



National
Philanthropic
Trust

Your partner in giving

2020

DONOR-ADVISED FUND REPORT

National Philanthropic Trust is proud to publish our 14th annual *Donor-Advised Fund Report*.

NATIONAL PHILANTHROPIC TRUST'S (NPT) 2020 *Donor-Advised Fund Report* examines 2015 through 2019 fiscal year data from 993 charities. For the tenth consecutive year, there was growth in donor-advised funds (DAFs) in every key metric. Most notably, grantmaking from DAFs to qualified charities totaled more than \$25 billion in 2019, a 93 percent increase since 2015. The same rapid growth trajectory also applies to contributions to DAFs, which totaled \$38.81 billion in 2019. This represents an 80 percent increase in contributions since 2015.



As we publish this report in early 2021, I am cognizant of how important it is to record and examine the historical growth of DAFs. This report's numbers will be the benchmark against which we will compare the DAF response to major events like those we experienced in 2020. The global COVID-19 pandemic touched nearly every facet of our lives. The amplified fight for racial justice after centuries of inequity inspired passionate responses. And the tense political climate of the U.S. 2020 Presidential election heightened civic engagement. These events and others helped drive unprecedented DAF activity in the past year.

The data reported in this edition of the *Donor-Advised Fund Report* captures the 2019 fiscal year, which can begin as early as July 1, 2018 and ends as late as December 31, 2019. It does not include the tremendous philanthropic response to the events of 2020 and beyond.

The full charitable impact of DAFs in 2020 is still being counted, but our experience, historical trends and early data all tell us this: **DAF donors are consistently generous**. The DAF payout rate, which has remained above 20 percent for every year on record, reflects this fact and the 22.4 percent payout rate in 2019 continues this longstanding trend.

Along with this report, NPT has also published a separate *DAF COVID Grantmaking Survey* which analyzes the DAF grant response during the first few months of COVID. The data shows a 66 percent increase in grantmaking between early 2019 and early 2020, far more than typical year-over-year growth.

DAFs are flexible giving tools. They serve many different philanthropic situations, whether facilitating workplace giving at a global corporation, multigenerational philanthropy in a single family or emergency responses to pressing needs in our own communities or beyond. That is why the fastest growth rate of any metric we record is the number of individual DAF accounts. They have quadrupled in the last five years. It is clear that donors increasingly choose DAFs to facilitate their giving and that DAF donors are having an undeniable impact on charitable causes.

Regards,

A handwritten signature in cursive script that reads "Eileen R. Heisman".

Eileen R. Heisman
President and 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 DAF accounts make them the fastest-growing vehicle in philanthropy, and the rising value of charitable dollars granted from DAFs also makes them the most active philanthropic vehicle. National Philanthropic Trust provides this report as a public service to those who are interested in this important charitable giving vehicle.

National Philanthropic Trust began tracking DAF data in 2007. Since that time, we have analyzed 62 National Charities, 630 Community Foundations and 395 Single-Issue Charities for a total of 1,087 DAF sponsors. This edition of the Donor-Advised Fund Report relies on data from 993 charitable sponsors that reported DAF assets in any year from 2015 through 2019.

We perform regular audits of our database of DAF charitable sponsors, adding new charitable sponsors and removing closed ones each year. We also compare our database against all charities that complete the IRS 990 Form Schedule D, which specifically relates to DAFs. We study and verify the accuracy of the filings before adding the organization to our database.

CHARITABLE SPONSORS EXAMINED IN THIS REPORT

53 NATIONAL CHARITIES

607 COMMUNITY FOUNDATIONS

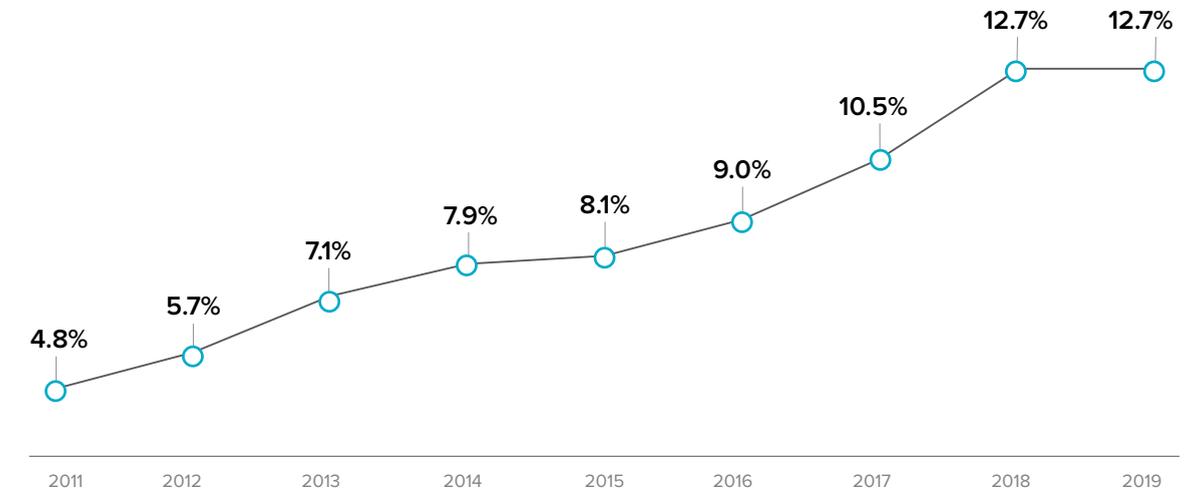
333 SINGLE-ISSUE CHARITIES

PURPOSE AND SCOPE

This report provides an up-to-date analysis of DAFs. It is based on data collected during the third and fourth quarters of 2020 about DAFs and their charitable sponsors in fiscal year 2019. This report analyzes data from 993 DAF charitable sponsors.

According to *Giving USA*,¹ total estimated charitable contributions in the United States in 2019 were \$449.64 billion. Individual giving accounted for \$309.66 billion, or 69 percent of all charitable giving in the U.S., in 2019. Contributions to DAFs have increased as a share of individual giving over the past decade. For 2019, DAF donors contributed an estimated \$38.81 billion, or the equivalent of 12.7 percent of individual giving. This is equivalent to 2018, when contributions to DAFs were also 12.7 percent of individual giving.

CONTRIBUTIONS TO DAFs EXPRESSED AS % OF TOTAL INDIVIDUAL GIVING



¹ Individual giving estimates are from *Giving USA 2020*. All values reflect the most current data available from *Giving USA 2020* and from National Philanthropic Trust's collected data on donor-advised fund (DAF) contributions based on IRS Forms 990 and estimates. We recognize that DAF contributions are not entirely from individuals. Using individual giving consistently as the denominator provides a constant point of comparison.

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 or Charity

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. Donations to a charitable organization are generally tax-deductible to the donor. 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. Also called *charity*.

Charitable Sponsor

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 donor-advised funds to ensure compliance with all applicable laws and regulations. Also called *sponsoring organizations* or *fund sponsor*.

Community Foundation

A charitable organization that raises funds from the public. Most Community Foundations, both trust and corporate forms, qualify as public charities defined in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code. 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 a constant rate of return 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 gives to a donor-advised fund when establishing the fund or adding money to it.

Donor-Advised Fund (DAF)

A philanthropic giving vehicle administered by a charitable sponsor. A donor-advised fund allows donors to establish and fund the DAF account by making irrevocable, tax-deductible contributions to the charitable sponsor. Donors then recommend grants from those funds to other charitable organizations. The charitable sponsor retains legal control over all assets in the DAF and the donor retains advisory privileges to make non-binding recommendations regarding grants and investments.

