

Donor Advised Funds: Impacting Our Communities

What is a Donor Advised Fund?

A donor advised fund (DAF) is a unique philanthropic tool. It allows a donor to establish a charitable fund at an institution, such as a community foundation, and remain involved in supporting the causes and issues the donor cares about by providing recommendations about grant distributions from the DAF. Donors may also involve family members or other individuals designated by the donor to serve as advisors to the fund, but the foundation oversees the management and distribution of the funds.



Miami resident Jackie Mansfield established the Play to Win Fund to educate and empower inner city youth. PHOTO COURTESY OF CITY OF MIAMI.

Why are DAFs Important to Communities?

DAFs offer a greater level of flexibility in grantmaking than other fund types—which is crucial in responding to unanticipated community crises. For example, if there is a wildfire, hurricane, water contamination, or other tragic event, a community foundation in consultation with a donor advisor has the ability to respond quickly and make a grant to address that issue—whereas other funds managed by that community foundation may have less flexibility because they are reserved for supporting specific, non-related issue areas (i.e. education) or are already committed to be granted as part of a specified grant cycle. DAFs are allowing foundations to bring solutions to the causes and issues that matter most.

Do DAFs Provide A Special “Tax Break” to Wealthy Donors?

No. There is no “special deduction” for DAFs. Sponsoring organizations must be public charities, and donors making a gift to a DAF receive the same charitable deduction available to other taxpayers who make charitable donations. Once donated, the funds become property of the sponsoring organization and the donor can never reclaim them in his or her individual capacity.

Are DAFs just another benefit for the super wealthy?

No. Because of the relatively small amount needed to start a DAF compared to assets needed to create a private foundation, DAFs serve as an opportunity for middle class Americans to pursue their philanthropy and to gain the benefit of the foundations' expertise and experience in helping to guide their giving.

How Are DAFs Helping Communities?

Below are just a few examples of DAFs that are sparking tremendous change in their communities:

Adirondack Foundation

A donor established the Evergreen Fund and over the last 14 years, it has made annual grants that have created a significant philanthropic footprint. The fund's annual giving has included dollars to a regional food bank to stock local food pantries, senior centers and after-school programs. During the 2016-17 school year, the fund's school pantry program donated the equivalent of 4,218 meals, including 1,629 pounds of fresh produce. The fund donated money that in 2017 helped 131 adult students earn high school equivalency, pursue higher education, get a first job or promotion or read to their children. It donated money to support air medical rescue teams flying patients from accident scenes and remote locations to appropriate specialty care centers. Additionally, its annual giving has also supported trail work and efforts to protect wild lands and waters, advocate for wilderness and engage the next generation of conservationists.

Albuquerque Community Foundation

Established in 1988 with one of the Foundation's largest gifts, The FUNd was created by an anonymous donor who "strongly believes that the promotion of the artistic and cultural life of our community has unlimited rewards for future generations." This donor-advised endowment fund has supported the artist costs of many public art pieces including sculptures, murals and paintings as well as provided grant funding for museum catalogs, public art exhibits, and production expenses. To date, the fund has granted over \$3 million dollars to the Albuquerque community. Another Albuquerque Community Foundation DAF, the Nicholas C. Nellos Memorial Fund for At-Risk Children, was established in 2002 in honor of Nick Nellos who was tragically killed by two itinerant gang members. The fund's mission is to foster positive change in the lives of children and adolescents at-risk for violent behavior. Grants support educational and direct services for at-risk youth, their families and the community to prevent the tragedy and loss of life caused by violent acts.

The Miami Foundation

Jackie Mansfield, a principal in Tristar Capital, helped the company develop Miami's neighborhoods for years, with projects like the W South Beach and others throughout Miami Beach, Wynwood and the Design District. In 2014, she learned of a funding opportunity to help the

city of Miami build a basketball gymnasium and educational facilities in Overtown's Gibson Park. She was compelled by the vision: helping aspiring local youth become productive Miamians by creating a place for them to grow. Jackie went to The Miami Foundation to arrange a \$1 million capital gift, establishing the Play to Win Fund to protect the gift's intent and benefit from the foundation's grant management expertise. The Fund also gives her a platform to fundraise and support long-term programming in the park. From nonprofits to government agencies, The Miami Foundation's donor advised funds help philanthropists partner with all kinds of organizations, investing in the community no matter where the need exists.

Community Foundations have always taken seriously the obligation to serve their communities.

The majority of community foundations participate voluntarily in the National Standards for U.S. Community Foundations™ program. In addition to a rigorous review of all aspects of a community foundation's operations, this peer-driven best practices process includes a review of community foundations' DAF policies and procedures to ensure the community foundation exercises its exclusive control over all funds, gifts and grants with donor input. Overall, DAFs build stronger communities, encourage civic engagement, and empower foundations to respond immediately to local needs.

Additional Resources:

2016 Columbus Survey, <http://columbussurvey.cfinsights.org/>

Donor Advised Fund Timeline, <https://www.cof.org/sites/default/files/documents/files/DAF-timeline.pdf>

Donor Advised Funds: Resources from the Council on Foundations, <https://www.cof.org/topic/donor-advised-funds>

Charitable Purpose of Donor Advised Funds, <https://www.cof.org/content/legal-background-charitable-purpose-donor-advised-funds>

For more information on Foundations and Donor Advised Funds, please consider these Council resources:

Communications: Janelle Brevard, Vice President of Communications janelle.brevard@cof.org

Legal: Suzanne Friday, Senior Counsel and Vice President of Legal Affairs suzanne.friday@cof.org

Government Relations: Hadar Susskind, Senior Vice President of Government Relations hadar.susskind@cof.org

External Relations: Natalie Ross, Vice President of External Relations natalie.ross@cof.org

Community Philanthropy: Brad Ward, Director of Community Philanthropy brad.wise@cof.org