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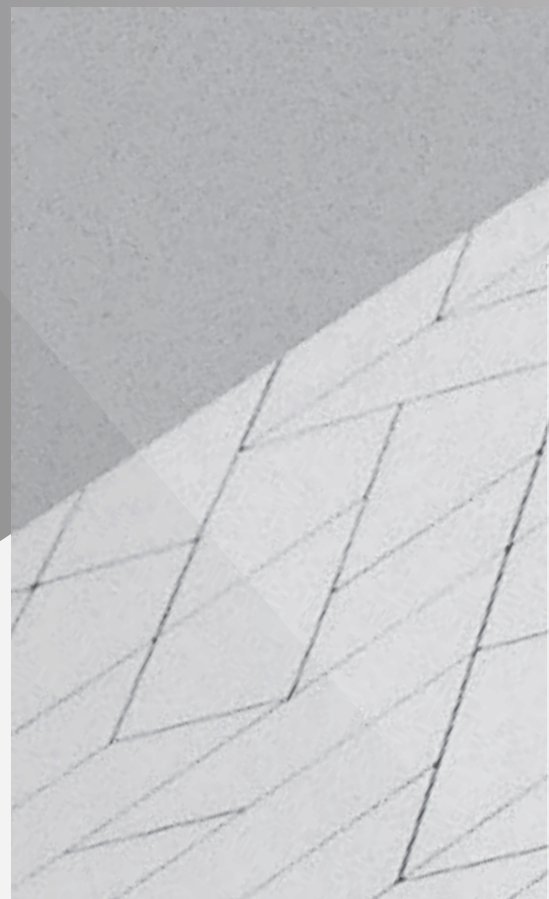
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# DONOR- ADVISED FUND REPORT

This report was prepared by National Philanthropic Trust under the guidance of Eileen R. Heisman, President and CEO; Andrew W. Hastings, Chief Development Officer; Erin H. Hoyes, Associate Director of Communications and NPT's Communications Department. Melissa S. Brown of Melissa S. Brown Associates, LLC provided analysis and additional writing services. Emily Sullivan and members of NPT's staff provided research assistance.

NPT gratefully acknowledges all of the organizations that shared their donor-advised fund related statistics and information. For permission to cite or reproduce this report, please contact Brian Case, NPT's Vice President of Communications, at [bcase@nptrust.org](mailto:bcase@nptrust.org) or 215.277.3010.

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The background of the cover features a light gray grid pattern. A large, diagonal band of teal color runs from the top right towards the bottom left. On the left side, there is a teal circle containing the year '2016' in white. To the right of the circle, the words 'DONOR-ADVISED FUND' are written in large, bold, dark gray capital letters, and 'REPORT' is written below them in smaller, dark gray capital letters.

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16

**DONOR-  
ADVISED  
FUND**  
REPORT



# DEAR COLLEAGUE

NPT is proud to publish our tenth annual Donor-Advised Fund Report. As NPT celebrates this milestone along with the 20th anniversary of our founding, we invite readers to learn more about donor-advised funds, why they have experienced such tremendous growth and what makes them so popular.

The 2016 Donor-Advised Fund Report uses 2015 fiscal year data from 1,016 charities. For the sixth consecutive year, there was growth in all key metrics—number of individual donor-advised funds, total grant dollars from them, total contributions to them and total charitable assets in them.

For the second year in a row, the most significant one-year growth is reflected in grants. Grantmaking from donor-advised funds to qualified charities jumped nearly 17 percent between 2014 and 2015, from \$12.42 billion to a record \$14.52 billion. We predicted this growth in last year's report and believe that grantmaking will continue to rise as new donors grow accustomed to using a donor-advised fund for their charitable giving.

In addition to a record grant total, contributions to donor-advised funds also hit an all-time high of \$22.26 billion in 2015, representing 8.4 percent of total individual giving in the US—also a new high. Contributions helped increase total donor-advised fund assets beyond \$78 billion.

We further analyze this aggregate data by subcategorizing the donor-advised fund charitable sponsors into three groups—National Charities, Community Foundations and Single-Issue Charities. Highlights by charitable sponsors include:

- The rate of growth for the number of individual donor-advised funds, contributions, assets and grantmaking is highest at National Charities
- Payout rates are highest at Single-Issue Charities
- Average account sizes are highest at Community Foundations.

Donor-advised fund charitable sponsors are found in every state in the US, in every asset size and have wide ranges of program features. The common thread is that their donors use donor-advised funds to give generously to the causes that mean the most to them.

National Philanthropic Trust has been tracking donor-advised fund data for a decade. Record numbers for donor-advised funds continue to set new benchmarks for the donors who use them and reshape the charitable giving landscape.

Regards,



Eileen R. Heisman  
President & CEO



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# ABOUT THIS REPORT

Donor-advised funds are one type of charitable giving vehicle that enables donors to reach their philanthropic goals. The rapidly increasing number of individual donor-advised fund accounts make them the fastest-growing vehicle in philanthropy; and the rising value of charitable dollars granted from donor-advised funds also makes them the most active type of charitable giving vehicle. National Philanthropic Trust provides this report as a public service to those who are interested in this important charitable giving vehicle.

## Purpose and Scope

This report provides an up-to-date analysis of donor-advised funds. It is based on data collected during the second and third quarters of 2016 about donor-advised funds and the charities that operate them in fiscal year 2015.

Additional data came from audited financial statements, annual reports, organizational websites and news releases. A breakdown of the organizations appears in the box in the lower left.

Total estimated charitable contributions in the United States in 2015 were \$373.25 billion<sup>2</sup>. Contributions to donor-advised funds have increased as a share of total giving since at least 2007. This year's data reflects an increase in contributions to donor-advised funds, which now accounts for 8.4 percent of individual giving—a new high.

Grants to charitable organizations from donor-advised funds totaled \$14.52 billion in 2015. This is the second year that grants have exceeded \$10 billion. Last year's total, now revised to include new donor-advised fund sponsors and reflect data from IRS Forms 990, is \$12.42 billion, and the total for 2013 is \$9.31 billion.