Grant

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

Grant Payout²

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 donor-advised funds 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.

National Charity

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

Private Foundation

A charitable organization formed and controlled by a donor or small group of donors for the purpose of distributing money to other charitable organizations or individuals. In this report, corporate foundations are not included in the definition.

Single-Issue Charity

A charitable 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.

² This method is based on the only comparable payout rate mandated by law, that for private foundations, which are required to make grants and have certain qualifying expenses equal to at least five percent of their prior year's assets. Note that there are alternative approaches to calculating grant payout. This edition of the *Donor-Advised Fund Report* shows payout based on grants divided by last year's end-of-year assets. Appendix A compares that result with two alternatives.

Market Overview

THE PERIOD WE ANALYZE in this report is fiscal year 2019. Charitable organizations operate on different fiscal year periods, which means the reporting period began as early as July 1, 2018 for some charities and ended as late as December 31, 2019 for others. This particular 18-month period was marked by a bear (falling prices) stock market in the last three months of 2018 and a bull (rising prices) market in the last quarter of 2019.

In the last half of 2018 and in 2019, there were also important social, political and environmental events that motivated many to give or, in some cases, to redirect giving to political or other non-charitable purposes. These events include the kick-off of U.S. Presidential campaigns; legal investigations and Congressional impeachment of the U.S. President; mass shootings; growth of the #MeToo movement; a devastating Atlantic hurricane season and several global humanitarian crises.

TABLE 1: DONOR-ADVISED FUND METRIC OVERVIEW

	2018	2019	% Change
Charitable Assets	\$ 122.18	\$ 141.95	16.2%
Total Contributions	\$ 36.10	\$ 38.81	7.5%
Total Grant Dollars	\$ 23.72	\$ 27.37	15.4%
Grant Payout*	21.2%	22.4%	5.7%
Total # of DAF Accounts	731,607	873,228	19.4%
Average Size of DAF Account (\$)	\$ 167,005	\$ 162,556	-2.7%

\$ billions except as noted

* Following the Foundation Center model for calculating payout rates for independent foundations, the payout rate for donor-advised funds is this year's grants divided by last year's total assets. See Appendix A for a discussion of alternative approaches to calculating payout.

Economic indicators play an important role in charitable giving throughout the year. In 2019, the overall economy grew and by year-end, the stock market boomed. The total U.S. economy, as measured by real (inflation-adjusted) Gross Domestic Product, grew by 2.2 percent for calendar year 2019,³ although that is a slowed rate of growth compared with 3 percent in 2018 (also adjusted for inflation).⁴ The official unemployment rate fell slightly in 2019 to 3.7 percent, down from 3.9 percent the prior year.⁵ Personal income, also adjusted for inflation, rose by 2.4 percent, another slowed rate of growth compared with the prior year.⁶ The Standard & Poor's 500 (S&P Index) ended 2019 up 27.0 percent (adjusted for inflation) compared with the end of 2018.⁷

In 2019, donor-advised funds (DAFs) saw continued growth in all key metrics, including grant dollars, contributions, charitable assets, number of DAFs and grant payout rate (Table 1).

OF NOTE:

- Grants from DAFs to qualified charities totaled an estimated \$27.37 billion, representing an increase of 15.4 percent compared to 2018, which is revised to \$23.72 billion. The compound annual growth rate (CAGR) from 2015 through 2019 was 13.0 percent.
- Contributions to DAFs increased by 7.5 percent to \$38.81 billion compared to the prior year's revised contribution total of \$36.10 billion. The compound annual growth rate from 2015 through 2019 for contributions was 9.7 percent.
- Charitable assets in DAFs grew from \$122.18 billion in 2018 to \$141.95 billion in 2019, a 16.2 percent increase. From 2015 through 2019, charitable assets rose by a compound annual growth rate of 10.4 percent. Growth includes contributions and investment yield less assets distributed in grants.

³ Real Gross Domestic Product, 2018 and 2019. Obtained December 30, 2020 from National Income & Product Table 1.1.6. <https://www.bea.gov/data/gdp/gross-domestic-product>.

⁴ Ibid.

⁵ Unemployment rate, Labor Force Statistics from the Current Population Survey, 2018 and 2019. Obtained December 30, 2020. <https://www.bls.gov/cps/cpsaat01.htm>.

⁶ Personal income, 2018 and 2019. Obtained December 30, 2020 from National Income & Product Tables, 2.1. <https://www.bea.gov/data/income-saving/personal-income>.

⁷ Standard & Poor's 500 Index, December 31, 2018 and December 31, 2019. Obtained October 3, 2019. https://ycharts.com/indicators/sp_500.

Comparison to Private Foundations

TABLE 2 SHOWS AN ESTIMATED total of 873,228 DAF accounts in 2019 among all charitable sponsors included in this report. This number compares with approximately 90,000 private foundations in recent years.

While there are nine times the number of DAFs as private foundations, the charitable assets have the opposite relationship. There are an estimated \$141.95 billion in assets in DAFs and an estimated \$1 trillion in private foundations.⁸

Foundation 2018 assets and 2018 grant estimates from *Giving USA 2019* and 2019 grant estimates are from *Giving USA 2020*. Assets and number of private foundations are NPT projections using available data from *Giving USA* and asset appreciation based on the Standard and Poor's 500 for 2019. This method does not include new gifts to private foundations that remain in assets.

Grants from DAFs to qualified charities totaled \$27.37 billion in 2019, equating to more than 50 percent of the estimated \$54.35 billion granted by independent foundations to charities.⁹

TABLE 2: DONOR-ADVISED FUND GROWTH COMPARED WITH INDEPENDENT FOUNDATION GROWTH

Independent Foundations	2018	2019	% Change
Charitable Assets	\$ 830.41	\$ 1,000.7	20.4%
Total Grant Dollars	\$ 54.03	\$ 54.35	0.6%
Number	90,000		

Donor-Advised Funds	2018	2019	% Change
Charitable Assets	\$ 122.18	\$ 141.95	16.2%
Total Grant Dollars	\$ 23.72	\$ 27.37	15.4%
Number	731,607	873,228	19.4%

*\$ billions except as noted
Italic indicates an estimate based on historical data from Candid/The Foundation Center.*

⁸ Published amount for 2017 in *Giving USA 2018*, increased by 0.8 percent increase reported as an increase in asset values for 2018, in *Giving USA 2020*, p. 97. That value for 2018 was decreased by 5% to allow for grants made, and that was increased by the 28.7% increase in the Standard & Poor's 500 Index for 2019, to yield \$1.016 trillion.

⁹ *Giving USA 2020*, p. 95 shows estimated giving in 2019 by independent (private) foundations.

GROWTH IN RECENT YEARS

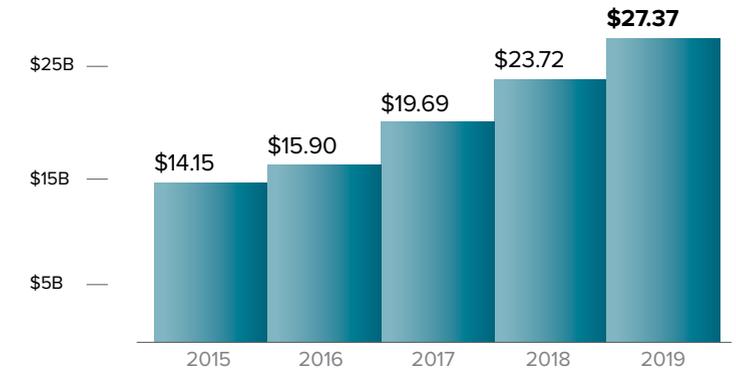
Donor-Advised Funds (DAFs) increased in all key metrics in 2019, continuing a decade-long growth trend. Grants from DAFs and contributions to them both grew. Grants from DAFs increased 15.4 percent over the prior year, double the rate of growth for contributions to DAFs, which was 7.5 percent. Grants totaled \$27.37 billion and contributions totaled an estimated \$38.81 billion. Charitable assets in DAFs grew by 16.2 percent to reach \$141.95 billion. The number of individual DAF accounts rose by 19.4 percent, bringing the total number of DAF accounts to 873,228. The number of DAF accounts has a significant impact on the average DAF account size, which fell an estimated 2.7 percent, to \$162,556.

