

Opening Activity

What is one word that you associate with **Donor Advised Funds?**

As you enter the webinar, chat in one word that you associate with DAFs.

Exploring and Demystifying Donor Advised Funds

Facilitator Introduction



As a result of this module, you will be able to:

Describe the basics of DAFs

Review relevant data on DAFs and speak to their impact on the fundraising sector

Consider how DAFs create opportunities and cause challenges in the donor management cycle

Agenda



- Define key words and stakeholders associated with DAFs
- Discuss data and trends around DAF giving
- Highlight how DAFs shift the traditional donor relationship management cycle

Transformational

Unknown

Confusing

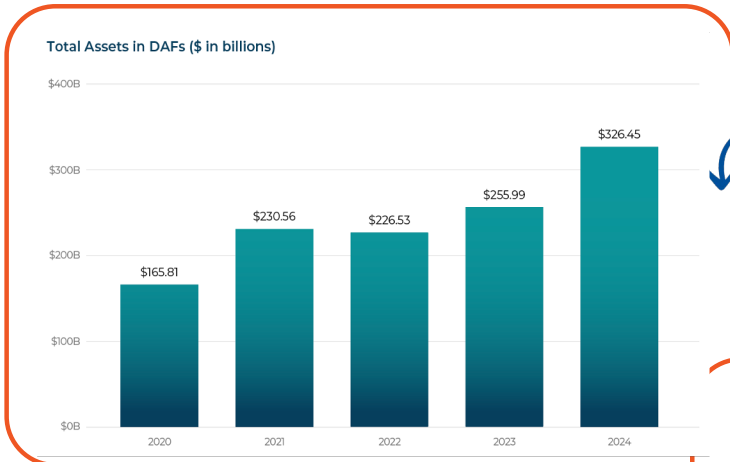
Intimidating

Mysterious

Promising

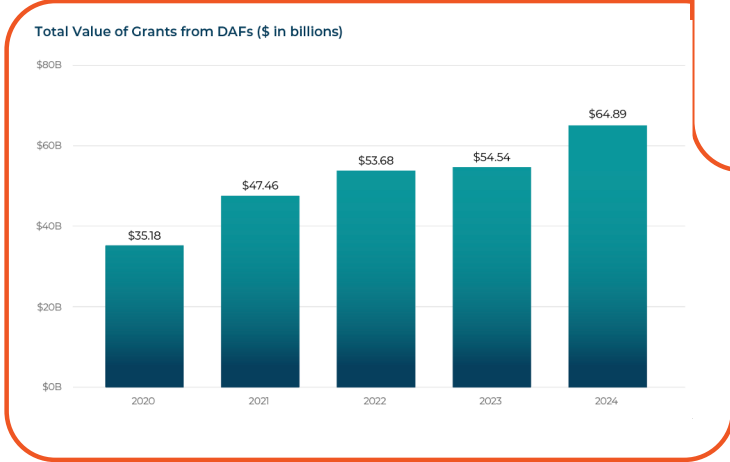
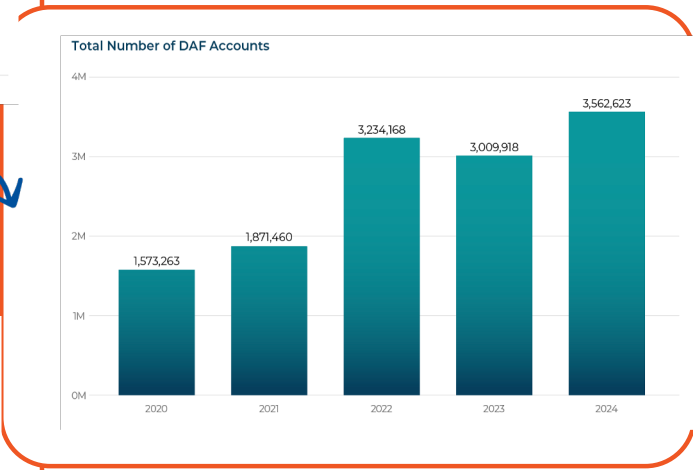
Complex

High Impact



\$326 billion in assets held in DAFs

3.6 million DAF accounts nationwide



\$65 billion Total value of grants made by DAFs

Over the past decade, Donor Advised Funds (DAFs) have experienced rapid, exponential growth.