## A Note On Payout Calculation Method

In the 2014 Donor-Advised Fund Report, we implemented a new payout calculation method. We have replicated it in this year's report. The method of calculating grant payout is comparable to how private foundations calculate their payout. We calculate grant payout from donor-advised fund sponsors based on charitable assets held in donor-advised fund accounts at the end of the prior year. For example, the 2016 payout is based on donor-advised fund end-of-year charitable assets held in 2015 and the 2016 grants. The actual payout calculation for foundations as determined by the IRS is complex, as shown in Understanding and Benchmarking Foundation Payout from The Foundation Center<sup>3</sup>. The Foundation Center uses the simplified approach: dividing grants made in the current year by the end-of-year investable assets of the previous year<sup>4</sup>. We adapted the Foundation Center method and adjusted past grant payout rates using this calculation. This year's report uses the same method.

CHARITABLE  
SPONSORS EXAMINED  
IN THIS REPORT

48

NATIONAL  
CHARITIES

608

COMMUNITY  
FOUNDATIONS

360

SINGLE-ISSUE  
CHARITIES

<sup>2</sup>Giving USA 2016

<sup>3</sup>Private foundations track net assets monthly and average over 12 to 60 months for the denominator of the payout calculation. For the numerator, private foundations include qualified distributions, allowed costs of grantmaking, other charitable uses of funds (such as technical assistance provided to grantees). They also make additional adjustments to account for any grant monies returned, certain taxes paid, and other circumstances.

<sup>4</sup>Steven Lawrence. 2015. Private communication from Director of Research at The Foundation Center to analysts working with National Philanthropic Trust.

# A GLOSSARY OF TERMS

## CHARITABLE ASSETS

The dollar amount charitable sponsors hold and manage in donor-advised funds. Some charitable sponsors manage other types of funds as well. This report is limited to assets in donor-advised funds.

## CHARITABLE ORGANIZATION

A tax-exempt organization registered with the IRS and recognized under Section 501(c)(3) of the Internal Revenue Code. Donations to a charitable organization are tax deductible to the donor, when the donor claims deductions on income taxes. A charitable organization serves broad public purposes in educational, religious, scientific and artistic fields, among others, as well as the relief of poverty and other public benefit activities. In the context of this report, a charitable organization can be either a charitable sponsor of donor-advised funds or the recipient of a donor-advised fund grant.

## CHARITABLE SPONSOR

A tax-exempt charitable organization that manages donor-advised funds. Charitable sponsors provide services to ensure that potential grant recipients are qualified charitable organizations and administer donor-advised funds to ensure compliance with all regulations. Also called sponsoring charity or fund sponsor.

## COMMUNITY FOUNDATION

A tax-exempt organization that raises funds from the public. Most Community Foundations, both trust and corporate forms, qualify as publicly supported charities under IRC 509(a)(1) and 170(b)(1)(A)(vi). It is a philanthropic institution with a long-term goal of engaging many separate donors to carry out charitable interests for the benefit of residents of a defined geographic area, typically no larger than a state.

## COMPOUND ANNUAL GROWTH RATE

The compound annual growth rate is a useful measure of growth over multiple time periods. It can be thought of as the growth rate that gets you from the initial value to the ending value if you assume that the value has been compounding over the time period.

## CONTRIBUTION

Amount a donor donates to a donor-advised fund when establishing the fund or adding money to it.

## DONOR-ADVISED FUND

A philanthropic giving vehicle administered by a charitable sponsor. A donor-advised fund allows donors to establish and fund the account by making irrevocable, tax-deductible contributions to the charitable sponsor. Donors then recommend grants from those funds to other charitable organizations.

## GRANT

A transfer of assets from a donor-advised fund to a qualified charitable recipient.

## NATIONAL CHARITY

A tax-exempt organization with a national focus in fundraising and grantmaking. National Charities include independent organizations, such as National Philanthropic Trust, and other charitable organizations affiliated with financial institutions.

## GRANT PAYOUT

The percentage of total charitable assets at the end of one year that any one type of charitable sponsor or all charitable sponsors grants from a donor-advised fund to qualified charities and charitable projects. Grant payout in this report is calculated as grants made in the current year divided by donor-advised fund assets held at the end of the prior year.

## PRIVATE FOUNDATION

A tax-exempt organization recognized under Section 501(c)(3) of the Internal Revenue Code formed and controlled by a donor or small group of donors for the purpose of distributing money to charitable organizations or individuals. In this report, corporate foundations are not included in the definition.

## SINGLE-ISSUE CHARITIES

A tax-exempt organization that works in a specific topic area. Some common Single-Issue Charities include universities, Jewish federations, other faith-based charities and issue-specific charities, such as those in the environmental, social justice or international relief arenas.



# MARKET OVERVIEW

The Dow Jones Industrial Average closed slightly lower at the end of 2015, down 0.7 percent compared with the year-end close for 2014<sup>5</sup>. The year-end result is a climb back from the summer 2015, when stock market values dropped suddenly. Investors worried about global markets and oil prices<sup>6</sup>. However, the U.S. economy overall remained strong and grew 2.6 percent during the year, after adjusting for inflation.

This economic growth rate remains just below the 40-year average (1974-2014) of 2.7 percent, but it is the highest rate of growth since 2008<sup>7</sup>.

In part because of that strong economic growth, in 2015, the official unemployment rate was 5.3 percent, down from 6.2 percent the prior year<sup>8</sup>. As a comparison, the unemployment rate for 2010, the first full year after the 2007-2009 recession ended, was 9.6 percent<sup>9</sup>.

For 2015, donor-advised funds saw substantial growth in every metric, including grant dollars, total contributions and charitable assets (Table 1).

Of particular note:

- Grants from donor-advised funds to qualified charities totaled an estimated \$14.52 billion, representing an increase of 16.9 percent compared to 2014, which is revised to \$12.42 billion.
- Contributions to donor-advised funds increased to \$22.26 billion, or an 11.4 percent increase compared with the prior year's contributions, which are revised to \$19.98 billion.
- Charitable assets in donor-advised funds grew by \$8.36 billion in 2015 to \$78.64 billion. This represents an 11.9 percent growth from a revised total of \$70.27 billion last year. These numbers continue a trajectory of double-digit growth in charitable assets that began in 2010.

TABLE 1:

## Donor-Advised Fund Metrics Overview\*

	2014	2015	% change
Charitable Assets	\$70.27B	\$78.64B	11.9%
Total Contributions	\$19.98B	\$22.26B	11.4%
Total Grant Dollars	\$12.42B	\$14.52B	16.9%
Grant Payout**	21.7%	20.7%	
Total # of DAF Accounts	242,390	269,180	11.1%
Average Size of a DAF***	\$216,760	\$235,727	8.8%

\*Values reflect 1,016 fund sponsors. Data were available for 932 for 2014 and for 339 for 2015. Estimates for others are included in these totals.