The compound annual growth rate is included for each dollar-based metric. This measurement calculates a constant rate of return over time (in this case from 2015 to 2019) and mitigates volatility. This measurement has been included to provide additional context and a point of comparison for the historical growth. We calculated the compound annual growth rate using all available data.

GRANTS SURPASS \$25B

Grants from DAFs to charitable organizations reached a new high at \$27.37 billion. This is a 15.4 percent increase from a revised 2018 total of \$23.72 billion. The compound annual growth rate for grants from 2015 to 2019 was 13 percent.

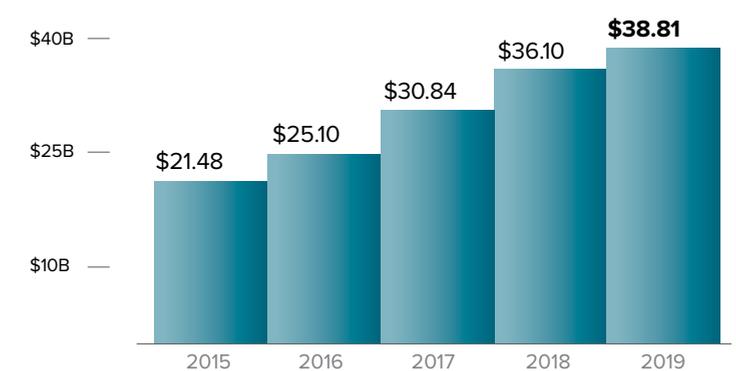
FIGURE 1: Total Grants Made by Donor-Advised Funds (\$B)



CONTRIBUTIONS INCREASE AT SLOWER RATE

Contributions to DAFs in 2019 totaled \$38.81 billion, also an all-time high. This number is a 7.5 percent increase from the revised 2018 value of \$36.10 billion. It is slower than the compound annual growth rate for contributions from 2015 to 2019, which was 9.5 percent.

FIGURE 2: Total Value of Contributions to Donor-Advised Funds (\$B)



CHARITABLE ASSETS RISE STEADILY

Charitable assets under management in all DAFs totaled \$141.95 billion in 2019, a 16.2 percent increase from the revised 2018 total of \$122.18 billion. The compound annual growth rate for charitable assets from 2015 through 2019 was 10.4 percent. Continued growth of charitable assets under management reflects increases in the number of DAFs, in donor contributions to DAFs, and in market gains – all of which increase funds available for grantmaking.

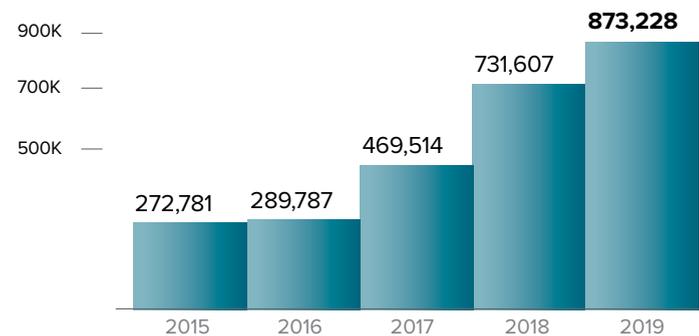
FIGURE 3: Total Assets in Donor-Advised Funds (\$B)



NUMBER OF DAF ACCOUNTS CONTINUES TO INCREASE

The number of individual DAF accounts rose by 19.4 percent to 873,228, a markedly slower rate than the 33.8 percent compound annual growth rate from 2015 through 2019. On average, sponsors added about 90 new DAF accounts each during 2019. Six sponsors, all national charities, added more than 1,000 DAF accounts each. In addition, five sponsors reported at least 50 fewer DAF accounts each for 2019.

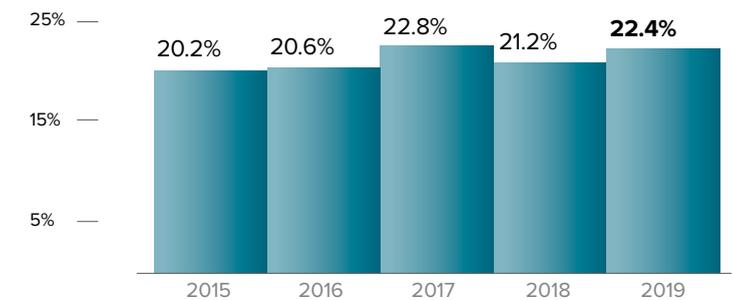
FIGURE 4: Total Number of Donor-Advised Fund Accounts



PAYOUT RATE REMAINS ABOVE 20%

Aggregate grant payout rates from DAFs have exceeded 20 percent for every year on record. The payout rate for 2019 was 22.4 percent. This is higher than the revised payout rate of 21.2 percent for 2018.¹⁰

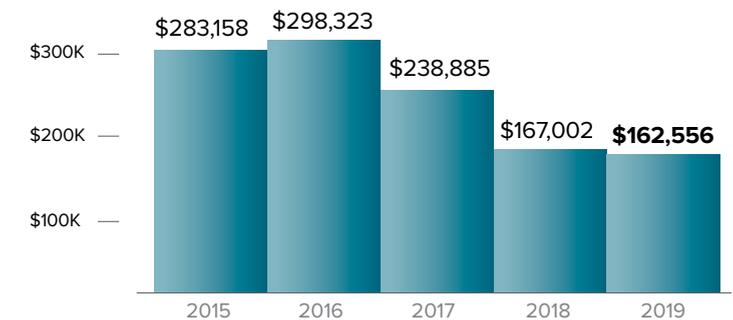
FIGURE 5: Annual Payout Rate, Total for all Donor-Advised Funds



AVERAGE DAF SIZE SHRINKS SLIGHTLY

The average size of an individual DAF account is estimated to be \$162,556 in 2019. This is a 2.7 percent decrease compared with the revised estimate for the 2018 average account size of \$167,002. The emergence of workplace giving DAF accounts, and of sponsoring organizations that have no or low contribution minimums, affects the average DAF size.

FIGURE 6: Average Donor-Advised Fund Size



¹⁰ This report estimates values where IRS Forms 990 are not available. The following year, when the data become available (e.g., for sponsors on a fiscal year), estimates are adjusted to reflect the new data. Historically, this report has been within 3 percent of actual values for all key metrics.

Comparison by Charitable Sponsor Types

THERE ARE AN ESTIMATED 1.37 MILLION registered public charities in the United States.¹¹ The charities that sponsor donor-advised funds (DAFs) tracked in this report comprise less than 1/10th of one percent of those organizations. In this report, data from three types of DAF charitable sponsors are reported: National Charities, Community Foundations and Single-Issue Charities.

The first DAFs were opened in the mid-1930s and housed at Community Foundations and Jewish Federations. National DAF programs emerged in the 1990s.

