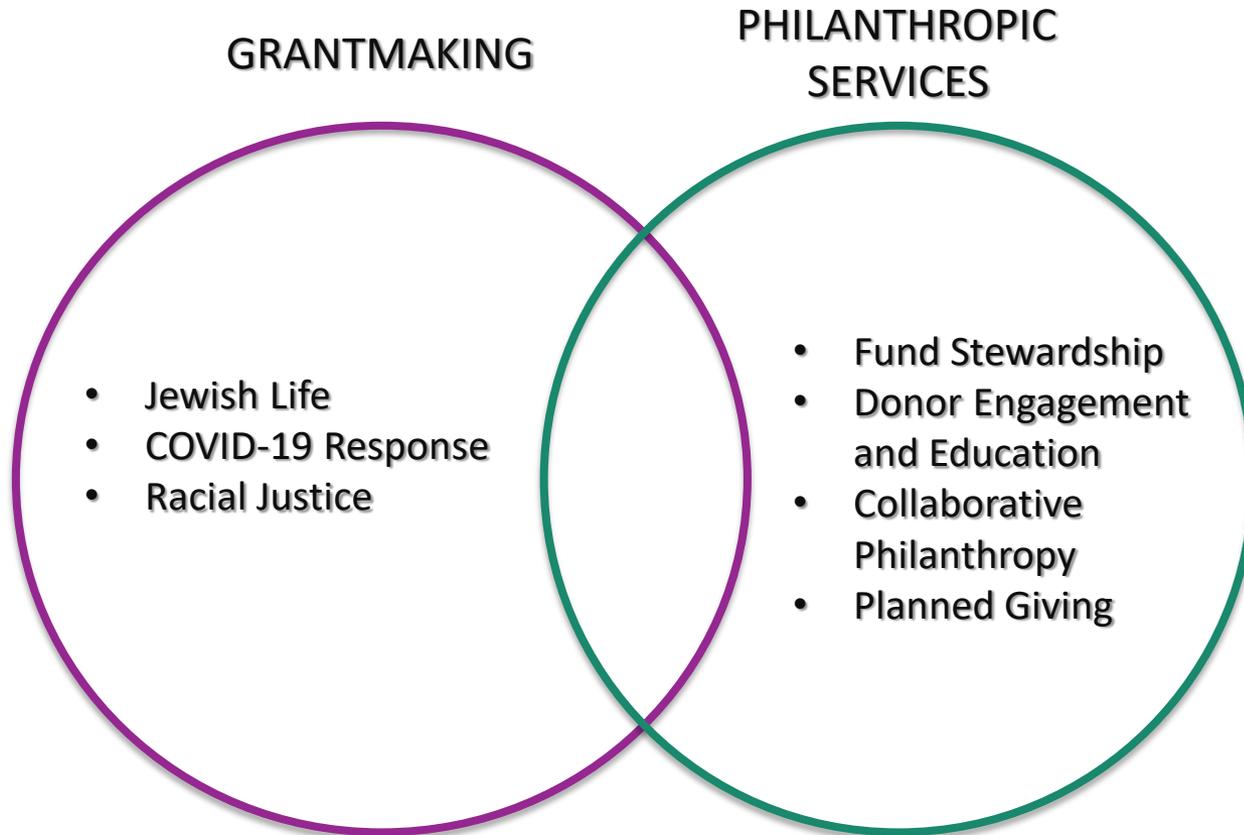
Strengthen our institutional coherence and alignment.

Build our capacity for community engagement.

Build our learning and evaluation capacity.

Strengthen our leadership voice in the Greater Denver region.