\*\*Grant Payout = Grant Dollars divided by Charitable Assets at end of prior year multiplied by 100 to get a percentage.

\*\*\*Average size of a DAF Account = Total Assets Under Management divided by Total Number of DAF Accounts.

<sup>5</sup>Dow Jones Industrial Averages, closing information obtained from <https://www.zacks.com/stock/news/202597/stock-market-news-for-december-31-2015> accessed October 3, 2016.

<sup>6</sup>Reported in Money, <http://money.cnn.com/2015/12/31y/investing/stocks-market-end-of-2015/>

<sup>7</sup>All growth percentages calculated using "GDP in billions of chained 2009 dollars" in the table for national Gross Domestic Product values released September 25, 2016 by the Bureau of Economic Analysis, [www.bea.gov](http://www.bea.gov).

<sup>8</sup>Bureau of Labor Statistics (BLS) press release dated February 26, 2016, accessed September 30, 2016 at <http://www.bls.gov/news.release/pdf/srgune.pdf>

<sup>9</sup>Bureau of Labor Statistics (BLS) press release of February 25, 2011, accessed September 30, 2016 at [http://www.bls.gov/news.release/archives/srgune\\_02252011.pdf](http://www.bls.gov/news.release/archives/srgune_02252011.pdf).

# COMPARISON OF GIVING VEHICLES

The tables below compare donor-advised fund accounts to private foundations. Donor-advised funds have outnumbered private foundations and the combined total of other gift planning vehicles (trusts, annuities and pooled income funds) for several years.

Table 2 shows an estimated total of 269,180 donor-advised fund accounts among all charitable sponsors included in this report. This number compares with an estimated 81,802 private foundations.

In previous years, NPT has estimated the total number of and assets in the other gift planning vehicles (private foundations, unitrusts, annuity trusts, lead trusts and pooled income funds).

The Internal Revenue Service stopped publishing these statistics in 2012. Given the impact of economic conditions on these charitable giving vehicles, we will no longer estimate the number and value of them.

TABLE 2

## Donor-Advised Fund Growth Compared with Other Charitable Giving Vehicles (Total Number of Funds)

	2014	2015	% change
Donor-Advised Funds	242,390	269,180	11.1%
Private Foundations	79,729	<i>81,802</i>	2.6%

TABLE 3

## Donor-Advised Fund Growth Compared with Other Charitable Giving Vehicles (Dollar Value of Assets in Billions)

	2014	2015	% change
Donor-Advised Funds	\$ 70.27B	\$ 78.64B	11.9%
Private Foundations*	\$712.45B	\$781.60B	9.7%

*Italics* indicate an NPT estimate using compound annual growth rate for 2010 - 2014.

\* The Foundation Center uses the term "independent foundation" for non-corporate private foundations.

Sources: NPT Donor-Advised Fund Report for donor-advised funds; Foundation Center for foundations, except where estimated by NPT as noted.

# GROWTH IN RECENT YEARS

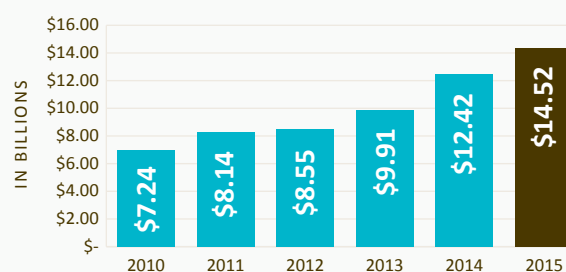
Donor-advised funds grew further in 2015. Donor-advised fund grantmaking rose markedly and the number of individual donor-advised fund accounts increased as well. Total charitable assets available

for grantmaking reached an all-time high. This rise is a result of both an increase in contributions to donor-advised fund accounts and gains from investment returns.

## Grants Grew More than 16% to Exceed \$14 billion

Grants from donor-advised funds to charitable organizations reached a new high at \$14.52 billion. This is a 16.9 percent growth rate compared to a revised total for 2014 grants of \$12.42 billion. The compound annual growth rate from 2010 to 2014 was 14.5 percent. Donor-advised fund grantmaking in 2015 increased more quickly than the average over the prior five years.

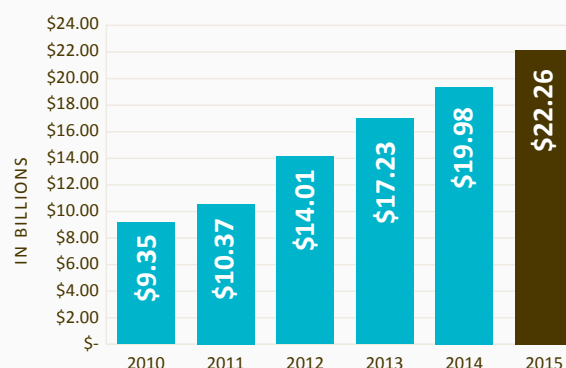
FIGURE 1: **Total Value of Grants from Donor-Advised Funds**



## Contributions at All-Time High

Contributions to donor-advised funds in 2015 totaled \$22.26 billion, also an all-time high. This number surpasses the revised 2014 value of \$19.98 billion and shows an increase of 11.4 percent. The compound annual growth rate for contributions from 2010 to 2014 was 20.9 percent. In 2015, contributions to Community Foundations and Single-Interest Charities slowed, which is reflected in the lower rate of growth overall.

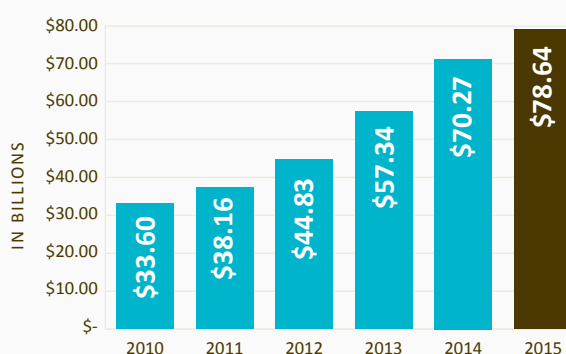
FIGURE 2: **Total Value of Contributions to Donor-Advised Funds**



## Charitable Assets Passed \$78 billion

Charitable assets under management in all donor-advised funds totaled \$78.64 billion in 2015, an all-time high, with growth of 11.9 percent compared with 2014. The increase in total charitable assets can logically be attributed to the 2015 growth in the number of individual donor-advised funds (an 11.1 percent increase) and contributions (an 11.4 percent increase) in addition to rapid growth in both metrics in 2014. It is likely that investable charitable assets at some donor-advised funds' charitable sponsors generated gains, as well.