The number of DAF accounts at National Charities is five times the number in the other two types of charitable sponsors combined. National Charities distribute more grant dollars and have higher aggregate charitable asset values. The average DAF account size at Community Foundations is higher than at 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.

¹¹ Internal Revenue Service. 2019. IRS Data Book. Table 14: Tax-Exempt Organizations, Nonexempt Charitable Trusts, Nonexempt Split-Interest Trusts, Fiscal Year 2019. Obtained January 2, 2021 from <https://www.irs.gov/statistics/soi-tax-stats-tax-exempt-organizations-and-nonexempt-charitable-trusts-irs-data-book-table-14>

“

GIVING BACK REFRAMES
PORTRAITS OF
PHILANTHROPY.”

– Valaida Fullwood

National Charities

This report analyzes DAF data from 53 National Charities. These national charitable sponsors had a combined estimated 731,110 DAF accounts with total charitable assets of \$87.23 billion in 2019.

The compound annual growth rate is included for each metric. This measurement calculates a constant rate of return over time (in this case four years) and mitigates volatility. This measurement has been included to provide additional context and a point of comparison for the historical growth at National Charities that offer DAFs.

53 NATIONAL CHARITIES

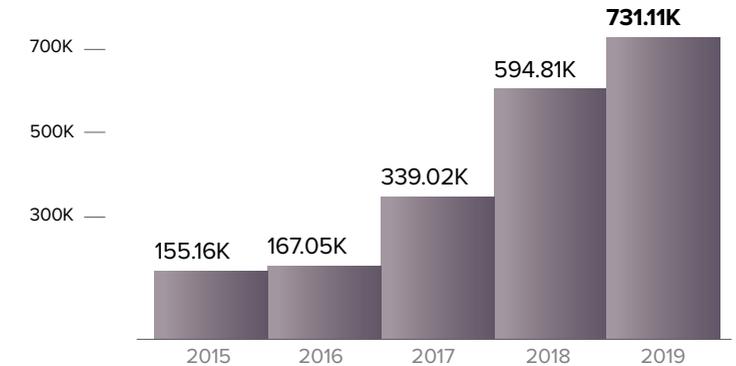
731,110 NUMBER OF DAF ACCOUNTS

\$87.23 CHARITABLE ASSETS (*billions*)

NUMBER OF DONOR-ADVISED FUNDS

The number of individual DAF accounts at National Charities grew to an estimated 731,110 in 2019 from a revised 594,806 in 2018, an increase of 22.9 percent. This growth included an increase in the number of DAF accounts at several National Charities, including those with low or no minimum DAF account thresholds. This one-year growth is slower than a compound annual growth rate of 47.3 percent from 2015 to 2019.

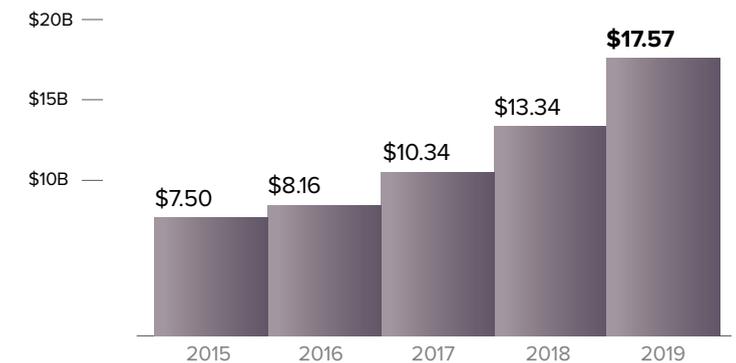
FIGURE 7: Number of DAF Accounts at National Charities



GRANTS

The total value of grants from DAFs at National Charities to qualified charities totaled \$17.57 billion in 2019, an increase of 31.7 percent from the prior year. This increase is significantly ahead of the compound annual growth rate of 23.7 percent from 2015 to 2019.

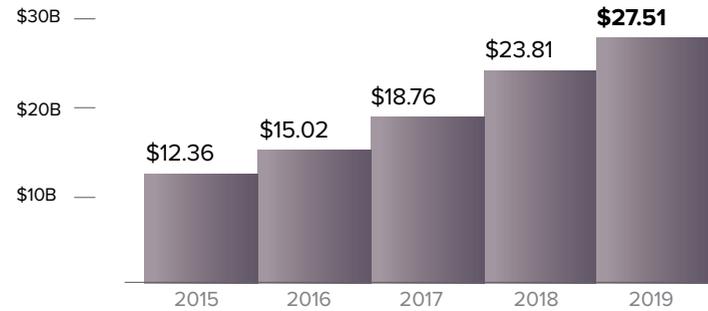
FIGURE 8: Value of Grants from DAFs at National Charities (\$B)



CONTRIBUTIONS

Total contributions to DAFs at National Charities reached \$27.51 billion in 2019. This represents a 15.5 percent increase over the prior year. This year's rate of growth is slower than the compound annual growth rate of 22.1 percent from 2015 to 2019.

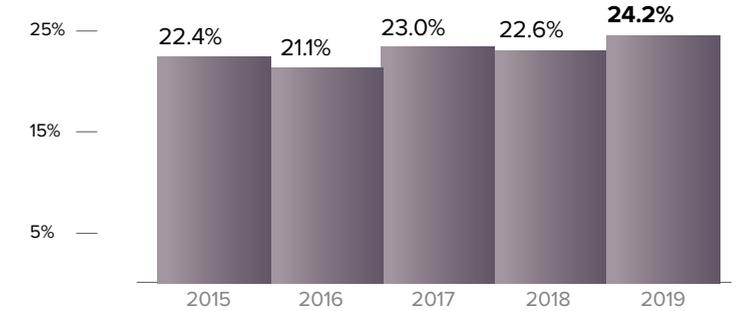
FIGURE 9: Value of Contributions to DAFs at National Charities (\$B)



GRANT PAYOUT

The total payout rate from DAFs at National Charities was 24.2 percent in 2019, an increase from a 22.6 percent payout rate in 2018.

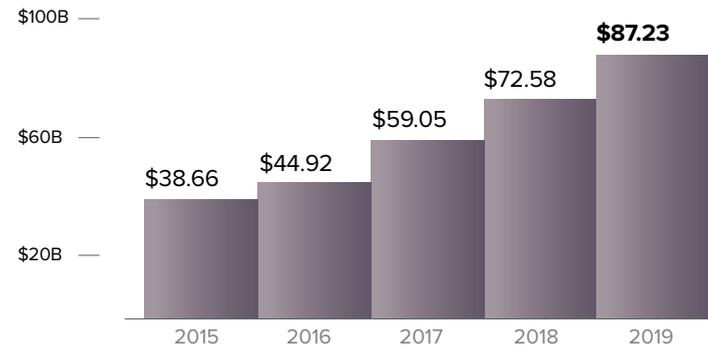
FIGURE 11: Annual Payout Rate for DAFs at National Charities



CHARITABLE ASSETS

Total charitable assets in DAFs at National Charities were \$87.23 billion in 2019, a 20.2 percent increase from \$72.58 billion the prior year. The compound annual growth rate for charitable assets at National Charities from 2015 through 2019 was 22.6 percent.