Source: DAF Research Collaborative. 2025 Annual Report on DAFs

Donor Advised Fund (DAFs):

Charitable giving accounts that donors set up at 501(c)(3) public charity sponsoring organizations. Donors make contributions to the accounts and then recommend grants out of the accounts to other charities.



Sponsoring Organization:

A tax-exempt charitable organization that offers Donor Advised Funds. Charitable sponsors provide services to ensure that potential grant recipients are qualified charitable organizations and administer DAFs to ensure compliance with all applicable laws and regulations.

Types of Sponsoring Organizations:

National Programs, Community Foundations, Single-Issue Charities



Types of Sponsoring Organizations



National Programs



Community Foundations



Single-Issue Charities

Donor Advisor:

The donor who established the DAF account and/or other persons authorized to advise the DAF account (i.e. to make a grant).



Grantee:

A tax-exempt organization registered with the IRS and recognized under Section 501(c)(3) of the Internal Revenue Code as organized and operated for charitable purposes. As an AFP member it is very likely that you work at a Charitable Organization.

Public municipalities can also be DAF grantees, even though they are not 501(c)(3) charitable organizations.



How DAFs Work

1. A donor makes a tax-deductible contribution to the DAF account.
2. The DAF sponsor invests & manages the assets for the donor.
3. The donor “advises” the sponsor to make grants to charities.

Note: Money being donated into a DAF is called a “contribution” and money being donated from a DAF is called a “grant”.



Donor Advised Fund Dashboard



Why use a DAF?



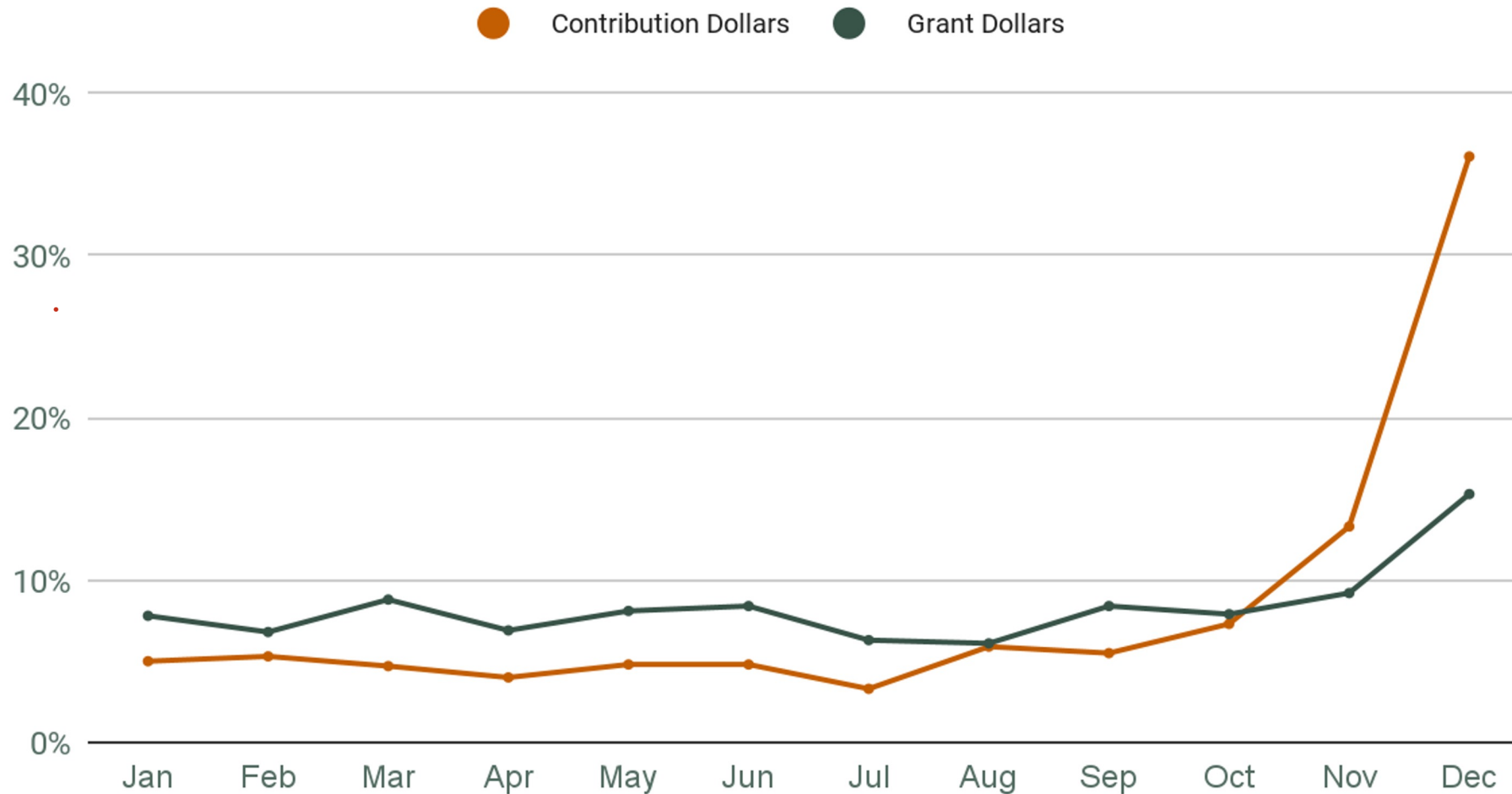
- Immediate tax deduction
- Time for grant-making
- Low cost
- Ease of use
- Receipt of non-cash assets
- Investment growth
- Potential for anonymity
- Simplification of record keeping
- Family involvement



