



# Donor Advised Funds Provide the Majority of Grant Funds Awarded by Community Foundations

Results of a Survey by the Council on Foundations

January 13, 2009

Donor advised funds are increasing in number and importance in the U.S. as more individuals, families, and organizations adopt this vehicle of philanthropic giving. A donor advised fund enables a third party, usually a community foundation or other institution, to manage and distribute funds to causes suggested by the donor. The donor receives tax advantages and the convenience of having philanthropic recommendations administered by the third party while avoiding the expense of establishing a foundation. Critically, donor advised funds democratize charitable giving. Donors can establish such funds with relatively limited assets, in some cases as low as \$5,000.

The Council on Foundations, in conjunction with the Community Foundations Leadership Team, conducted a web-based survey of community foundations in late June through August 2008. The survey aimed to obtain comprehensive information on:

- the amount of assets held in donor advised funds
- the range of sizes of individual donor advised funds
- the amount spent from these funds
- the areas these funds supported in 2007

This report presents a detailed look at the donor advised funds held in 2007 by 137 community foundations that answered the survey. Together, the responding organizations hold half of all community foundation assets.

## Highlights

We estimate that in 2007, roughly \$31 billion was held in donor advised funds by a range of organizations. Community foundations held more than half of that amount—approximately \$16.5 billion—in an estimated 49,000 separate donor advised funds. Donor advised funds are a significant part of the portfolio of U.S. community foundations, accounting for one-third of their assets in 2007, and 62 percent of grantmaking.

## Asset Size and Grantmaking

- About 62 percent of the value of community foundation grants made by the survey respondents in 2007 came from donor advised funds—\$1.3 billion of their total \$2.1 billion in grantmaking. For the largest community foundations (those with more than \$1 billion in assets), 73 percent of the value of grants came from donor advised funds.
- One-third of the assets held by community foundations were held in donor advised funds. The largest community foundations had a greater proportion of their funds in donor advised funds, 43 percent, than did smaller foundations, 19.5 percent for community foundations with less than \$10 million in assets.

- A total of 20,928 donor advised funds were held by community foundations in 2007—2,741 more than in 2006, a 15 percent increase. In addition, the value of assets held in donor advised funds increased by 18 percent.
- The payout rate from donor advised funds—the ratio of the value of grants made to the assets held in donor advised funds—was three times the rate for other funds: 16.4 percent for donor advised funds versus 5 percent for other funds.
- The vast majority of donor advised funds held by community foundations (75 percent) are “spend-down”—allowed to pay out all their assets over time. Only 25 percent of the funds are endowed or meant to be permanent.
- The majority (54 percent) of donor advised funds had assets of \$50,000 or less, but together accounted for only 2.4 percent of the assets held in all donor advised funds.

## Community Foundation Size and Payout Rate

- The largest community foundations (those with \$1 billion or more in total assets) had the highest payout rate from their donor advised funds, 18.5 percent—more than three times the rate for their other funds, 5.1 percent.
- The smallest community foundations (those with assets of \$10 million or less) had a lower payout rate, 7.4 percent, from their donor advised funds.

## Areas Supported by Donor Advised Funds

- In all subject areas, the value of grantmaking from donor advised funds exceeded the grant value from other funds.
- More than half (55 percent) of the grantmaking from donor advised funds were used to support human services and education activities. This is higher than the proportion of other funds (49 percent) that are used to support these two areas. For example:
  - At the East Bay Community Foundation in Oakland, California, one family used its donor advised fund to contribute \$50,000 to several underachieving or primarily low-income schools throughout the region. The donor specifically asked that the money be used to purchase books and other materials for school libraries or public libraries that have close relationships with local schools. The schools reported purchasing thousands of new, age-appropriate, and culturally appropriate books for their students.
  - In Massachusetts, a donor advised fund of the Boston Community Foundation financed a gang violence prevention program that enables local ministers to develop relationships with gang members and conduct mediations among rival gangs.
- Although relatively small, contributions to international activities from donor advised funds were twice the rate of other funds (.8 percent versus .4 percent).
- A slightly lower proportion of donor advised funds (10.5 percent) was used to support the arts, as compared with other funds (11.7 percent). Similarly, a lower proportion of donor advised fund dollars supported health activities (12.5 percent) as compared with other funds (15.4 percent).



