

Why Would My Organization Want Its Own DAF Program?

UNPACKING DAFs FOR NONPROFITS — ISSUES AND OPPORTUNITIES

FOUNDATIONSOURCE
Your Partner in Giving

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Today's conversation aims to equip you on the future of DAFs.

- Objective: highlight when/where/how you might want to operate your own DAF program.
- Agenda
 - Introduction to Foundation Source / Charityvest
 - Trends in DAFs and fundraising: why this matters
 - Getting clear on DAFs
 - Today's DAF landscape: traditional DAFs + existing operating nonprofit DAFs
 - Why create your own DAF?
 - What would creating your own DAF look like?
 - Juice worth the squeeze? Operational considerations.
 - Getting started: testing if it's right for your organization

We'll leave plenty of time for questions!

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Foundation Source is the leading provider of philanthropic solutions.

- Specialists in:
 - private foundations
 - donor-advised funds
 - planned giving programs
- 4,000+ charitable organizations
 - ~2,200 private foundations
 - ~1,900 nonprofits
- 150+ financial institutions
- \$26+ billion in foundation assets
- 90,000+ grants processed annually
- 70,000+ planned gifts administered annually
- ~20,000 donor-advised fund accounts
- National footprint
- 97% client retention
- Backed by private equity firm GTCR

**All metrics as of 12/31/24

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We have assembled a full range of tech-enabled solutions that support a variety of donor needs and objectives.



PRIVATE FOUNDATIONS



DONOR-ADVISED FUNDS
















PLANNED GIVING and ENDOWMENTS

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Leadership Team

 WARREN BAILEY Chief Information Security Officer <small>servyon PG Calc</small>	 LOU D'ADDARIO Chief Revenue Officer <small>charitytrust INVESTMENT</small>	 ASHLEY FOLTZ SVP, Product <small>McKesson CHARITYWEST</small>	 HANNAH SHAW GROVE Chief Marketing Officer <small>Fidelity Capital HEALTHLINE</small>
 JOSEPH MRAZ, III Chief Executive Officer <small>INVESTMENT LSEG</small>	 ERIN HARRIGAN SVP, Corporate Finance <small>FORETRON intel technologies</small>	 JEFFREY D. HASKELL Chief Legal Officer <small>Cooley OLSHAN pmc</small>	 GILLIAN HOWELL National Philanthropy Executive <small>BANK OF AMERICA U.S. TRUST</small>
 STEPHEN KUMP President, DAFs <small>BANK OF AMERICA CHARITYWEST</small>	 GARY PFORDRESHER President, Planned Giving <small>PG Calc HARVARD</small>	 ESTEE SWOR Chief Operating Officer <small>TECHNICAL</small>	 PASCAL VINCENT Chief Technology Officer <small>artemis @erenova</small>
 ELISABETH WONG Head of Philanthropic Advisory Services <small>BILL BRUNNEN GATES JPMorgan</small>			






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Our DAF-related leadership.







Foundation Source DAF Key Leaders

 Stephen Kump <small>President, DAFs</small>	 Ashley Foltz <small>SVP, Product</small>	 Bobby Romano <small>IC Chief Counsel</small>
 Rebecca Jacobs <small>Sr. Manager, DAF Marketing</small>	 Edmundo Santos <small>Head of DAF Engineering</small>	 Todd May <small>Senior Design Director</small>

Charityvest Inc. Board of Directors

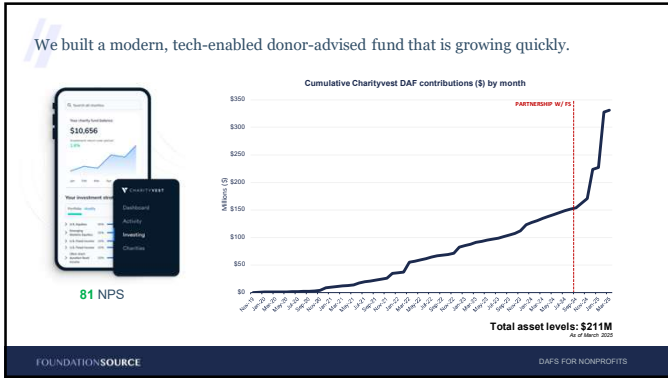
 Paul Glyer <small>Chairman of Charityvest Inc. Founder, ICI Partners</small>	 Stephen Kump <small>President of Charityvest President, DAFs, Foundation Source</small>	 Heather Grifone <small>Managing Partner, Community Strategies</small>
 Paarvi Bhatt <small>President & Chief Impact Officer, Resilient Capital Institute for Campaigns</small>	 Nata Wong <small>Partner, The Bridgepoint Group</small>	