Demystifying Donor Advised Funds



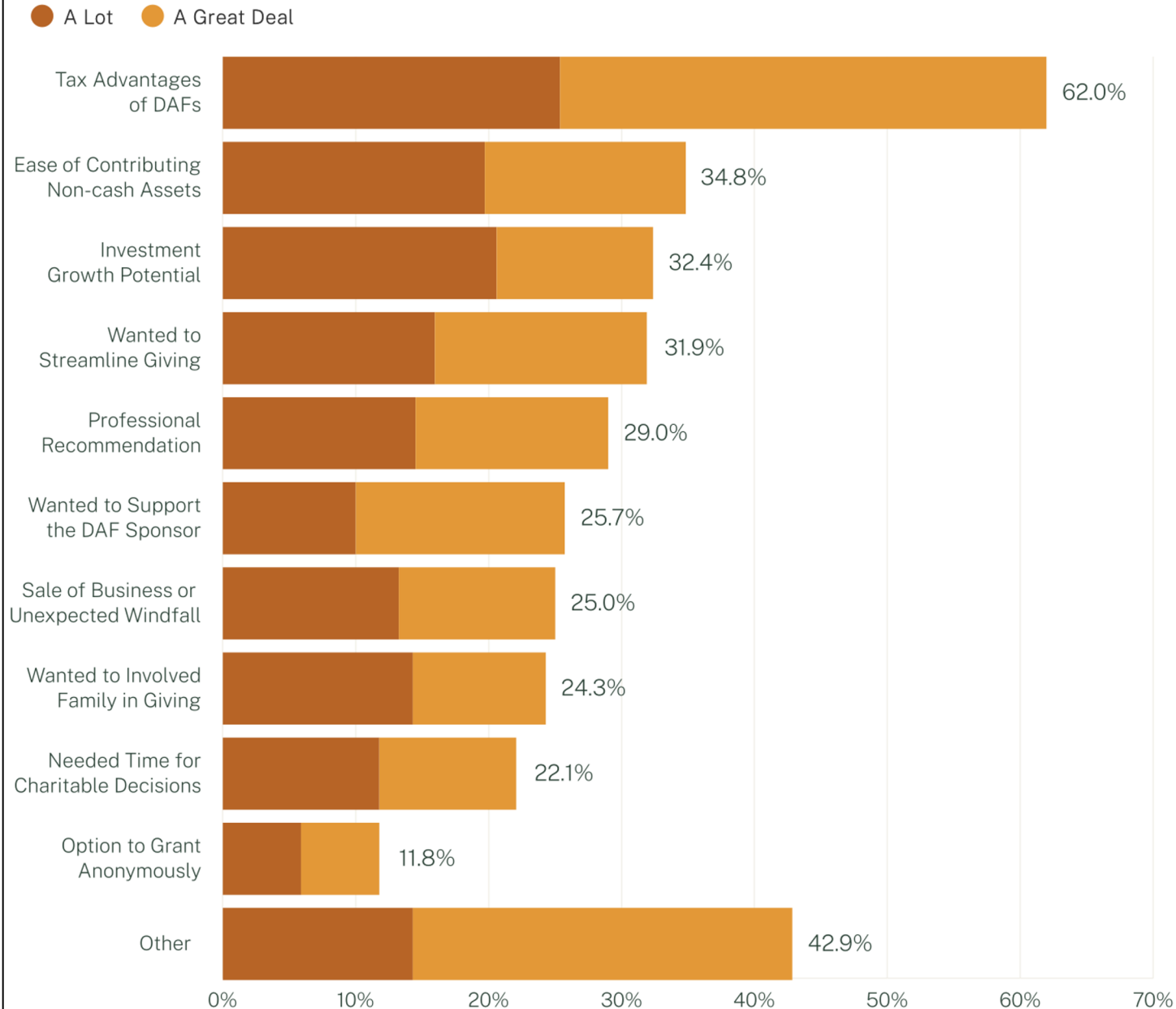
Monthly Contribution and Grant Amounts



Flexible
Timing
for
Grants

Factors Influencing Opening a DAF

FIGURE 4.1

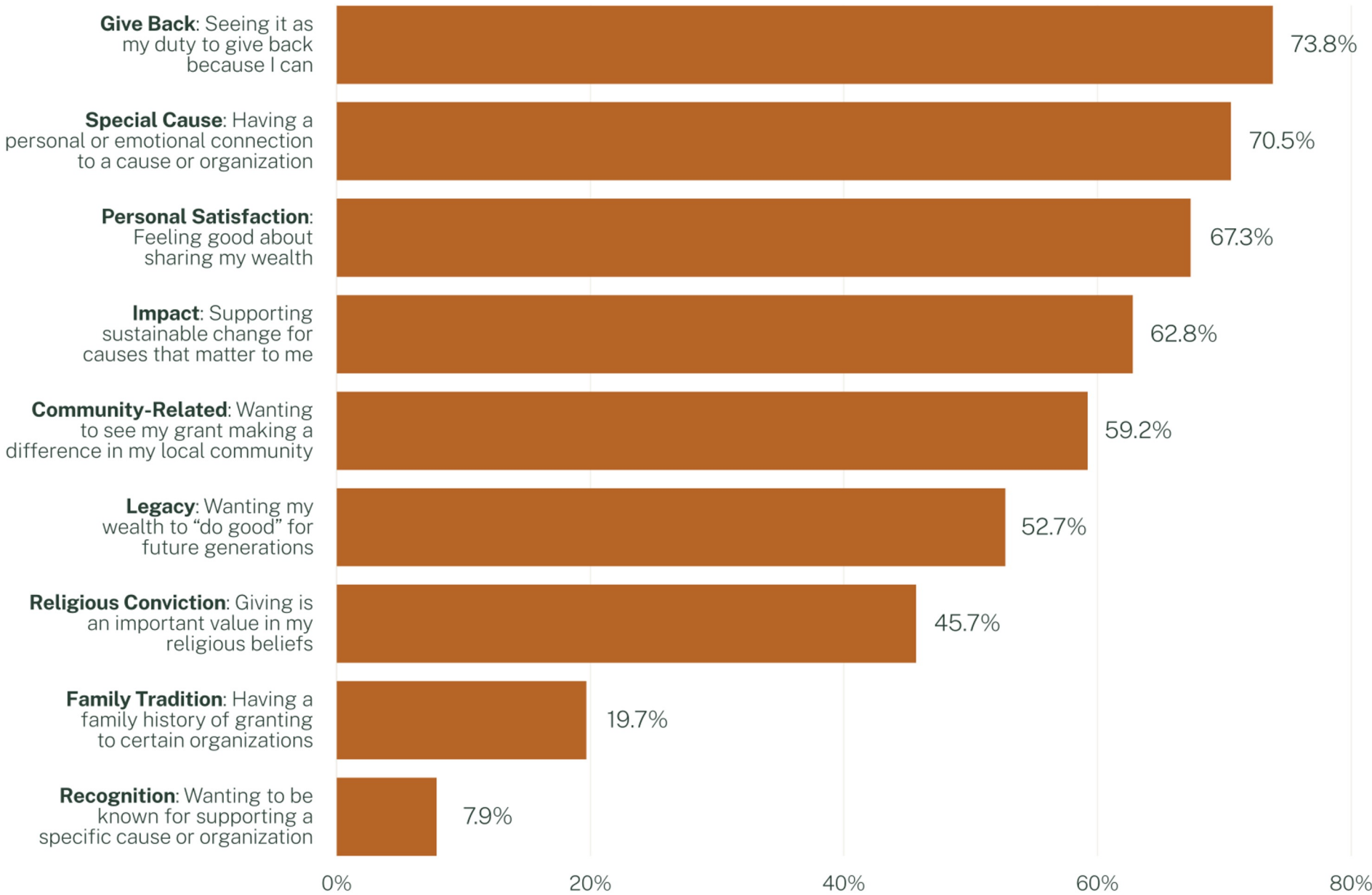


Motivations When Opening a DAF

Source: Heist, H. D., Vance-McMullen, D., Williams, J., & Sumsion, R. M. (2025). *National survey of donor advised fund donors*. Donor Advised Fund Research Collaborative.