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## Introduction

Donor advised funds are increasing in number and importance in the U.S. as more individuals, families, and organizations adopt this vehicle of philanthropic giving. A donor advised fund enables a third party, usually a community foundation or other institution, to manage and distribute funds to causes suggested by the donor.<sup>1</sup> The donor can give assets such as cash, stock, or real estate and receive tax advantages. In addition, the donor has the convenience of having philanthropic recommendations administered by the community foundation or other institution, while avoiding the expense of establishing a foundation. Critically, donor advised funds can be established with relatively limited funds, in some cases as low as \$5,000, thus democratizing charitable giving. Because little is known about how donor advised funds are administered, how much is spent annually, and what charitable areas they are used to support, the *Chronicle of Philanthropy*<sup>2</sup> has noted concern that Congress may increase the regulation of these funds. One concern is that Congress could require donor advised funds to make a 5 percent payout annually, as it already requires of private foundations. At present, many donor advisors prefer to make larger grants but less frequently than annually.

The Council on Foundations, in conjunction with the Community Foundations Leadership Team, conducted a web-based survey<sup>3</sup> of community foundations to obtain comprehensive information on:

- the amount of assets held in donor advised funds
- the range of sizes of individual donor advised funds
- the amount spent from these funds
- the areas donor advised funds supported in 2007

This study aimed to identify the amount held in donor advised funds and the amount of grants made from these funds held by community foundations. It also aimed to provide an in-depth picture of these funds: their sizes, what areas they support with grants, their payout rates, and whether they were established to exist in perpetuity or to spend down. A total of 137 community foundations located in 37 states across the continental United States responded to this survey.<sup>4</sup> Respondents hold about half of the assets held by the more than 700 community foundations nationwide and represent 60 percent of the value of community foundation grantmaking in 2007.

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1 According to the National Philanthropic Trust, a donor advised fund is a charitable investment account administered by a public charity. Donors can open a fund in a donor advised program by making a contribution and receiving an immediate tax deduction. The contribution is irrevocable and becomes controlled by the public charity, which invests the funds in competitive investment vehicles. Although the donor no longer controls the funds once contributed, they can recommend grants to other charitable organizations.

2 See *The Chronicle of Philanthropy*, May 29, 2008.

3 The web survey included about 100 questions about assets held in donor advised and other funds, grantmaking from donor advised and other funds, areas supported and the size of individual funds. See Appendix I for more information on the survey and participating community foundations.

4 See Appendix II for a list of the foundations participating in the Council's survey.

## Key Findings

In 2007, donor advised funds held an estimated \$31 billion in assets. Of that amount, we estimate that 53 percent (\$16.5 billion) was held by community foundations in roughly 49,000 different funds. The survey results demonstrate that donor advised funds make up a significant part of the portfolio of many community foundations—accounting for one-third of community foundation assets and 62 percent of the value of their grantmaking in 2007. That means that about \$1.3 billion of the \$2.1 billion in grants community foundations made in 2007 came from donor advised funds. The survey respondents reported having 20,928 donor advised funds in 2007—2,741 more than in 2006, a 15 percent increase. Moreover, the value of assets held in donor advised funds increased by 18 percent.

Payout rates from donor advised funds were three times the rate for non-donor advised funds—16.4 percent for donor advised funds versus 5 percent for their other, non-donor advised funds. In addition, the largest community foundations had a higher payout rate from their donor advised funds, 18.5 percent. The vast majority of donor advised funds held by the community foundations responding to our survey are designed to pay out all their assets over time—three-quarters of donor advised funds are spend-down or non-endowed; only one-quarter of the funds are endowed or permanent.