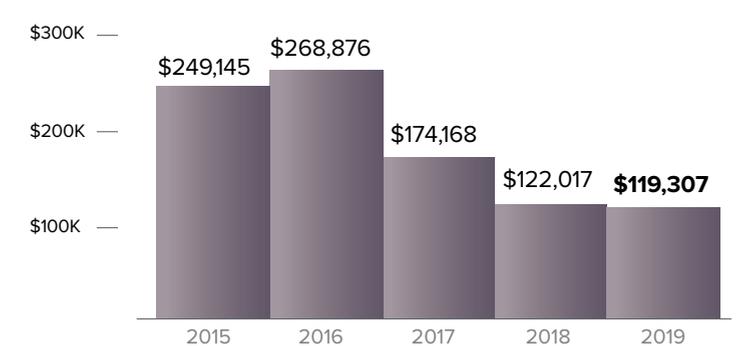
FIGURE 10: Charitable Assets in DAFs at National Charities (\$B)



AVERAGE DAF ACCOUNT SIZE

The average DAF account size at National Charities in 2019 is estimated at \$119,307. This represents a 2.2 percent decrease compared with the revised 2018 average of \$122,017. Over time, the average account size declined at a compound annual rate of 16.8 percent between 2015 and 2019.

FIGURE 12: Average DAF Account Size at National Charities



Community Foundations

This report analyzes DAF data from 607 Community Foundations, which have 83,185 DAF accounts with charitable assets totaling \$40.22 billion.

The compound annual growth rate is included for each metric. This measurement calculates a constant rate of return over time (in this case four years) and mitigates volatility. This measurement has been included to provide additional context and a point of comparison for the historical growth of DAFs at Community Foundations.

607 COMMUNITY FOUNDATIONS

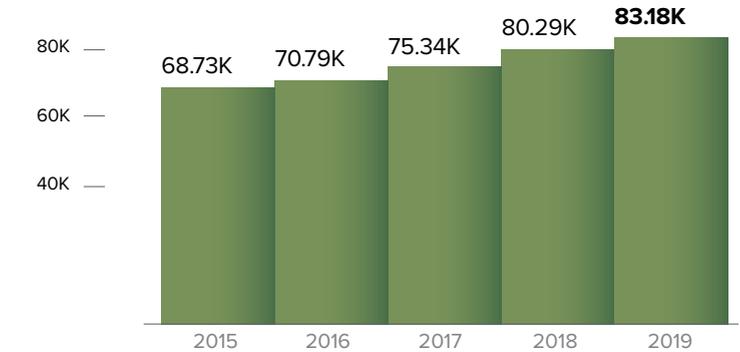
83,185 NUMBER OF DAF ACCOUNTS

\$40.22 CHARITABLE ASSETS (*billions*)

NUMBER OF DONOR-ADVISED FUNDS

The number of individual DAF accounts at Community Foundations was 83,185 in 2019 and 79,657 in 2018, an increase of 3.6 percent. The compound annual growth rate from 2015 through 2019 was 4.9 percent.

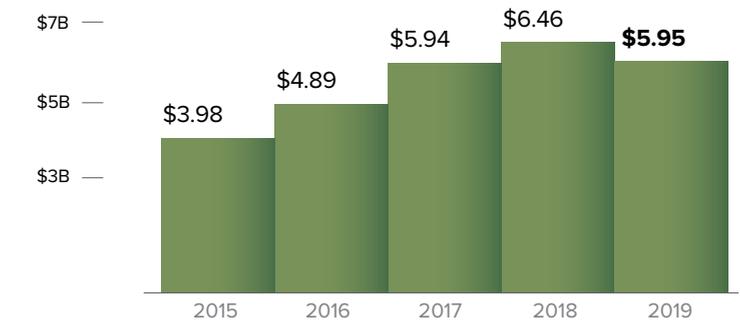
FIGURE 13: Number of DAF Accounts at Community Foundations



GRANTS

Grants from DAFs at Community Foundations totaled an estimated \$5.95 billion in 2019, down 7.9 percent from \$6.46 billion granted in 2018. The compound annual growth rate from 2015 to 2019, however, was 10.6 percent. Some Community Foundations reported lower assets in 2018 after adjusting how to account for the value of certain types of investments. In 2018, total assets in Community Foundation DAFs declined by 8.9 percent, which could account for lower grantmaking at nearly the same rate in 2019.

FIGURE 14: Value of Grants from DAFs at Community Foundations (\$B)



CONTRIBUTIONS

Total contributions to DAFs at Community Foundations were \$6.73 billion in 2019, a 10.5 percent decrease over the prior year. Nearly the same number of Community Foundations experienced decreases in contributions as the number that experienced increases in contributions in 2019. Major declines in contributions at a few large Community Foundations accounted for most of the total decrease. The compound annual growth rate in contributions to DAFs at Community Foundations from 2015 to 2019 is 4.9 percent.

FIGURE 15: Value of Contributions to DAFs at Community Foundations (\$B)

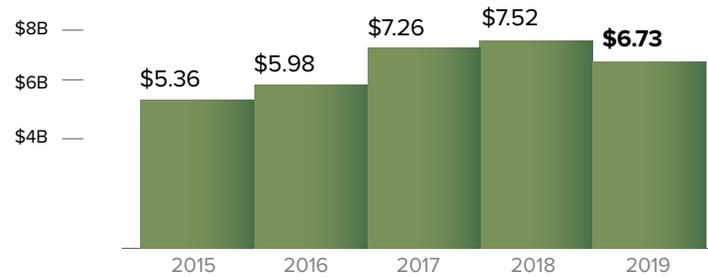
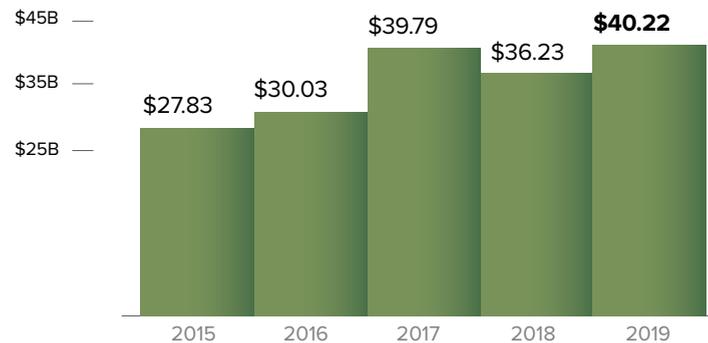


FIGURE 16: Charitable Assets in DAFs at Community Foundations (\$B)



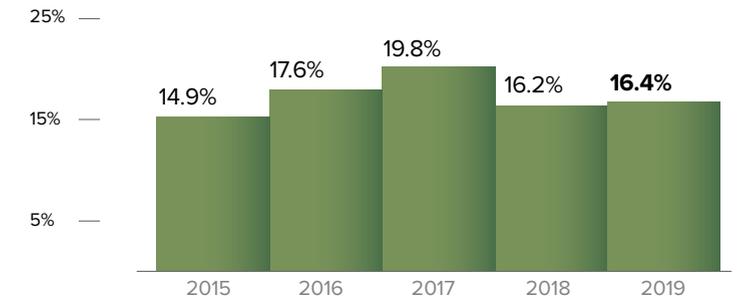
CHARITABLE ASSETS

Charitable assets in DAFs at Community Foundations totaled \$40.22 billion in 2019, an 11.0 percent increase from \$36.23 billion in 2018. The compound annual growth rate for 2015 through 2019 was 9.6 percent.

GRANT PAYOUT

The total payout from DAFs at Community Foundations was 16.4 percent in 2019, a slight increase from 16.2 percent in 2018.

