



DONOR-ADVISED FUNDS

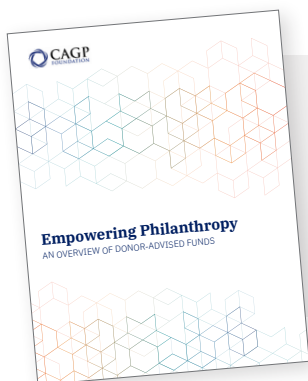
A RESOURCE FOR CHARITIES



DONOR-ADVISED FUNDS

Resource for Charities

This resource forms part of a set of four documents providing information on donor-advised funds to charities, donors, financial professionals, and DAF foundations. This particular document aims to provide information and guidance to charity professionals on handling gifts from donor-advised funds. The complete set of resources is a product of CAGP's DAF Working Group, which is made up of practitioners, fundraisers, legal experts and researchers.



For a deeper dive,
please see: [Empowering
Philanthropy: An Overview
of Donor-advised Funds](#)

Definition and Summary

A donor-advised fund (DAF) is a fund established at a registered charity on behalf of an individual, multiple donors, a group, association or business. It allows donors to make a charitable gift, receive an immediate tax receipt, and recommend grants to specific charities over time.

DAFs are a simple and convenient vehicle for strategic charitable giving, allowing donors to centralize their donations and plan distributions to one or several registered charities for an extended period. DAFs are experiencing exponential growth, so it's important that each participant group understand their roles and responsibilities, and those of the other parties.

A GROWING TREND

At least 20,000 Canadian charities benefit from DAF grants every year, in 2023 to the tune of \$1.4 billion. As it becomes more likely that you may receive gifts from this vehicle it's important to be aware of current practices around gift entry and acceptance. Integrating DAF gifts into your whole team's fundraising approach ensures everyone can recognize, encourage, and steward these increasingly common contributions, maximizing opportunities and donor engagement across all touchpoints.

Gift Acceptance and Gift Entry

- > A charity should **not** issue a tax receipt for a gift received from a DAF since the DAF foundation already did so when the donor – now the DAF advisor – deposited the funds in the DAF.
- > You can however send an acknowledgement of the gift to the DAF foundation. It can be done in the form of a business receipt if it's simpler and easier for you.
- > The DAF advisor can, and should, also be acknowledged, if you have their contact information, or you can ask the DAF foundation to pass it on. In some cases, the gift comes with a letter letting you know whether your communications should go through the DAF foundation or directly to the DAF advisor.
- > A DAF gift may be left undesignated or directed towards a specific fund or area of your work. The DAF foundation or the DAF advisor should provide this information. You can clarify if necessary.
- > Typically, the gift would be entered in your database in the DAF foundation's organizational record with a soft credit made in the DAF advisor's record.

- > If the DAF advisor has a pledge, a DAF gift would count towards its fulfilment, like any other gift.

Stewardship

- > If you have their contact information, steward a DAF advisor as you would any other donor. If not, ask the DAF foundation if they are able to share it with you.
- > If you're unable to steward them directly, ask the DAF foundation if they can pass your communications to the DAF advisor.
- > Steward the DAF foundation by adding them as an additional recipient of the stewardship communications you're sending to the DAF advisor.
- > Most DAF foundations grant funds based on the DAF advisor's recommendations but the decision is ultimately theirs. It's beneficial for them to be reminded of your great work. You can tailor a stewardship strategy in acknowledgment of their role in facilitating these gifts.

Recognition

- > If you choose to recognize the DAF foundation as well as the DAF advisor in donor listings, the DAF foundation would be recognized for the total amount granted to you, which could be the accumulation of gifts you may have received from multiple DAFs.
- > Physical naming rights like a room or a bench are typically only given to the donor.
- > DAF foundations have varying policies on if and how they accept recognition, so it's best to confirm with them.

Cultivation

- > There's evidence that donors who give through a DAF are far more likely to be repeat donors than non-DAF donors and that they have significant capacity to keep granting. This means they're worth cultivating and stewarding as a group.
- > Make it known that you accept these gifts. Charities with a dedicated website page or material targeting DAFs are more likely to receive a grant from a DAF.
- > Your fundraising staff need to have a working knowledge of DAFs so they can discuss them with donors who have them.
- > Include DAFs in conversations and communications around different ways to give, as you would with other gift vehicles such as securities, life insurance.
- > Make your finance staff familiar with DAFs so they are able to process them properly and flag when they're received to donor relations staff.
- > When doing research, names of DAF foundations and funds will surface, so make sure anybody doing prospect research for you understands the vehicle.
- > Proactively identify DAF foundations who are willing to meet with you to build awareness of your charity or accept direct grant requests from you.

LOOKING FORWARD

- > Developing consistent practices to integrate into your entire organization will be beneficial in the long term.
- > As the number of DAF foundations and DAFs continues to grow there is great opportunity to evolve strategy on how to cultivate, solicit and steward these gifts.



ACKNOWLEDGEMENTS

We're grateful to all those who contributed their knowledge, expertise and time to this project. We especially appreciate the work of the following members of the DAF working group:

NICOLA ELKINS

Benefaction Foundation, Co-chair of the DAF working group

MALCOLM BURROWS

Aqueduct Foundation, Co-chair of the DAF working group

KEITH SJÖGREN

Independent Consultant, who served as the lead author of *Empowering Philanthropy: An Overview of Donor-advised funds*.

LEAD WRITERS OF THE SET OF FOUR RESOURCES:

ANEIL GOKHALE

Toronto Foundation

CHRISTINE KANG

Canadian Mental Health Association

CATHERINE MUDIE

Desjardins Foundation

MIKE TODD

Transform Philanthropy

We would also like to thank the Aqueduct Foundation, Benefaction Foundation, Desjardins Foundation, Myriad Canada, and the Private Giving Foundation available through TD, for their generous financial or in-kind support in the development of these resources.

For a full list of the DAF working group members, please see [Empowering Philanthropy: An Overview of Donor-advised funds](#)