We found that the largest community foundations, those with more than \$1 billion in assets, had a greater share of their assets in donor advised funds, 43 percent; a greater proportion of their grant funds coming from donor advised funds, 73 percent; and higher payout rates, 18.5 percent from donor advised funds. In contrast, the smaller the community foundation, the lower the proportion of assets held in donor advised funds (19.5 percent of total assets were held in donor advised funds by community foundations with less than \$10 million in assets); the lower proportion of grant funds coming from donor advised funds (28.6 percent); and the lower the payout rate (7.4 percent from donor advised funds for those with less than \$10 million in assets).

Grants from donor advised funds supported the full range of activities that non-donor advised funds support, from the arts to education to human services, but some differences exist in the proportion of funds devoted to particular activities. Across all major activities, the majority of funds supporting these activities by community foundations came from donor advised funds. Overall, more than half of the grant funds from donor advised funds were used to support education or human services activities. In comparison with other funds, a higher proportion of grant dollars from donor advised funds went to international affairs, development and peace, and religious activities. A slightly lower proportion of donor advised fund dollars went to the arts, health, and other areas such as social sciences, as compared with non-donor advised fund grantmaking.

### Encouraging Philanthropy

The New York Community Trust allows small donors to establish donor advised funds with a minimum of \$5,000; a minimum grant is \$250. The trust says that this policy enables almost everyone to become a philanthropist.

## Donor Advised Funds—The Big Picture

In 2007, we estimate that about \$31 billion was held in donor advised funds and managed by a range of different kinds of institutions, of which slightly more than half—53 percent—was estimated to be held in community foundations (Table 1). Further, an estimated \$5.36 billion (approximately 17 percent of the total funds) were paid out for philanthropic purposes. We estimated this by combining information from our own survey of community foundations with information from *The Chronicle of Philanthropy's* donor advised fund survey.<sup>5</sup> We also added in estimates for community foundations that had not responded to either survey. As a result, we estimate that in 2007, philanthropic organizations and commercial investment companies of all types held roughly \$31 billion in donor advised funds. Of that total, community foundations accounted for roughly half—or \$16.5 billion—which they held in an estimated 49,400 separate donor advised funds. From their donor advised funds, community foundations made approximately \$2.66 billion in grants in 2007.

According to *The Chronicle of Philanthropy*, a total of \$23.3 billion was held in donor advised funds in 2007 by 43 large community foundations, 18 commercial investment companies, 12 Jewish federations, 11 colleges and universities, and 21 other groups, such as religious, international or social service charities. *The Chronicle* survey sought to obtain information from large community foundations and all other organizations known to hold donor advised funds. In the case of community foundations, *The Chronicle* surveyed the 50 largest community foundations and received responses from 43 of them. By combining the information from the Council on Foundations' survey of community foundations with the information gathered by *The Chronicle* (and eliminating any duplication) a more complete basis for estimating the total amount of assets held in donor advised funds and the grantmaking from these funds emerges.

**TABLE 1—Donor Advised Funds Held by All Institutions, 2007**

Source of Information	Assets	Grants
<b>Council on Foundations Survey (137 community foundations of all sizes)</b>	\$8.16 billion	\$1.34 billion
<b>Additional data from <i>The Chronicle of Philanthropy</i> Survey<sup>a</sup> (17 large community foundations not in the Council's data)</b>	\$3.84 billion	\$.597 billion
<b>Total for Participating Community Foundations (154 community foundations)</b>	\$12.0 billion	\$1.94 billion
<b>Estimate For All Community Foundations</b>	\$16.5 billion	\$2.66 billion
<b><i>The Chronicle of Philanthropy</i> Survey— Other Holders of Donor Advised Funds</b>	\$14.4 billion	\$2.7 billion
<b>Total—All Holders of Donor Advised Funds</b>	\$30.9 billion	\$5.36 billion

<sup>a</sup>Data is from *The Chronicle of Philanthropy*, May 29, 2008.

5 *The Chronicle of Philanthropy* May 29, 2009.