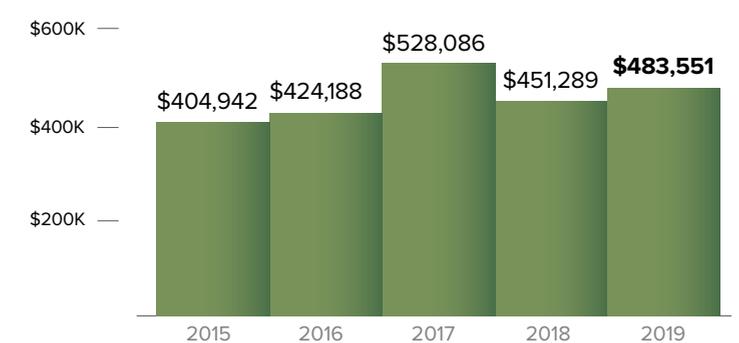
FIGURE 17: Annual Payout Rate for DAFs at Community Foundations



AVERAGE DAF ACCOUNT SIZE

The average account size of DAFs at Community Foundations rose to \$483,551 in 2019. This represents a 71 percent increase from the 2018 average of \$451,289. The compound annual growth rate for average account size from 2015 to 2019 was 4.5 percent.

FIGURE 18: Average DAF Account Size at Community Foundations



Single-Issue Charities

This report analyzes data for 333 Single-Issue Charity sponsors.¹² This type of charitable sponsor held 58,933 DAFs accounts with charitable assets totaling \$14.50 billion.

The compound annual growth rate is included for each metric. This measurement calculates a constant rate of return over time (in this case four years) and mitigates volatility. This measurement has been included to provide additional context and a point of comparison for the historical growth of DAFs at Single-Issue Charities.

333 SINGLE-ISSUE CHARITIES

58,933 NUMBER OF DAF ACCOUNTS

\$14.50 CHARITABLE ASSETS (*billions*)

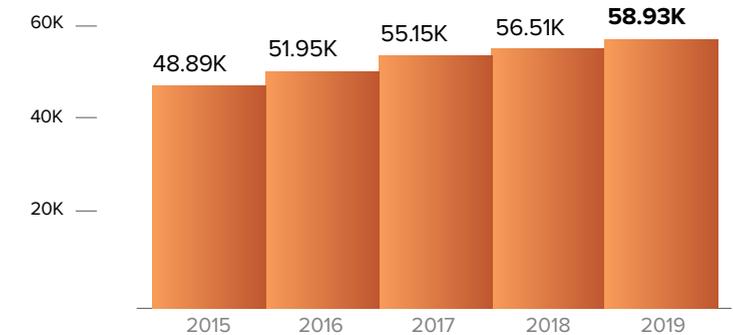
¹² The 333 Single-Issue Charity sponsors analyzed in this section reported assets under management in at least one year between 2015 and 2019. More than 20 of those have closed or stopped offering DAFs during that period. Some sponsors have merged with other organizations; some became private foundations; some closed; and some stopped offering donor-advised funds.

SINGLE-ISSUE CHARITIES

NUMBER OF DONOR-ADVISED FUNDS

There were 58,933 individual DAF accounts at Single-Issue Charities in 2019, a 4.8 percent increase compared with 2018 when there were 56,509 individual DAF accounts. The compound annual growth rate from 2015 to 2019 was 4.8 percent.

FIGURE 19: Number of DAF Accounts at Single-Issue Charities



GRANTS

Grants from DAFs at Single-Issue Charities totaled \$3.85 billion in 2019, down slightly from \$3.92 billion in 2018. This is a 1.8 percent decrease. The compound annual growth rate from 2015 to 2019 was 9.6 percent.

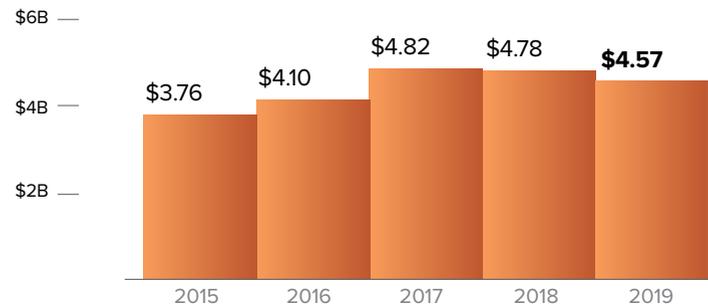
FIGURE 20: Value of Grants from DAFs at Single-Issue Charities (\$B)



CONTRIBUTIONS

Contributions to DAFs at Single-Issue Charities totaled \$4.57 billion in 2019. The change in contributions from 2018 to 2019 is a decrease of 4.3 percent from \$4.78 billion for 2018. The compound annual growth rate from 2015 to 2019 was 5.0 percent.

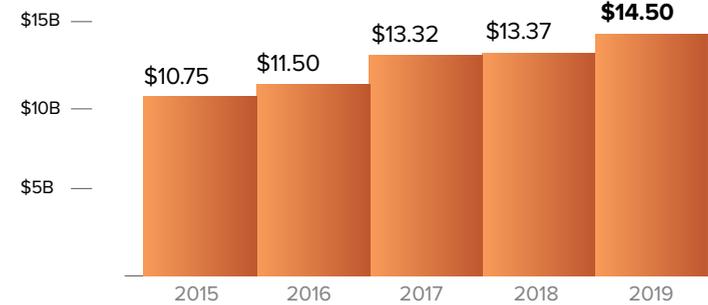
FIGURE 21: Value of Contributions to DAFs at Single-Issue Charities (\$B)



CHARITABLE ASSETS

Charitable assets in DAFs at Single-Issue Charities totaled an estimated \$14.50 billion in 2019. This is an increase of 8.4 percent from \$13.37 billion in 2018. The compound annual growth rate from 2015 to 2019 was 7.8 percent.

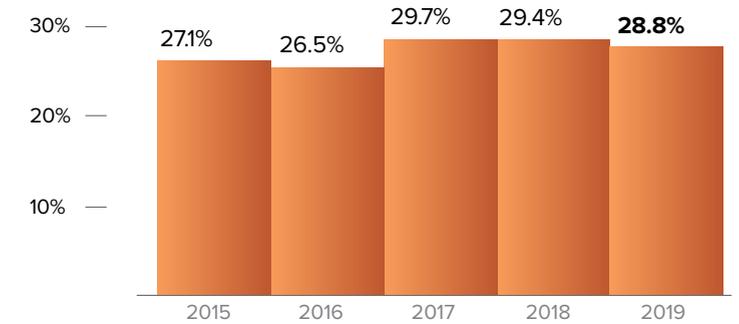
FIGURE 22: Charitable Assets in DAFs at Single-Issue Charities (\$B)



GRANT PAYOUT

The total payout from DAFs at Single-Issue Charities was 28.8 percent in 2019, a small drop from a 29.4 payout rate in 2018.

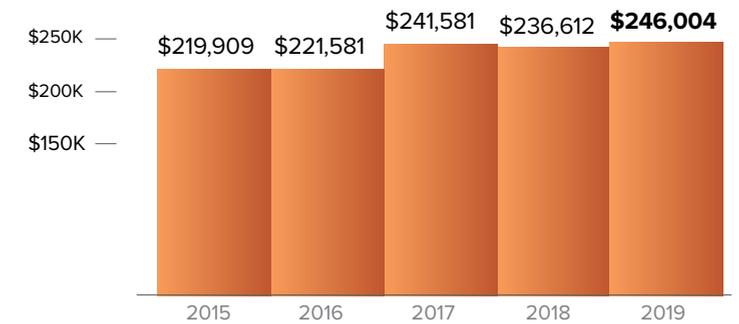
FIGURE 23: Annual Payout Rate for DAFs at Single-Issue Charities



AVERAGE DAF ACCOUNT SIZE

The average DAF account size at Single-Issue Charities was \$246,004 in 2019. This represents an increase of 4.0 percent compared with the 2018 average of \$236,412. The compound annual growth rate from 2015 to 2019 was 2.8 percent.