FIGURE 3: **Total Charitable Assets in Donor-Advised Funds**

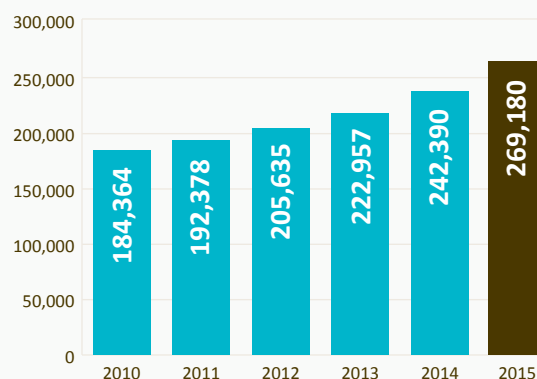




## Number of Donor-Advised Funds Saw Steady Increase

The number of donor-advised funds increased by 11.1 percent in 2015, to 269,180. This figure sustains the annual growth rate of 5 percent or better reported since 2012. The number of individual donor-advised funds at Single-Issue Charities held relatively steady, showing 1.4 percent growth; Community Foundations increased by 3.1 percent; and National Charities saw the largest increase, with 18.6 percent more individual donor-advised funds than previous year.

FIGURE 4: Total Number of Donor-Advised Fund Accounts

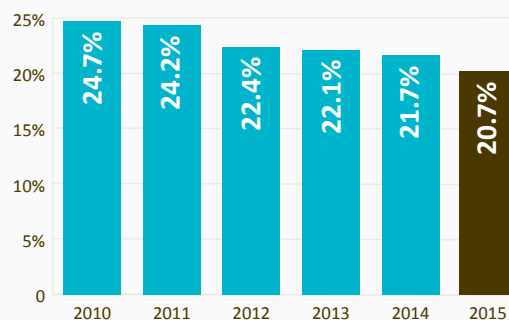


## Grant Payout Remains Above 20%

Grant payout rates from donor-advised funds annually exceed 20 percent for every year on record. For 2015, the payout rate was 20.7 percent. The highest payout rate was in 2010, at 24.7 percent. In that year, the payout rate was based on 2009 year-end assets, which reflected the market decline that affected investments throughout the U.S. Donors maintained high levels of grants, however, so the total payout rate was comparatively high.

In contrast to the 20-plus percent grant payout rates from donor-advised fund accounts, the payout rate at a typical private foundation is usually around 5 percent, which include operational expenses, such as salaries, rent, and legal and accounting fees. Federal law requires a minimum foundation payout of 5 percent and some foundations have granting policies to ensure a higher payout rate. Donor-advised fund grants and corresponding payout rates do not include any of the sponsoring charity's overhead.

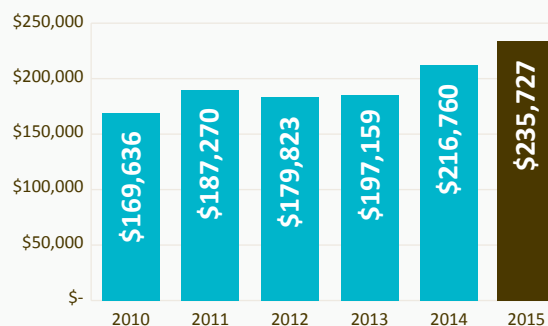
FIGURE 5: Annual Grant Payout Rate for all Donor-Advised Funds



## Average Donor-Advised Fund Size Rose

The 2015 average size of an individual donor-advised fund based on available data is estimated to be \$235,727. This is 8.8 percent higher than the revised estimate for 2014 average account size of \$216,760.

FIGURE 6: Average Donor-Advised Fund Account Size



# COMPARISON BY CHARITABLE SPONSOR TYPES

There are an estimated 1.1 million registered public charities in the United States<sup>10</sup>. The 1,016 charities that sponsor donor-advised funds tracked in this report comprise less than 1/10th of one percent of those organizations. There are more than 269,000 individual donor-advised funds among the charitable sponsors we tracked. In this report, data from three types of donor-advised fund charitable sponsors are reported: National Charities, Community Foundations and Single-Issue Charities.

The first donor-advised funds were opened in the mid-1930s and housed at Community Foundations and Jewish Federations. National donor-advised fund programs have existed for about twenty years.

National Charities' donor-advised funds have grown significantly in number of individual donor-advised funds and charitable assets.

Community Foundations have also increased in these metrics at a slightly slower rate. Though Single-Issue Charities have maintained roughly the same number of donor-advised fund accounts over time, their charitable assets have increased significantly.

National Charities' donor-advised fund accounts outnumber the other two types of charitable sponsors combined. They distribute more grant dollars and have higher aggregate charitable asset values. The average account size at Community Foundations is higher than the other two types of charitable sponsors. Single-Issue Charity sponsors have the highest grant payout rate of the charitable sponsors analyzed in this study.



## NATIONAL CHARITIES

This report analyzes 2015 data for donor-advised fund grantmaking, contributions and charitable assets at 48 National Charities. These national charitable sponsors had a combined 153,871 donor-advised fund accounts with total charitable assets of \$38.83 billion in 2015.

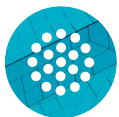
## COMMUNITY FOUNDATIONS

For 2015, this report analyzes data for donor-advised funds at 608 Community Foundations. Donor advised fund programs at these Community Foundations have 68,168 individual donor-advised funds with charitable assets totaling \$28.70 billion.