Motivations for Grantmaking

FIGURE 8.1



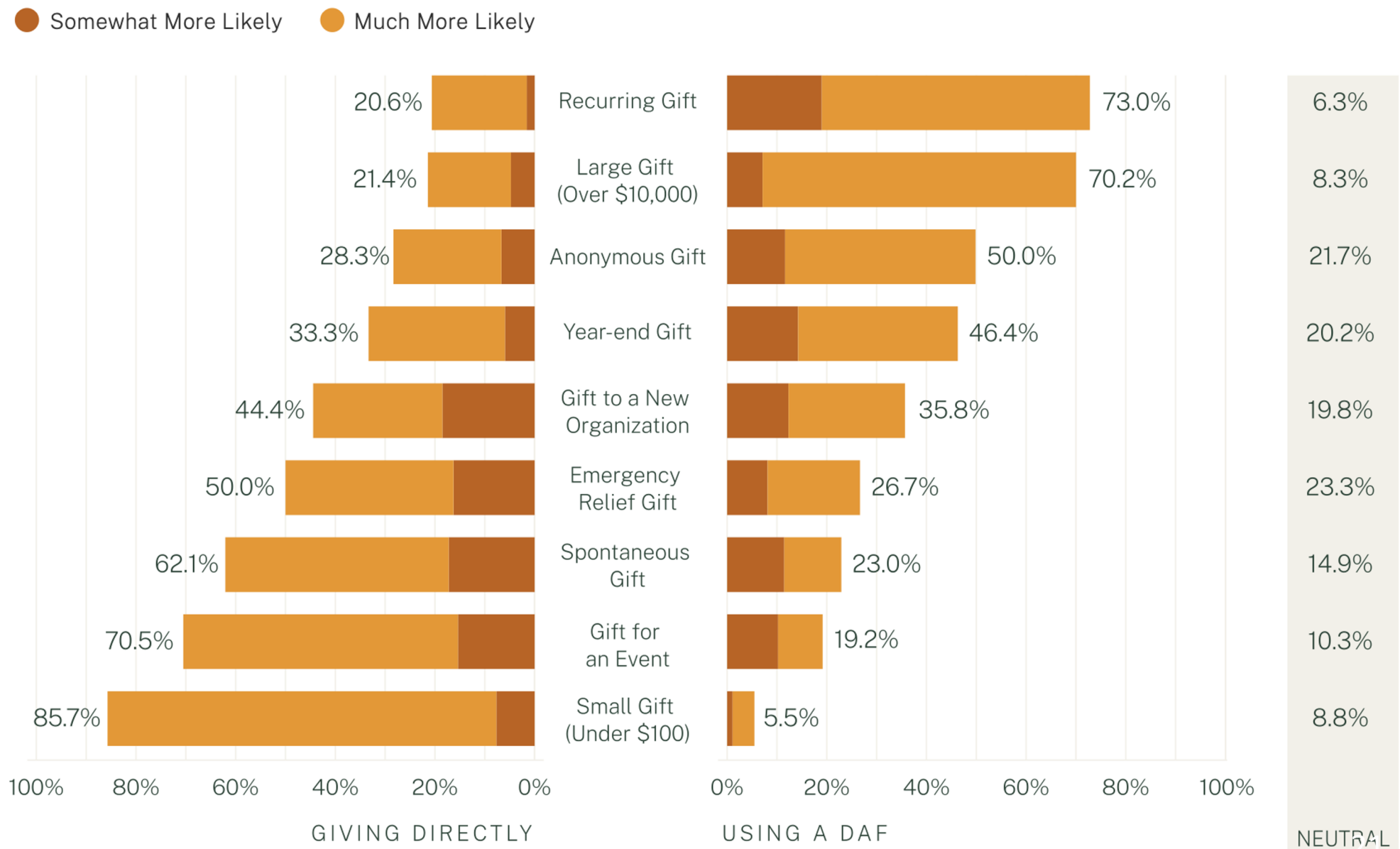
Motivations for Grantmaking

Source: Heist, H. D., Vance-McMullen, D., Williams, J., & Sumsion, R. M. (2025). *National survey of donor advised fund donors*. Donor Advised Fund Research Collaborative.