FIGURE 24: Average DAF Account Size at Single-Issue Charities



Projections and Observations

In the 2019 *Donor-Advised Fund Report*, we predicted growth in contributions to donor-advised funds (DAFs) and grants from DAFs, particularly at National Charities. This year's data supports those predictions. Grantmaking increased at National Charities by 31.7 percent but declined at Community Foundations by 7.9 percent and at Single-Issue charities by 1.8 percent. Thus, National Charities in aggregate accounted for all of the increase in total grantmaking from DAFs in 2019.

In this report, we see the longer-term impact of the Tax Cuts and Jobs Act of 2017 on giving to and from DAFs. To recap: The new laws went into effect on January 1, 2018 and doubled the standard deduction for single and joint tax filers, effectively eliminating the need of many Americans to itemize deductions (like the charitable deduction). As such, many Americans

opted to give before December 31, 2017, which increased contributions to DAFs. This increase affected grantmaking during the following year, which explain the faster rate of growth in grants. In 2019, grants from DAFs to qualified charities grew twice as fast as contributions to DAFs.

DAF donors and sponsors continue to use their DAFs in innovative ways. Emerging models, like employer-sponsored DAF accounts that allow employees to make payroll deductions for charitable giving, are growing. Technology advancements—mobile and online applications, credit card processing, text-to-give campaigns—have facilitated giving to and from DAFs. Increasingly, DAF sponsors are lowering dollar minimums to set up a DAF account, including some that have no minimum requirement. All of these factors are making DAFs more accessible and popular.

WHAT LIES AHEAD?

We expect that grantmaking from DAFs to charitable organizations will continue to grow at an extremely high rate in the next *Donor-Advised Fund Report*. Donors and DAF sponsors made highly publicized announcements about their charitable efforts in response to the COVID-19 global pandemic, calls for racial justice in the United States and other urgent issues that marked 2020. This projection also reflects our historical observations when donors steadily recommended grants in times of crisis, like the Great Recession in 2008 and 2009. The full grantmaking impact of DAFs in 2020 will be part of the next two *Donor-Advised Fund Reports* because of the varying fiscal year-ends.

NPT has also published a *DAF COVID Grantmaking Survey* that shows early data from some of the largest DAF sponsors in the country. Among this limited data set, there was a 29.8% increase in the value of grants from DAFs to qualified charities between the first half of 2019 and the first half of 2020.

We also expect that emerging models for DAFs—such as workplace giving using DAFs and low- or no-minimum DAF accounts—will play a significant role in the number of individual DAF accounts. As a result, the average DAF account size will continue to shrink.

Our projections are based on NPT's experience and observations and on empirical data we have collected for this report and our *DAF COVID Grantmaking Survey*.

Methodology

The 2020 Donor-Advised Fund Report examines a total of 993 charities registered under Section 501(c)(3) of the Internal Revenue Code that sponsor and/or manage donor-advised funds (DAFs) and that reported at least \$1 in assets in any year from 2015 through 2019. 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; and 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 The 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 DAFs 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 Form 990 returns for FY2009 and later, this information is found in Schedule D. For organizations that filed returns prior to FY2008, this may include information found on Schedule D. National Philanthropic Trust (NPT) obtained copies of Form 990 via Candid/GuideStar and ProPublica. In select cases, NPT obtained copies of Form 990 from the Candid/Foundation Center's 990 Finder, the organization's website or the organization directly.

Since organizations have varied fiscal years, which may end March 31, June 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. For example, whether an organization's fiscal year ends on March 31, 2019 or December 31, 2019, the data will be recorded as 2019. This is consistent with Candid/ 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*, NPT compiled a larger file covering more DAF sponsors. In this edition, the data are again compiled from that larger file. In addition, the review of data from Candid/GuideStar showed some charities with DAFs that had not previously been included. The data collection process included obtaining IRS Forms 990 back to 2007 for any entity added to the DAF data set.

For this 2020 edition, NPT reviewed 993 organizations that reported at least \$1 in assets from fiscal year 2015 through fiscal year 2019: 53 National Charities, 607 Community Foundations and 333 Single-Issue Charities. For this edition, NPT used the most recent data from IRS Forms 990. For some organizations whose fiscal year 2019 data was not yet publicly available, we received the data directly from the charity. For some organizations, 2019 data were not available. NPT used an estimating process. This process takes a rate of change by sponsor type for organizations where data were on file for 2018 and 2019. That rate by sponsor type is then applied to the 2018 values by sponsor type to estimate a value for 2019.

NPT maintains a time series of all key data points (charitable assets, grants, contributions and number of DAF accounts) back to FY2007.

Some of the organizations in the historical file have merged or closed. There are more than 1,085 charities in the historical file. As we collect data and update the list of charitable sponsors, we revise values for prior years compared with previous editions of this report.

PAYOUT CALCULATION

Payout from DAFs is calculated to resemble how Candid and The Foundation Center estimate the grant payout rate for private foundations.

The Foundation Center published a report about how payout rate is determined using rules established in the Internal Revenue Code (Code). The Code allows private foundations to include as "qualifying 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 90,000+ private foundations. In its work, the Foundation Center uses a simpler approach, which this report now replicates and refers to as the Foundation Center method.

In the Foundation Center method, the current year's grants are divided by investable assets held at the end of the prior year.

Appendix A – Grant Payout

Payout rates for Donor-Advised Funds (DAFs), no matter how you calculate them, have been consistently high and well above the mandated minimum payout rate for private foundations of 5 percent. Further, DAF payout rates are based entirely on grant distributions and do not include any grantmaking-related expenses, as private foundations are permitted to do.

In 2014, this report began using a payout rate formula modeled on how private foundations calculate payout, specifically to allow comparison across two vehicles frequently used by higher-net worth donors.

That calculation is:

$$\frac{\text{This year's grants divided by}}{\text{Last year's year-end assets}}$$

As is true with most nonprofits, contributions are often received in the very last months of a year in preparation for grantmaking in the future. This is especially true at charities that have a December 31 fiscal year-end.

Prior to the 2014 edition, the payout rate calculation in the *Donor-Advised Fund Report* was:

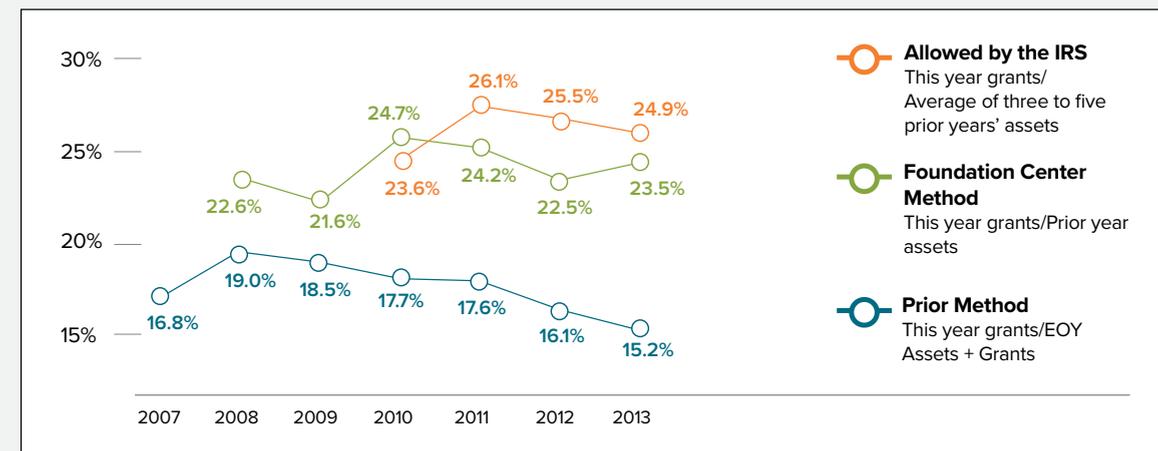
$$\frac{\text{This year's grants divided by}}{\text{This year's year-end assets plus the amount distributed in grants during the year}}$$