## Assets, Grantmaking, and Payout Rate of Donor Advised Funds

In 2007, donor advised funds accounted for one-third of the \$24 billion in assets held by the 137 community foundations responding to the Council’s survey (Table 2). More importantly, over 60 percent of the \$2.1 billion in total grants made by these community foundations came from donor advised funds, indicating a much higher payout rate from donor advised funds as compared with other funds. In fact, at 16.4 percent, the overall payout rate from donor advised funds is more than three times the rate of non-donor advised funds (5 percent).

**TABLE 2—Assets and Grants by Community Foundations, 2007**

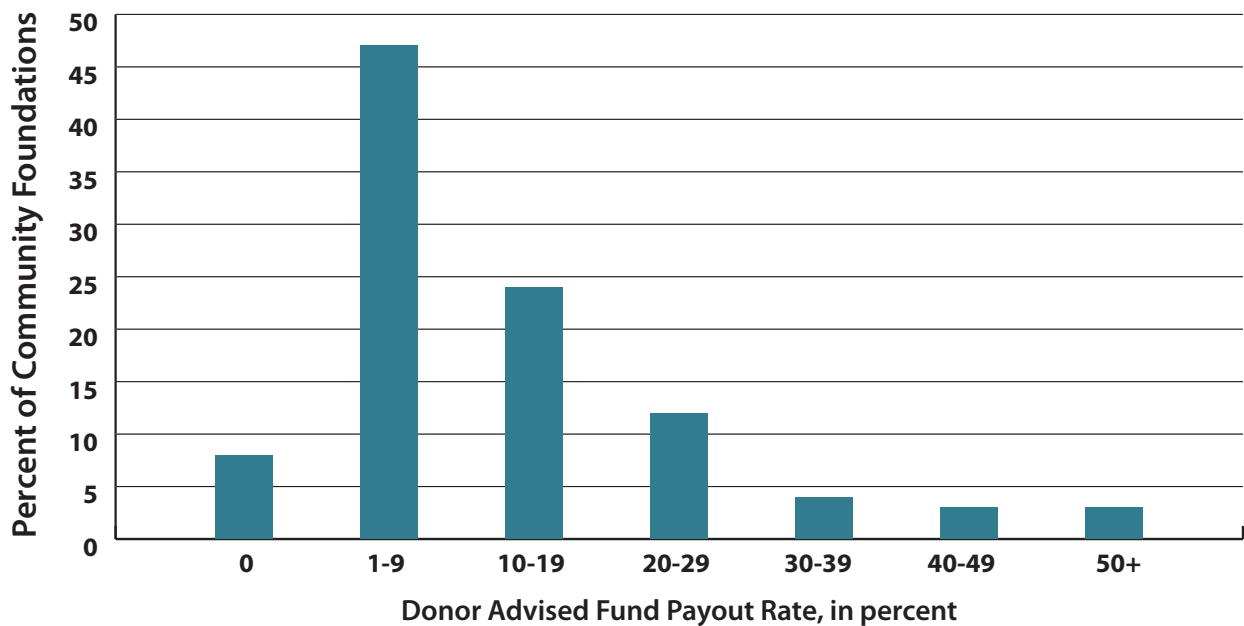
	Assets	Grants	Payout Rate
<b>Total</b>	\$24,375,087,929	\$2,157,658,635	8.9%
<b>Donor Advised Funds</b>	\$8,155,332,865	\$1,344,028,671	16.4%
<b>Non-donor Advised Funds</b>	\$16,219,755,064	\$813,629,964	5.0%
<b>Donor Advised Funds as a Percent of Total</b>	33.5%	62.1%	NA

**Payout Rates Vary**—While in the aggregate 16.4 percent of donor advised fund assets were paid out as grants, this percentage is influenced by the payout rates of the very large funds (Table 3). Looking across the 137 community foundations that responded to our survey, the average payout rate from donor advised funds is 13.1 percent, with a median rate (i.e., half are above and half are below) of 9.0 percent. More than half of the community foundations had a payout rate of below 10 percent from their donor advised funds; approximately 8 percent of responding community foundations had no donor advised funds at all. Nonetheless, as Figure 1 shows, 22 percent of community foundations had a payout rate from their donor advised funds of 20 percent or more in 2007. Another 24 percent of community foundations had payout rates of between 10 and 19 percent. At the same time, the payout rate from non-donor advised funds for these community foundations was 5.7 percent, on average, with a median of 3.9 percent.