## SINGLE-ISSUE CHARITIES

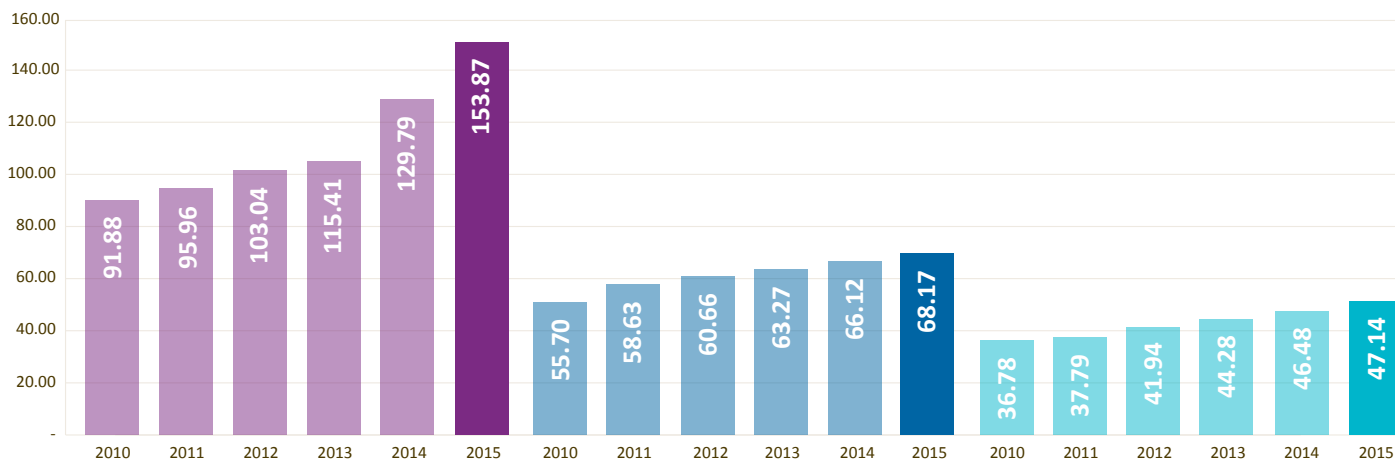
For 2015, we analyzed data for 360 Single-Issue Charity sponsors. This type of charitable sponsor held 47,141 donor-advised funds with charitable assets totaling \$11.11 billion.

<sup>10</sup>National Center for Charitable Statistics, "Quick Facts About Nonprofits," Urban Institute, accessed October 3, 2016, <http://nccs.urban.org/statistics/quickfacts.cfm>



## ACCOUNTS

FIGURE 7: Number of Donor-Advised Fund Accounts by Charity Type



### NATIONAL CHARITIES

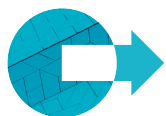
The number of individual donor-advised funds at National Charities grew to 153,871 in 2015, an 18.6 percent increase. This follows a compound annual growth rate of 9.0 percent from 2010 to 2014. Figure 7 shows the number of donor-advised fund accounts by charitable sponsor.

### COMMUNITY FOUNDATIONS

The number of donor-advised funds at Community Foundations increased to 68,168 in 2015, an increase of 3.1 percent when compared with 2014. This follows growth of 4.5 percent and 4.3 percent in 2014 and 2013, respectively. See Figure 7.

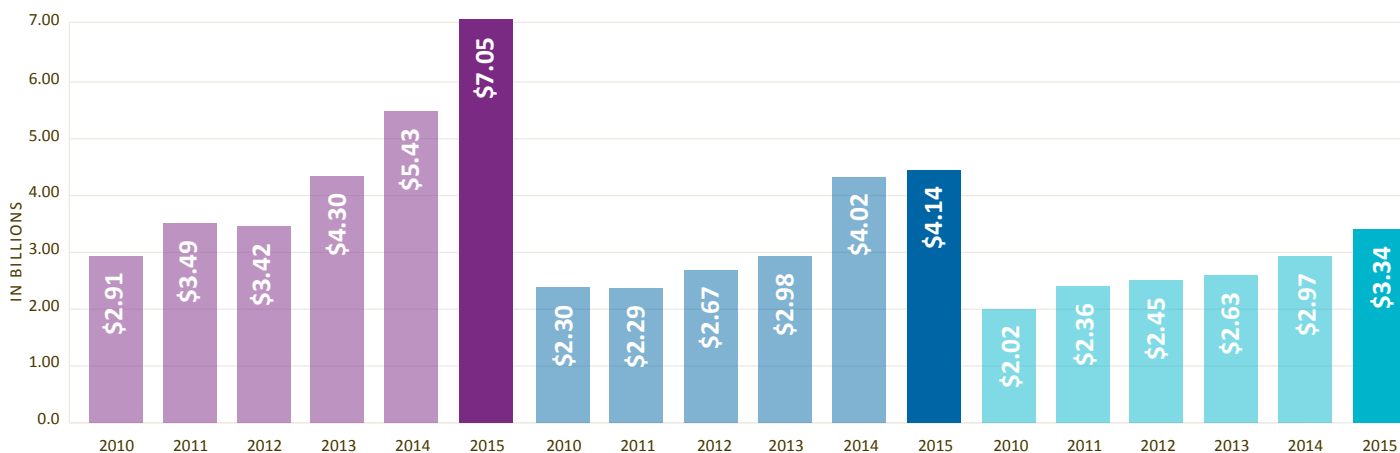
### SINGLE-ISSUE CHARITIES

The number of individual donor-advised funds at Single-Issue Charities was 47,141. This number is an increase of 1.4 percent compared with 2014, when there were 46,481 donor-advised funds. See Figure 7.



## GRANTS

FIGURE 8: Total Value of Grants from Donor-Advised Funds by Charity Type



### NATIONAL CHARITIES

The total value of grants from donor-advised funds at National Charities to other qualified charities totaled \$7.05 billion in 2015, an increase of 29.8 percent. We anticipated an increase in grantmaking in 2015 in our projections issued in last year's report. Figure 8 shows the value of grants paid by type of charitable sponsor.

### COMMUNITY FOUNDATIONS

Grants from donor-advised funds at Community Foundations totaled \$4.14 billion in 2015, up from \$4.02 billion granted in 2014. The 2015 grant total reflects a 3.0 percent increase in grantmaking compared with 2014. See Figure 8.