Preference for DAF versus Giving Directly

Circumstances for Direct Giving Versus Using a DAF

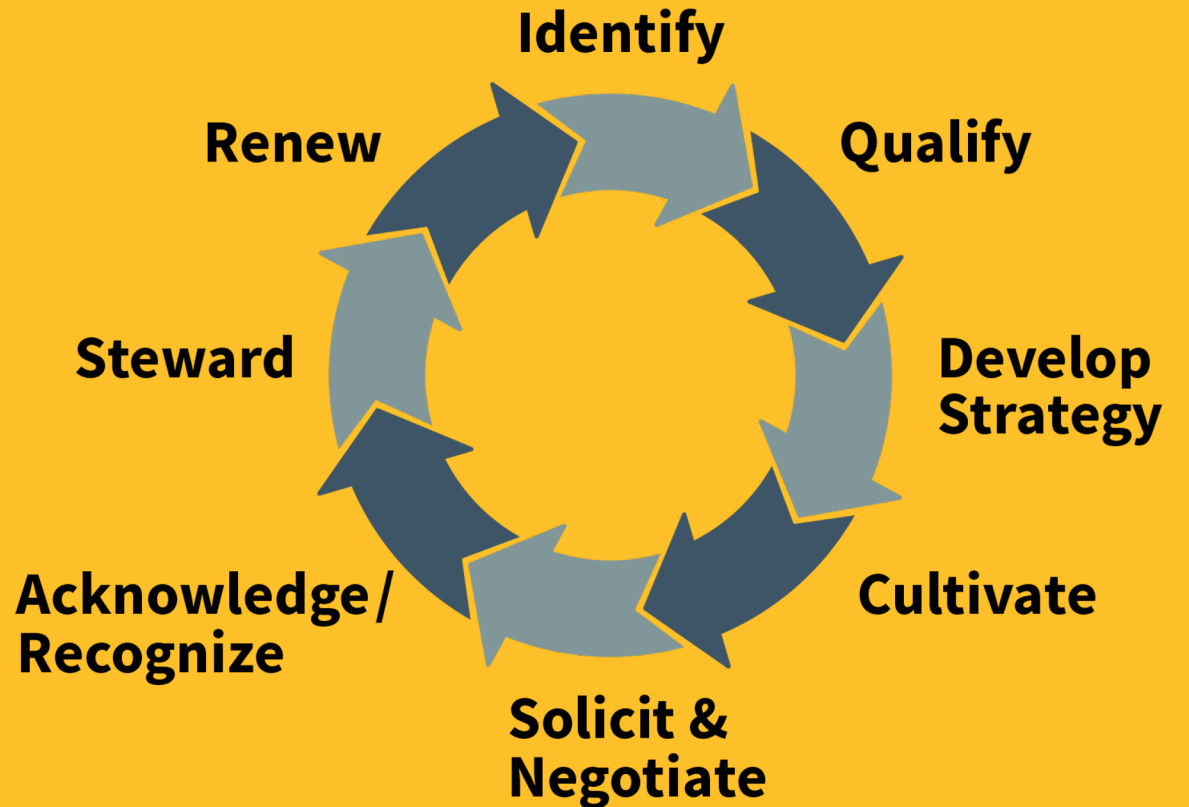
FIGURE 3.1C



Source: Heist, H. D., Vance-McMullen, D., Williams, J., & Sumsion, R. M. (2025). National survey of donor advised fund donors. Donor Advised Fund Research Collaborative.