Other Key Partners & Advisors

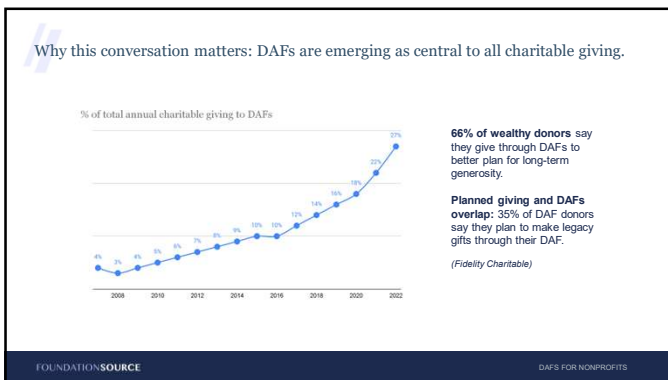







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Level set: What is a DAF? Why would a donor use one?

DAFs are a tax-deductible financial account for charitable giving. "A 401k for giving."

DAFs help donors simplify giving and tax planning.

CONTRIBUTE.

Contributions are tax deductible when moved into the account.
Donate cash or any asset.

INVEST.

Grow assets tax-free.
Custom investments with a financial advisor.

GRANT.

Whenever ready, send money to any of the 1,446 charities.
Dollars are delivered to charities automatically.

- Separates giving and spending, like a retirement account does for savings.
- Flexibility with tax timing—tax deduction now, support charities later.
- One tax receipt for all giving.
- Easier to use tax-smart strategies like giving assets vs. cash.

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Today's DAF landscape: it's broad, complex, and growing.

Category	Example organizations	Assets (approximate \$)
National charities (73 total)		\$1.62B
	Fidelity Charitable	\$600
	DAFgiving360 (Schwab)	\$350
	Vanguard Charitable	\$170
Single-issue charities (353 total)		\$20B
	National Christian Foundation	\$70
	Jewish Community Fund	\$30
	The Signatory	\$20
Community foundations (725 total)		\$54B
	Silicon Valley CF	\$150
	Chicago Community Trust	\$50
	Greater Kansas City CF	\$30


DAF Market Data			
	2012	2013	1Yr Change
Assets (\$)	\$44.9	\$28.9	5x
Grants (\$)	\$8.6	\$32.2	6x
Number of Accounts	205,532	1,348,543	3x
Average Account Size	\$218,054	\$117,466	0.5x

Median 4-Year Change		
	Non-DAF	DAF
Revenue	1%	214%
Gifts	-5%	83%
Donors	-6%	73%

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Are DAFs sponsors good fundraising partners? Should you reach out directly?



No.

At their core, DAF organizations are charitable financial sponsors, not capital allocators.

DAFs typically don't influence donor decisions directly.

But that's not to say DAFs aren't relevant for fundraising.

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Why might your organization want its own DAF?

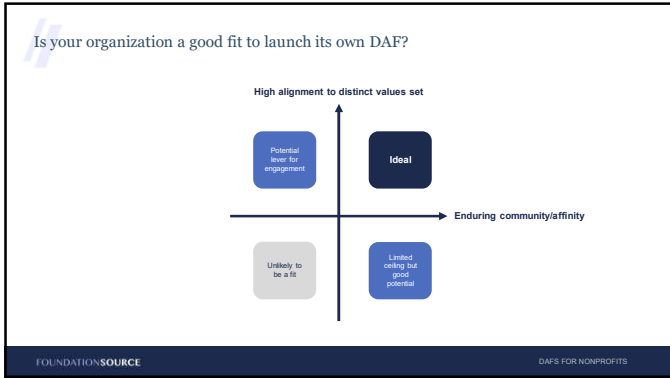
To gain a long-term fundraising engine.

HIGHER DONOR LIFETIME VALUE

Fundraising lever	Description
Aligns values & relationship	Enables the charity to become a philanthropic engine based on the values it stands for, not just an engine for funding opportunities. It's a higher-order commitment based on shared values and community.
Increases fundraising intelligence	Tell visibility into DAF assets available for potential asks.
Expands donor commitments upfront	Opportunity to lock in a % of all DAF contributions upfront.
Catalyzes long-range planning conversations	Provides practical prompts for conversations about <u>asset allocation</u> , legacy planning, and long-range commitments.
Can offer pathway for strategic capital reserves / quasi-endowments	Exits can serve as evergreen sources of capital, either internally or formed without having to establish a formal endowment.

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What would creating your own DAF look like today?

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Juice worth the squeeze today? Operational considerations.

NEW PARADIGM	OLD PARADIGM
Low startup costs	High startup costs
~No operational commitment	High ops commitment
Turnkey compliance	Limited compliance support
Rich donor data	~No donor data
Integrated accounting	No integrated accounting

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Q&A and Next steps

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