**TABLE 3—Community Foundation Payout Rates, 2007**

	Payout Rate (Total)	Average Payout Rate	Median Payout Rate
<b>Total</b>	8.9%	7.2%	5.2%
<b>Donor Advised Funds</b>	16.4%	14.9%	9.0%
<b>Non-donor Advised Funds</b>	5.0%	5.7%	3.9%

**FIGURE 1—Payout Rates from Donor Advised Funds, 2007**



**Endowed versus Non-endowed Funds**—Responding community foundations reported that three-quarters of the donor advised funds they held were spend-down or non-endowed funds (Table 4). The remaining funds (25 percent) were permanent or endowed and are expected to exist in perpetuity.

**TABLE 4—Permanent versus Spend-down Donor Advised Funds**

2007 Donor Advised Funds	Permanent/Endowed	Spend-down/Non-endowed	Total <sup>a</sup>
<b>Number</b>	4,264	13,143	17,407
<b>Percent</b>	24.5%	75.5%	100%

Note: Respondents to the Council's survey provided information for only 17,407 of the 20,959 donor advised funds that they hold.

**Donor Advised Funds Growing**—In 2007, the number of donor advised funds increased by 15 percent and the total value of assets held in donor advised funds increased by about 18 percent, or \$1.2 billion over the 2006 level (Table 5). In 2007, the community foundation respondents reported having nearly 21,000 separate donor advised funds, with an average of 152 funds at each community foundation. In addition, community foundations reported receiving a total of nearly \$1.8 billion in assets for donor advised funds in 2007. Of that amount, donors gave \$500 million (28 percent) to establish new donor advised funds; the balance was added to existing funds.

**TABLE 5—Number and Value of Donor Advised Funds held by Community Foundations in 2006 and 2007**

	2006	2007	2006–2007 Change	
			Dollars	Percent
<b>Total Value of Gifts Received</b>	\$2.797 billion	\$3.013 billion	\$216 million	7.8%
<b>Gifts to Donor Advised Funds</b>	NA	\$1.786 billion	NA	NA
<b>Number of Donor Advised Funds</b>	18,187	20,928	2,741	15.1%
<b>Assets Held in Donor Advised Funds</b>	\$6.915 billion	\$8.155 billion	\$1.240 billion	17.9%
<b>Total Assets</b>	\$21.525 billion	\$24.375 billion	\$2.850 billion	13.2%

## Areas Supported by Donor Advised Funds

Donor advised funds directed two-thirds of the value of their grants to support three areas— education, health, and human services activities in 2007 (Table 6). This is slightly higher than the proportion from non-donor advised funds. A higher proportion of donor advised fund dollars went to support education and human services activities, as compared with non-donor advised funds. A slightly lower proportion of donor advised funds was used to support arts and culture activities (10.5 percent versus 11.7 percent). Similar proportions of funds were used to support environmental activities (5.5 percent).