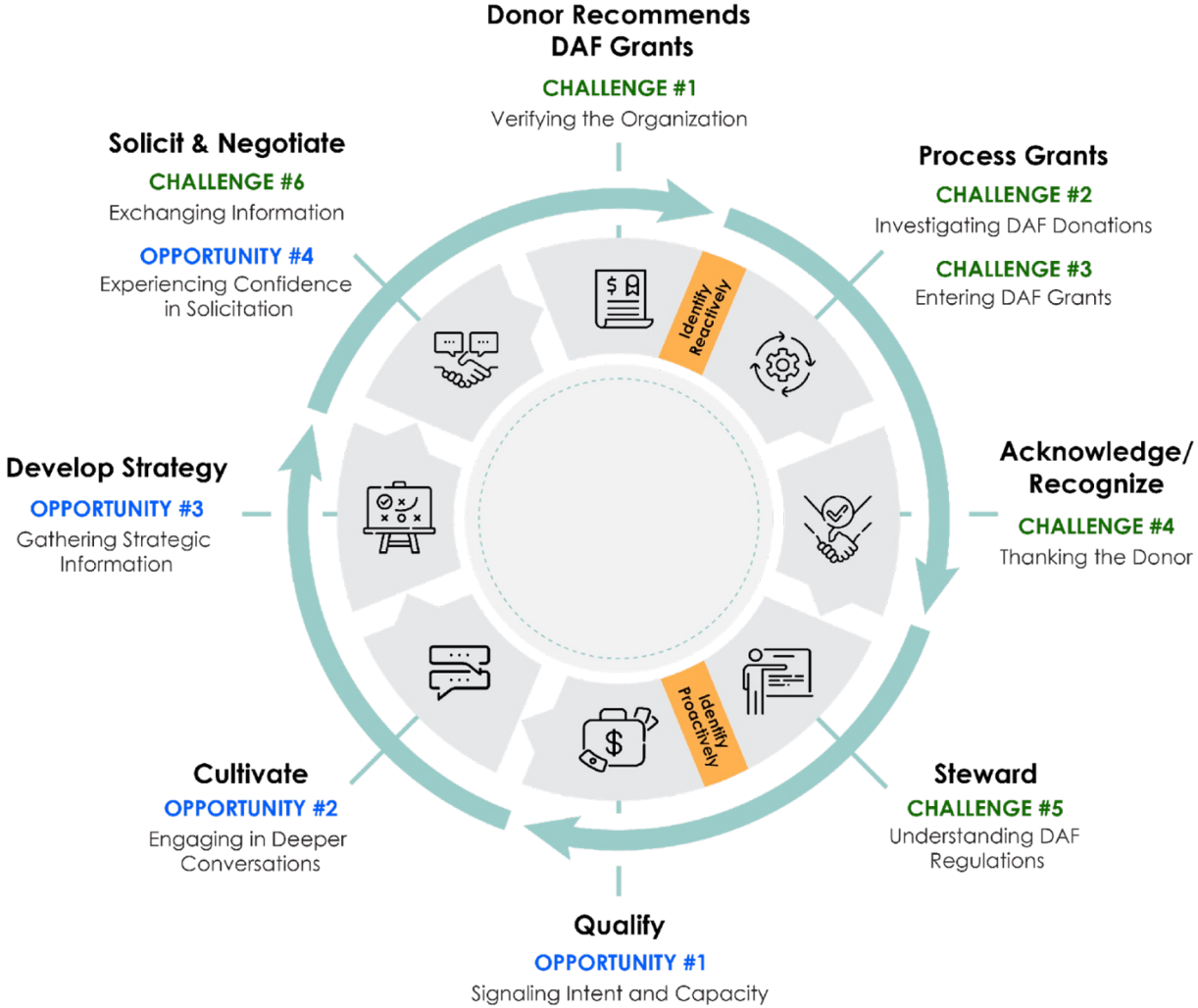
Traditional Major Gift Management Cycle

Source: The Fund Raising School (2001), as cited in Bout & Hodge (2022). Co-creating major gifts. In G. G. Shaker, E. R. Tempel, S. K. Nathan, & B. Stanczykiewicz (Eds.), *Achieving excellence in fundraising* (5th ed., pp. 381–392)



DAF Donor Relationship Management Cycle

Source: Shaker, G. G., Sumsion, R. M., Heist, H. D. (2025). Reinventing the cycle: Adapting relationship fundraising for donors who use DAFs. Donor Advised Fund Research Collaborative, 2025. <https://www.dafresearchcollaborative.org/daf-fundraising-study>.

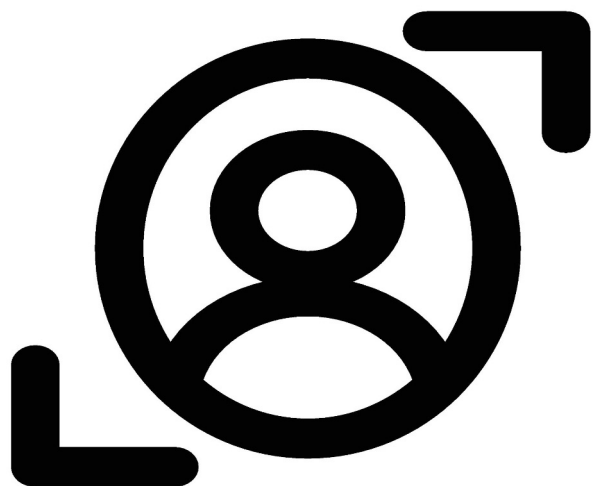


Challenges

1. Verifying the Organization
2. Investigating DAF Donations
3. Entering DAF Grants
4. Thanking the Donor
5. Understanding DAF Regulations
6. Exchanging Information

Opportunities

1. Signaling Intent and Capacity
2. Engaging in Deeper Conversations
3. Gathering Strategic Information
4. Experiencing Confidence in Solicitation



A Shift in Our Approach An Expansion in Our Skillset

Fundraisers' Roles with DAF

Role	Description
Investigator	<i>A fundraiser who proactively pieces together information to determine a DAF donor's identity.</i>
Strategist	<i>A fundraiser who customizes their relationship strategy, recognizing that DAFs create special opportunities to raise (more) money for their organization.</i>
Educator	<i>A fundraiser who educates donors about DAFs to address knowledge gaps, shift donors' mindsets, and avoid regulatory issues.</i>