As shown in the Methodology section in the 2014 report, switching to the Foundation Center-derived formula, referred to in this report as

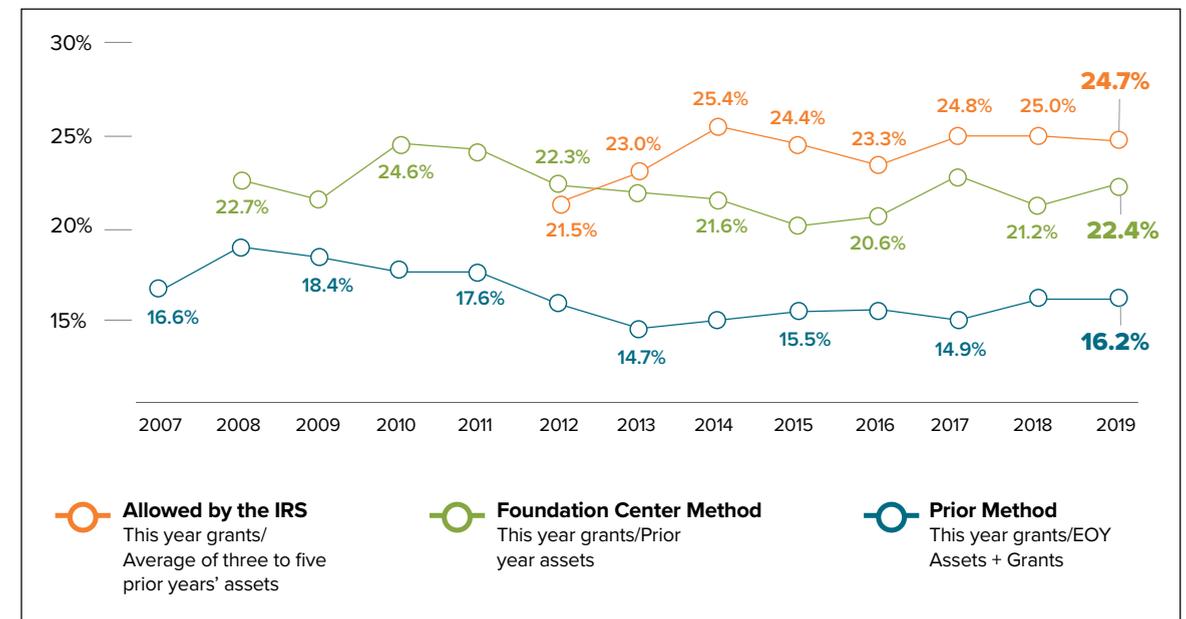
the Foundation Center Method, using last year's assets results in a higher payout rate. Nonetheless, back to the earliest *Donor-Advised Fund reports*, payout has consistently been well above 5% – even above 14%.

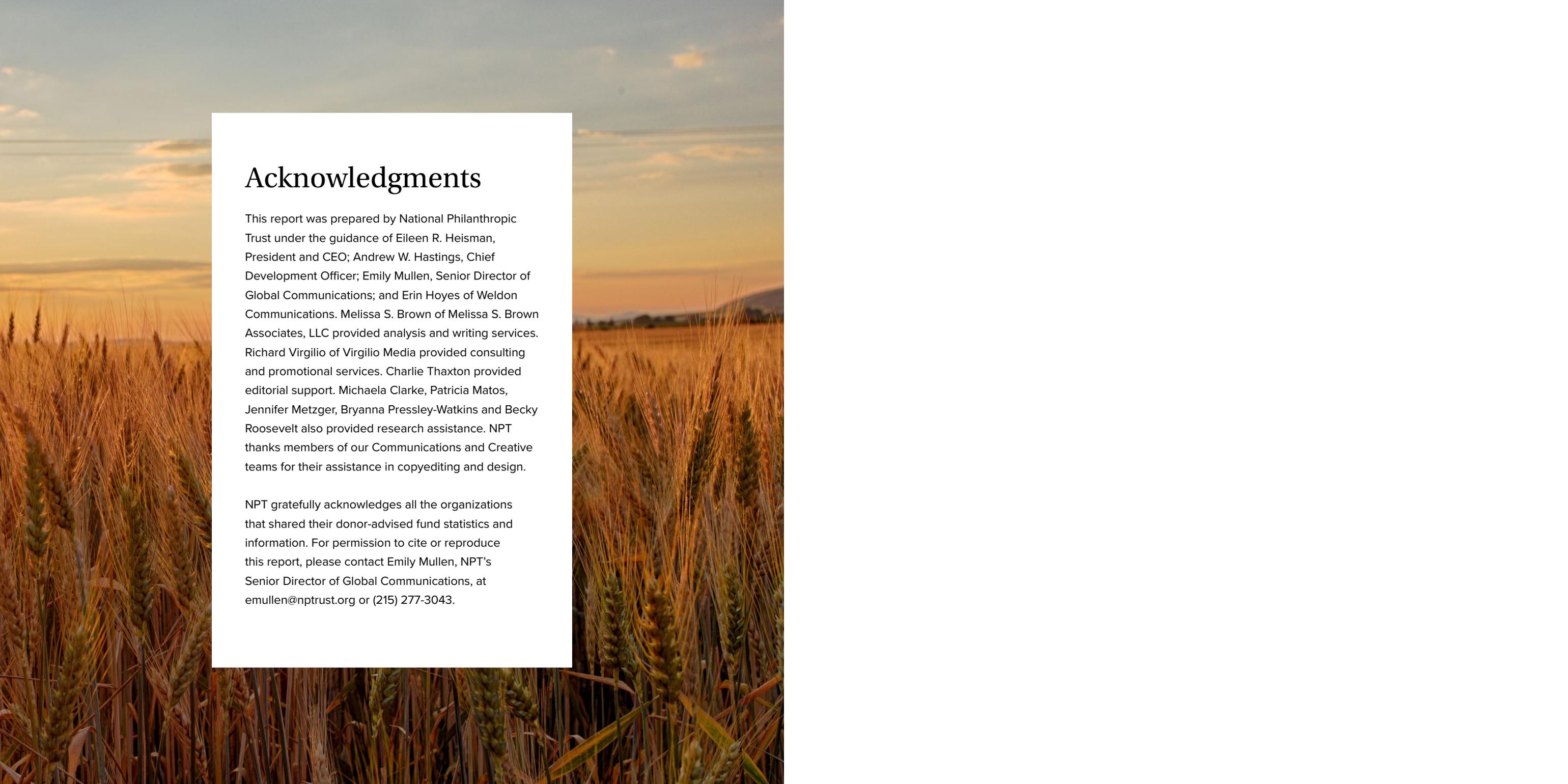
The same calculations for 2007-2019 with the most recent data available, which includes an expanded list of DAF sponsors and regular updates from IRS Forms 990 as they are available in this graph below.

As published in 2014 DAF Report (page 13)



Note: For private foundations, Grants can also include other charitable purpose. However, for DAFs, we use only grants.





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