### SINGLE-ISSUE CHARITIES

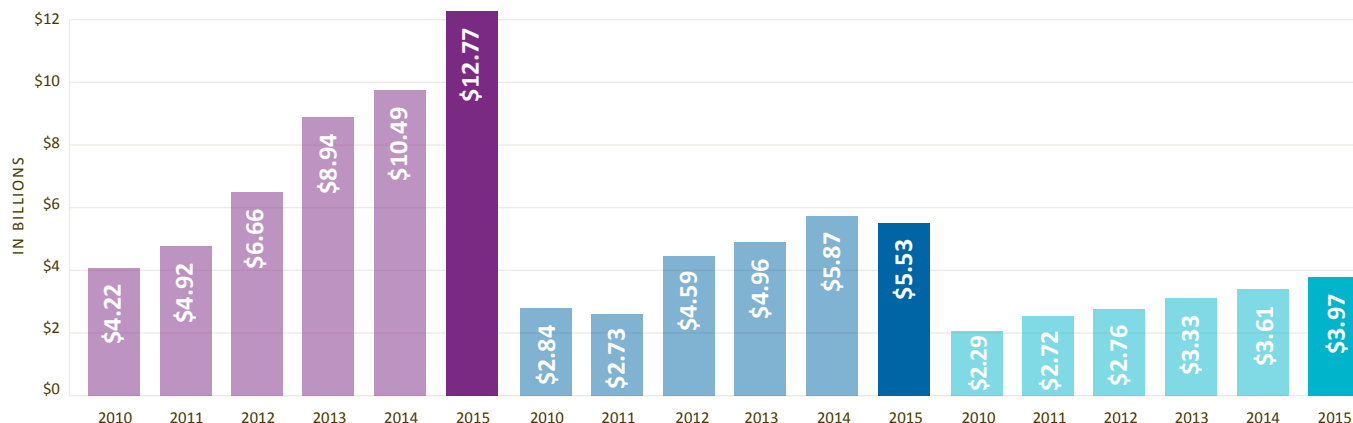
Grants from donor-advised funds at Single-Issue Charities totaled \$3.34 billion in 2015, up from \$2.97 billion granted in 2014. This is an increase of 12.1 percent. See Figure 8.





# CONTRIBUTIONS

FIGURE 9: Total Value of Contributions to Donor-Advised Funds by Charity Type



## NATIONAL CHARITIES

Total contributions to donor-advised funds at National Charities reached \$12.77 billion in 2015. This was an increase of 21.7 percent over the prior year. This year's rate of growth is somewhat lower than the average compound annual growth rate of 25.5 percent for contributions to National Charities from 2010 through 2014. The 2010–2014 years include a wide range of rates of change, from a major 49.9 percent increase in 2010 to a more modest 16.6 percent in 2011. Figure 9 shows contributions to donor-advised fund accounts by type of charitable sponsor.

## COMMUNITY FOUNDATIONS

Total contributions to donor-advised funds at Community Foundations are estimated to be \$5.53 billion in 2015. The estimated change in contributions from 2014 to 2015 is a drop of 5.8 percent. The increase from 2013 to 2014 was 18.4 percent. Changes in contributions to donor-advised funds in Community Foundations show great variability. A contributing factor to the highly fluctuating rate of change is very large bequests or gifts that are not replicable on an annual basis. In 2014, for example, one community foundation received contributions totaling nearly \$1.9 billion. That same foundation received just over \$1 billion in 2015. See Figure 9.

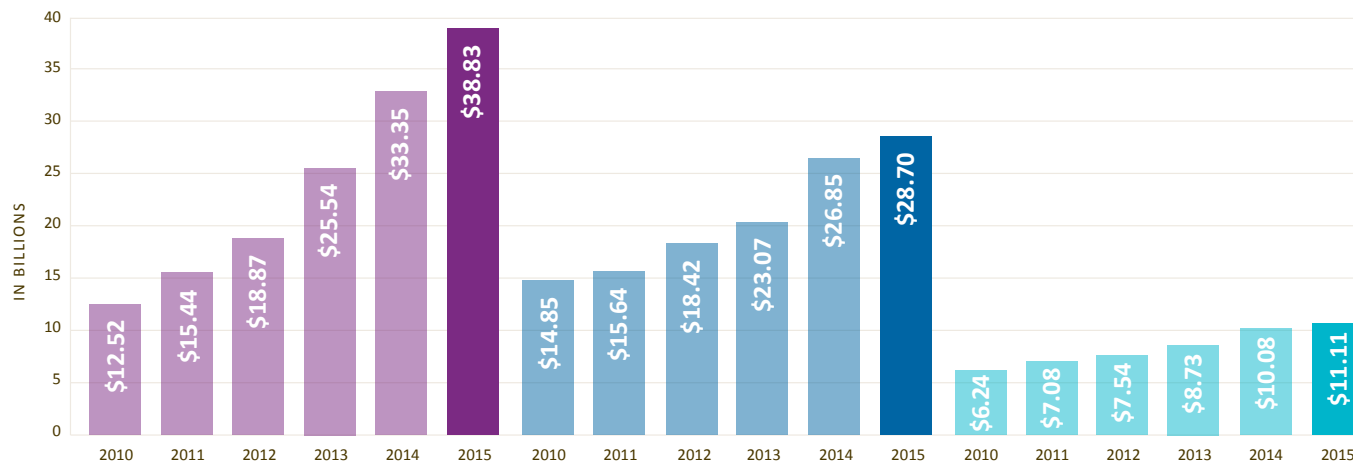
## SINGLE-ISSUE CHARITIES

Total contributions to donor-advised funds at Single-Issue Charities rose from \$3.61 billion in 2014 to \$3.97 billion in 2015. The change in contributions from 2014 to 2015 represents a 9.8 percent increase. See Figure 9.



# CHARITABLE ASSETS

FIGURE 10: Total Value of Charitable Assets in Donor-Advised Funds by Charity Type



## NATIONAL CHARITIES

From 2014 to 2015, total charitable assets in donor-advised funds at National Charities increased by 16.4 percent, rising from a revised 2014 estimate of \$33.35 billion to \$38.83 billion for 2015. The compound annual growth rate for 2010 through 2014 is 27.8 percent, which includes individual annual rates of growth between 13 percent and 28 percent. Figure 10 shows donor-advised fund assets by type of charitable sponsor.

## COMMUNITY FOUNDATIONS

From 2014 to 2015, total charitable assets in donor-advised funds at Community Foundations increased by 6.9 percent, from \$26.85 billion to \$28.70 billion. See Figure 10.