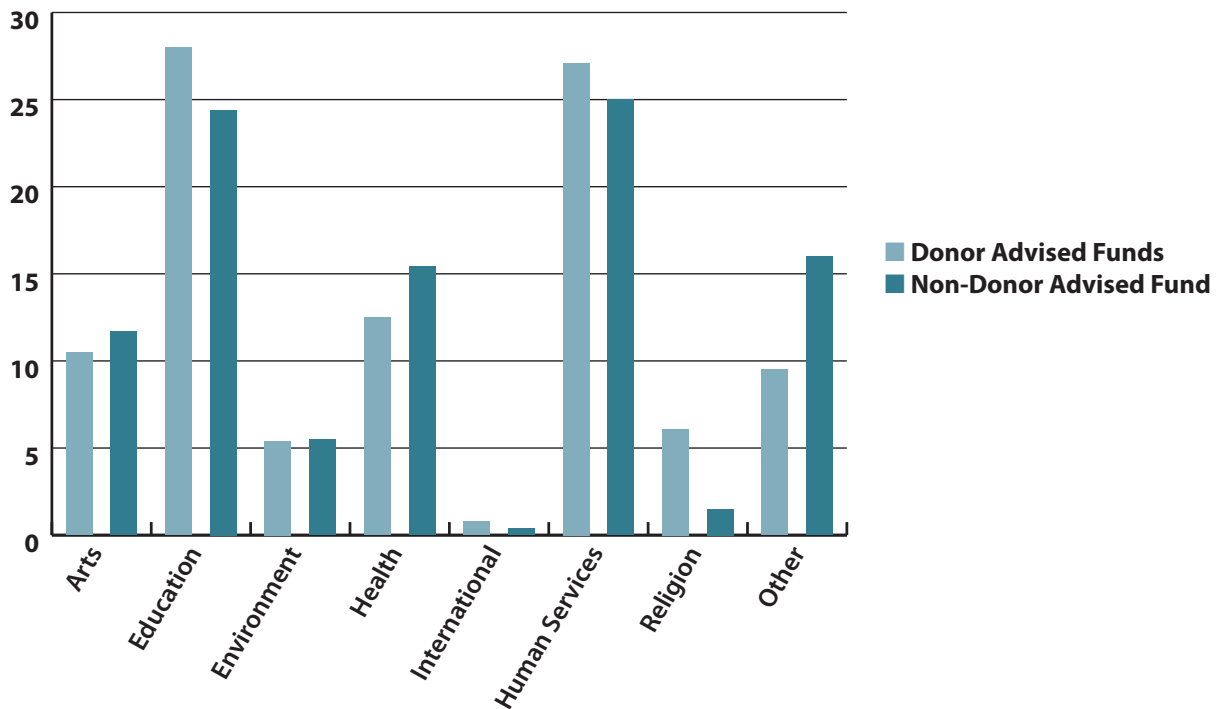
Because donor advised funds have much higher payout rates than non-donor advised funds, the majority of grant dollars in all areas came from donor advised funds. For example, in community foundation support of education activities and human services, two times more grant money came from donor advised funds than from non-donor advised funds. In addition, even though support for international affairs, development and peace activities, and religion-related activities accounted for a small share of community foundations’ overall grantmaking, donor advised funds provided more than 80 percent of that support in 2007.



**TABLE 6—Grant Funding by Area for Donor Advised and Non-donor Advised Funds, 2007**

2007 Grants	Donor Advised Funds	Percent of Donor Advised Grant Funds	Other Funds	Percent of Other Grant Funds	Donor Advised as a percent of Total Grants Funds in Area	Total Grants in Area
Arts	\$99,791,548	10.5%	\$56,187,192	11.7%	64.0%	\$155,978,740
Education	\$265,821,392	28.0%	\$117,256,656	24.4%	69.4%	\$383,078,048
Environment	\$51,001,447	5.4%	\$26,564,673	5.5%	65.8%	\$77,566,120
Health	\$118,545,020	12.5%	\$73,809,315	15.4%	61.6%	\$192,354,335
International	\$7,840,405	0.8%	\$1,895,214	0.4%	80.5%	\$9,735,619
Human Services	\$257,316,166	27.1%	\$120,018,149	25.0%	68.2%	\$377,334,315
Religion	\$57,547,556	6.1%	\$7,243,259	1.5%	88.8%	\$64,790,815
Other	\$90,306,843	9.5%	\$76,698,500	16.0%	54.1%	\$167,005,343
<b>Total</b>	<b>\$948,170,377</b>	<b>100.0%</b>	<b>\$479,672,958</b>	<b>100.0%</b>	<b>66.4%</b>	<b>\$1,427,843,335</b>

**FIGURE 2—Areas Supported by Donor Advised Funds and Non-donor Advised Funds by Community Foundations, 2007**



## **Examples of Education Initiatives Supported by Donor Advised Funds**

The Community Foundation of Northeast Iowa, in Waterloo, used its donor advised funds in 2007 to fund projects for which the community foundation doesn't have sufficient unrestricted funds. One donor advised fund nearly fully funded a project for low-income African American girls in the community that provides 24 teenage girls culturally-specific mentoring, education, and support.