Facilitator	<i>A fundraiser who takes on administrative and logistical tasks to ensure the DAF donors' giving experience goes smoothly.</i>
Collaborator	<i>A fundraiser who provides strategic DAF-related advice that helps donors use the vehicle to achieve their philanthropic goals.</i>

Investigator



A fundraiser who proactively pieces together information to determine a DAF donor's identity.

Pro Tips:

- *Use multiple data points (gift history, donor lists, giving vehicles) to make educated guesses about anonymous or third-party DAF gifts.*

Recommendation: Being a DAF Detective



Here is how you can be a DAF Detective:

- Look at the original DAF grant correspondence to see if you can find any additional donor information.
- Examine historical donor data to see if there are patterns of previous donations with similar sizes, timing, or purposes.
- Consider contacting the DAF sponsor for more information.

Educator



A fundraiser who educates donors about DAFs to address knowledge gaps, shift donors' mindsets, and avoid mistakes related to regulations.

Pro Tips:

- *Proactively explain what DAFs can and cannot do*
- *Offer new ways for donors to think about their DAF (multi year, building a legacy)*

Understanding DAF Regulations

Here are some key principles to keep in mind:

- **No more than an incidental benefit**
- **Event tickets and tables**
- **Avoid the word pledge**
- **Check for any benefit**



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Thank You!