Core Current Work



2019 GRANTS and DISTRIBUTIONS

\$9.5 million

in program grants to the
Greater Denver community

\$5.5 million

in Donor-Advised Fund grants

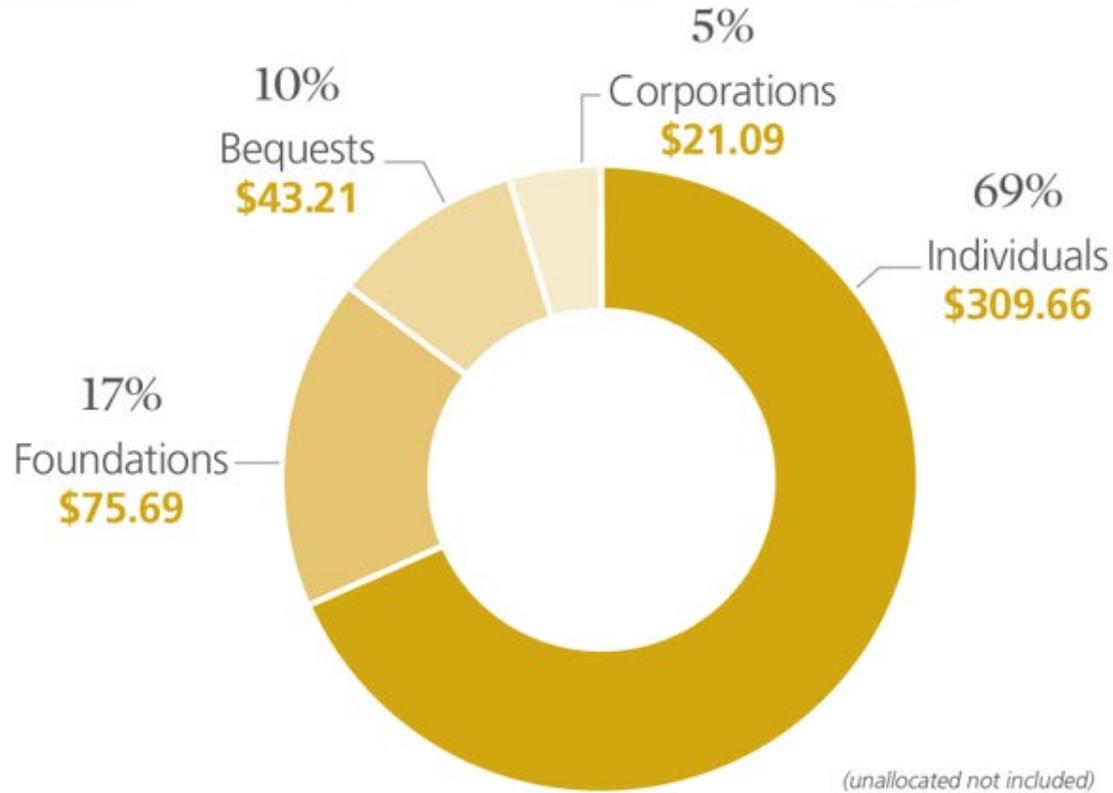
\$9.2 Million

In designated and endowment distributions

Donor-Advised Funds

2019 contributions: \$449.64 billion by source of contributions

(in billions of dollars – all figures are rounded)



Donor Advised Funds

- ❑ Contributions to donor-advised funds has increased as share of total giving over the past decade.
- ❑ In 2018, donors contributed an estimated \$37.12 billion to DAFs, representing 12.7 % of individual giving

Source: National Philanthropic Trust 2019 Donor-Advised Fund Report

Donor-Advised Funds

A philanthropic vehicle established at a public charity. It allows **donors** to make a charitable contribution, receive an immediate tax benefit and then recommend grants from the **fund** over time.

Popularity and Tremendous Growth

- Over \$121 billion in DAF assets under management in 2018-another all time high.
- Nearly 728,563 funds in the U.S.- up 55% in 2018
- \$37.2 billion in contributions to DAFs
 - increase of 20% in 2018
- Average fund size decreasing– \$166,653 in 2018

- Source: National Philanthropic Trust 2019 Donor-Advised Fund Report.

Powerful vehicle

- Grantmaking from donor-advised funds to qualified charities nearly doubled between 2014-2018.
- Dollars granted out reached an all-time high of \$23.42 billion in 2018.
 - Estimated aggregate payout rate all DAF funds was 20.9% in 2018.
- Source: National Philanthropic Trust 2019 Donor-Advised Fund Report.

Where are DAFs held?

- Community foundations
- National Charities and Commercial sponsors
- Independent and issue-specific foundations

Giving and Consulting with Others

“...donors with donor-advised funds are having more conversations about giving within their households and, ultimately, giving more to charities than donors who do not use donor-advised funds...having dedicated funds for giving encourages a more planned, thoughtful approach to philanthropy. Best of all, this results in donors who provide greater and more dependable support to charities.”

- *Amy Danforth, former president of Fidelity Charitable*

How Donors Use DAFs

- Giving accounts/charitable checkbook
- Strategic grantmaking
- Family engagement
- Legacy – personal and/or family
- In combination with private foundation, designated fund, personal giving and/or other philanthropic vehicles or investments
- Employer-sponsored workplace giving and matching.

Prohibitions

- Private foundations
- Individuals
- Personal benefit – event tickets, memberships, sponsorships, etc.
- Political campaign contributions

Potential changes on the horizon

- Spending requirements
- “Half My DAF” campaign

Working with DAFs

Common Questions

- How should we recognize and acknowledge gifts from DAFs?
- Who gave us this gift?
- How to deal with anonymity
- Long-time donor giving in a new way
- What are best practices for interacting with staff at sponsor organization?

How to work with DAFs

- Focus on the **donor**, not the specific philanthropic vehicle
- Donor stewardship
- Be responsive
- Be patient
- Materials should be concise, clear and current. Optimized for viewing on mobile devices.

Don'ts



- Expect advisors to fundraise for you
- Ignore donor directions – acknowledgement, communications, grant conditions, reporting
- Mail unsolicited hard copies of generic marketing materials

Questions?

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