At the East Bay Community Foundation in Oakland, California, one family used its donor advised fund to contribute \$50,000 to several underachieving or primarily low-income schools throughout the region. The donor specifically asked that the money be used to purchase books and other materials for school libraries or public libraries that have close relationships with local schools. The schools reported purchasing thousands of new, culturally and age appropriate books for their students.

A family donor advised fund at the Oregon Community Foundation has just completed the initial grants of a five-year initiative focusing on environmental education. A \$15,000 grant to a school district supports 550 sixth grade students with hands-on learning about watersheds in the area. The goal of the district's program is to have students become watershed stewards by engaging them in learning activities outside the classroom.

A number of donor advised funds at the Community Foundation of Calhoun County in Anniston, Alabama jointly provided \$100,000 in matching funds to maintain accreditation of the career tech program at the county's most vulnerable public high school.

According to the Branch County Community Foundation in Coldwater, Michigan, the best thing about donor advised funds is that, when partnered with grants from other funds, the foundation is able to fully fund projects that would not otherwise be funded. One \$2,000 grant to literacy training for youth was matched by a \$6,000 grant from a donor advised fund to fully fund the request. Later, another temporary fund picked up the program and ended up funding training in excess of \$500,000 over the course of several years. As a result, almost every teacher in the county had an opportunity to receive this innovative training to help struggling young readers.

## **Examples of Human Services Assistance Provided by Donor Advised Funds**

At the Community Foundation of Northeast Iowa, in Waterloo, a new donor advised fund created by a donor who lives in an adjacent county provided grants of \$5,000 to four local libraries. The donor advisors decided to make these grants in late May. The very week after they recommended these grants, two of the communities were struck by devastating tornadoes. One of the communities was nearly completely decimated. The grants will help these local libraries rebuild after this horrific tragedy.

After two natural disasters in Iowa in May and June 2008, this same community foundation had two donor advised funds recommend grants to the community foundation's disaster relief funds. These grants, along with many other local, regional and national donations, directly benefited tornado and flood victims.

In Massachusetts, a donor advised fund of the Boston Community Foundation financed a gang violence prevention program so that local ministers can develop relationships and conduct mediations among rival gangs.

At the Wichita Falls Area Community Foundation in Wichita Falls, Texas, a local town burned because of wildfires in January 2006. Rural fire departments in this urban and rural area of North Texas, and Southern Oklahoma, rely heavily on these volunteers. Trucks, safety gear, and communication devices are necessary for the area to remain safe. A donor set up a Rural Fire Department Fund and through this fund over \$600,000 has been given to these “heroes” since 2006.

### **Other Efforts Using Donor Advised Funds**

The Philadelphia Foundation in Pennsylvania has seen a rise in environmental grants and international aid as a positive example of how donors are responding to growing crises not just locally, but also globally. They also have a concentration by donor advised funds on youth in Philadelphia—helping young people out in terms of education, getting them off the streets with athletics and arts programs, monitoring their health and mentoring them with career help.

At the Savannah Community Foundation in Georgia, one donor advised fund authorizes a transfer of \$50,000 periodically to an “Immediate Needs Fund” that is used by the foundation’s distribution committee to aid small charities that have an emergency.

The Community Foundation Serving Richmond and Central Virginia together with some donor advised funds has funded research on unintended pregnancies among 19-24 year old women. The study recommendations will lead to improved access to family planning services for women residing in low-income public housing communities in the area.