## SINGLE-ISSUE CHARITIES

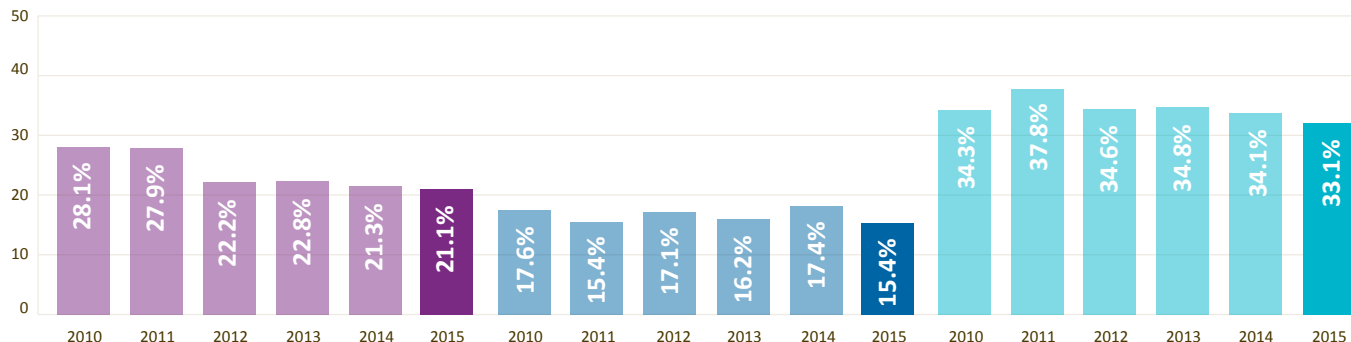
Total charitable assets in donor-advised funds at Single-Issue Charities rose to \$11.11 billion, an increase of 10.3 percent, from a revised amount of \$10.08 billion in 2014. See Figure 10.



## GRANT PAYOUT RATES\*

FIGURE 11: Annual Grant Payout Rate from Donor-Advised Funds by Charity Type

\* Payout is based on the calculation used for private foundations: Grants/Prior Year's End-of-Year Assets. Asset values are donor-advised fund assets, using IRS Form 990 data.



### NATIONAL CHARITIES

The total payout rate from donor-advised funds at National Charities was 21.1 percent in 2015, a very small decrease from a payout rate of 21.3 percent during the prior year. Figure 11 shows payout rates by type of charitable sponsor.

### COMMUNITY FOUNDATIONS

The total payout from donor-advised funds at Community Foundations was 15.4 percent in 2015, a decrease from 17.4 percent in 2014. See Figure 11.

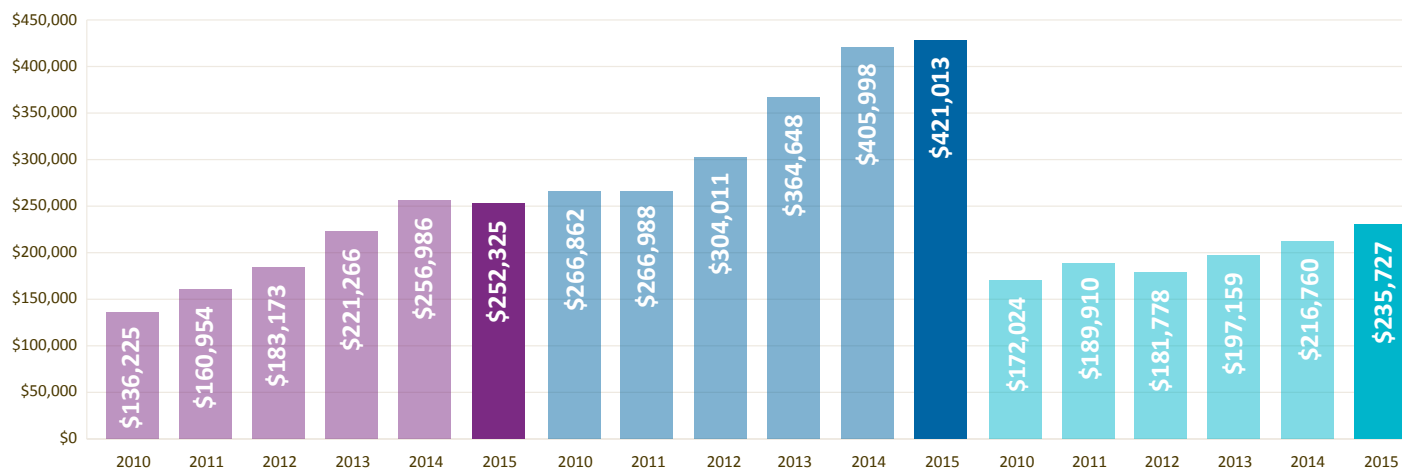
### SINGLE-ISSUE CHARITIES

The total payout from donor-advised funds at Single-Issue Charities was 33.1 percent in 2015, a decline compared with the payout rate of 34.1 percent in 2014. See Figure 11.



## AVERAGE ACCOUNT SIZE

FIGURE 12: Average Donor-Advised Fund Account Size by Charity Type



### NATIONAL CHARITIES

The average size of an individual donor-advised fund at a National Charity in 2015 is estimated at \$252,325. This represents a decline of 1.8 percent compared with the revised 2014 average of \$256,986. Figure 12 shows the average donor-advised fund size by type of charitable sponsor.

### COMMUNITY FOUNDATIONS

The average size of a donor-advised fund at Community Foundations rose in 2015 to \$421,013. This represents an increase of 3.7 percent compared with the 2014 average of \$405,998. See Figure 12.

### SINGLE-ISSUE CHARITIES

The average size of a donor-advised fund at Single-Issue Charities rose in 2015 to \$235,727. This represents an increase of 8.8 percent compared with the 2014 average of \$216,760. See Figure 12.



# PROJECTIONS AND OBSERVATIONS

## Comparison of Projections and Results for 2015

### Grants

In last year's Donor-Advised Fund Report, we predicted that growth in donor-advised fund charitable assets would result in greater grantmaking, which this year's data supports.

Grantmaking increased overall and at each type of charity offering donor-advised funds.

As part of our grantmaking prediction, we also noted that grants from donor-advised fund at National Charities would rise significantly. They rose by a substantial 29.8 percent between 2014 and 2015. Grants from donor-advised fund at Community Foundations and Single-Issue Charities rose less quickly, at 3.0 percent and 9.4 percent respectively.

### Contributions

In our last report, we predicted contributions to donor-advised fund would continue to rise following two years of extreme growth. This prediction proved correct for National Charities, where contributions increased 20.4 percent.

However, Community Foundations saw a decline in new contributions in 2015 compared with 2014. This appears to be due to three of the six largest community foundations experiencing significant declines in contributions, which negatively affected the aggregate data for all Community Foundations.

## What Lies Ahead?

The last several years have seen a tremendous growth in all donor-advised fund metrics, but particularly in contributions. The five-year compound annual growth rate from 2010 to 2014 was almost 21 percent. Uncertainty about tax policy, the political environment and other market conditions fueled this growth. We predict continued growth in contributions to donor-advised funds, but likely at a much lower rate.

As contributions level out, we predict a continued increase in grantmaking and rise in payout rates. Grants grew almost 17 percent between 2014 and 2015. The five-year compound annual growth rate from 2010 to 2014 was at 14.5 percent. Already, we are seeing this increase in grantmaking and we expect it will continue.

This report does not collect data on the types of contributions to donor-advised funds; however, we anticipate that donors will continue funding their donor-advised fund with illiquid gifts. We observe donors are turning complex assets—such as closely held stock, real estate and personal property—into charitable dollars. This trend is directly related to economic growth, where events like mergers and acquisitions, companies going public and increased real estate values are creating new wealth. We anticipate that this will play a role in increasing contributions to all donor-advised fund charities in the coming years.

The projections noted above are based on NPT's experience and anecdotal evidence over the past year, in addition to observed economic and political conditions.

## Summary

All types of charities that offer donor-advised funds reported growth in each key metric in 2015. Grantmaking increased by almost 17 percent, which is the second fastest rate of growth in the past six years. Aggregate payout rates have been above 20 percent since we first started collecting data in 2007. This suggests that donors who use this type of charitable giving vehicle are supporting philanthropic organizations and the public good with a consistent level of grantmaking, regardless of economic conditions.



# METHODOLOGY

## Organizations

This edition of the Donor-Advised Fund Report examined a total of 1,016 charities registered under Section 501(c)(3) of the Internal Revenue Code that sponsor and/or manage donor-advised funds. These include the following organizations:

- **National Charities:** organizations that are independent or are commercially-affiliated and national in reach; not focused on a particular region; do not have a specific religious and/or focus area. Examples include National Philanthropic Trust, Fidelity Charitable Gift Fund and Renaissance Charitable Foundation.
- **Community Foundations:** organizations that have a specific geographic or regional focus. Examples include Cleveland Foundation, Delaware Community Foundation and Community Foundation of the Ozarks.
- **Single-Issue Charities:** organizations that support a specific religious faith; focus on a particular issue area or cause; or fund a specific institution. Examples include Jewish Federation of Rhode Island, San Diego Human Dignity Foundation and Stanford University.

## Primary Data Source

The primary source for each charitable sponsor's assets, contributions, grants and total number of donor-advised funds is their IRS Form 990. The Form 990 is the annual information return that charities file with the Internal Revenue Service. For those organizations that filed returns for FY2009 and forward, this information is found in Schedule D.

For organizations that filed returns for FY2008, this may include information found on Schedule D.

For others, and those organizations that filed returns for FY2007 and FY2006, this data can be found on the following lines:

- Contributions: Line 1A
- Grants: Line 2A
- Accounts: Schedule A, Part III, Line 4D
- Assets: Schedule A, Part III, Line 4E

NPT obtained copies of Form 990 via GuideStar ([www.guidestar.org](http://www.guidestar.org)). In select cases, NPT obtained copies of Form 990 from the Foundation Center's 990 Finder ([www.foundationcenter.org](http://www.foundationcenter.org)) or the organization's website.

## Secondary Sources

For FY2007-2010, the following served as secondary sources for the above data. This includes data the organization publicly disclosed and/or reported:

- The former donor-advised fund survey conducted by The Chronicle of Philanthropy
- The organization's annual report
- The organization's website
- The organization's audited financial statements

## Standard Fiscal Data by Filing Year

Since organizations have varied fiscal years, which may end March 31, June 30, September 30 or December 31, data was recorded in the fiscal year in which the charity filed the 990 Form with the IRS and posted on GuideStar ([www.guidestar.org](http://www.guidestar.org)). For example, whether an organization's fiscal year ends on March 31, 2015 or December 31, 2015, the data will be recorded as 2015. This is consistent with GuideStar's reporting process in date stamping all Form 990s for the organizations' respective fiscal years.

## Continuous Data Updates

Starting in the 2014 edition of the Donor-Advised Fund Report, National Philanthropic Trust compiled a larger file covering more donor-advised fund sponsors. In this edition, the data are again compiled from that larger file.

- For this 2016 edition, NPT reviewed 1,016 organizations. These include the largest programs in all major categories—48 national programs, 608 Community Foundations (CFs) and 360 Single-Issue Charities.
- NPT maintains a time series of all key data points (charitable assets, grants, contributions and accounts) back to FY2007.
- For this edition, NPT used the most recent data from IRS Forms 990 to supplement the file and to reflect the few mergers and closures that have occurred. Values shown for prior years include all donor-advised fund sponsors that could be identified as operating in the year reported.



# METHODOLOGY

## **Payout calculation**

Payout from donor-advised funds is calculated to resemble how the Foundation Center estimates the grant payout rate for private foundations.

The Foundation Center published a report about how payout rate is determined using rules established in the tax code. The tax code allows private foundations to include as “qualified distributions” certain expenses associated with grantmaking and other payments made for charitable purposes (e.g., conferences, technical assistance for grantees and other expenses). Those expenses are too complex to track accurately for 75,000+ private foundations. In its work, the Foundation Center uses a simpler approach, which this report now replicates<sup>11</sup>.

In the “Foundation Center method,” the current year’s grants are divided by investable assets held at the end of the prior year. When using this method, the payout rates for donor-advised funds rise from prior levels reported in the Donor-Advised Fund Reports before 2015.

For a comparison of the impact of using the Foundation Center method, see Figure 13 in the 2015 Donor-Advised Fund Report.

## **A Note on Comparing Changes in Donor-Advised Funds with Changes in Private Foundations**

Independent foundation grantmaking rose by about 10.9% in from 2014 to 2015<sup>12</sup>, which is lower than the 16.9% increase in grants from donor-advised funds. .

Even after NPT’s revision to use the “Foundation Center method” of payout calculations, comparing annual changes in donor-advised funds with changes at private foundations can be confusing because organizations use many different reporting years. Many donor-advised fund sponsors use a July-June fiscal year, and many private foundations use a calendar year or an April-March fiscal year. When a significant economic event occurs in the last six months of a calendar year, the impact of that event will appear in different reporting years for those using a fiscal year and those using a calendar year.

<sup>11</sup> Renz, L. 2012. Understanding and Benchmarking Foundation Payout Rates.

<sup>12</sup> Reported amounts from Giving USA 2015 and Giving USA 2016.



National Philanthropic Trust (NPT) is a public charity dedicated to providing philanthropic expertise to donors, foundations and financial institutions, enabling them to realize their philanthropic aspirations. NPT was founded in 1996. Since that time, we have raised \$6.2 billion in charitable contributions and currently manage \$3 billion in charitable assets. We have made more than 150,000 grants totaling \$3.6 billion to charities all over the world. We rank among the largest grantmaking institutions in the United States.



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