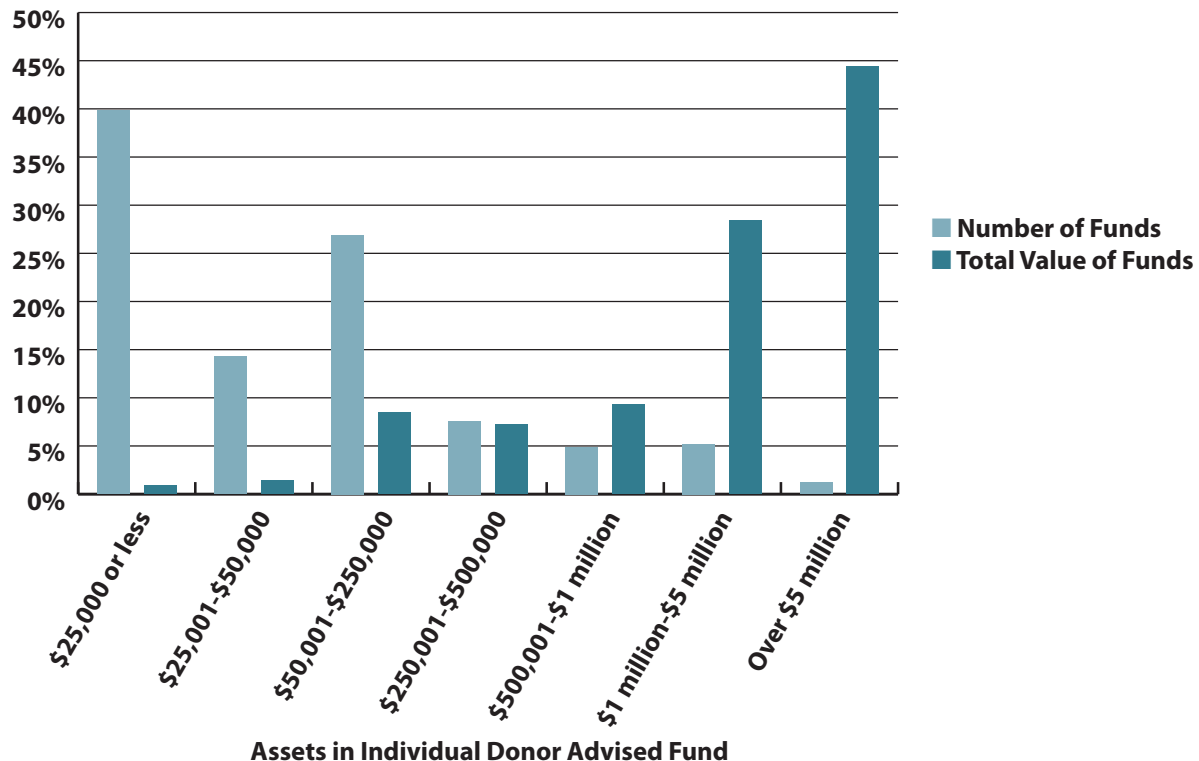
## **Size of Donor Advised Funds**

While the vast majority of donor advised funds are relatively small, the majority of assets are held in funds with assets of over \$1 million. Eight in ten donor advised funds held by community foundations have assets of \$250,000 or less (Table 7 and Figure 3); and more than half (54 percent) have an asset value of \$50,000 or less. Those funds with \$50,000 or less in assets hold only 2.3 percent of the total assets held by community foundations in donor advised funds (\$147,351,281). In fact, about 40 percent of donor advised funds had a value of \$25,000 or less, with the average value being \$8,665. In contrast, the largest donor advised funds, those with a value of over \$5 million, represented just 1.2 percent of all funds, yet they contained 44.4 percent of the assets held in donor advised funds, nearly \$2.9 billion. The average value of the largest funds was over \$13 million. In addition, only 6.4 percent of the funds have an asset value of \$1 million or more, yet they account for 73 percent of all assets held in donor advised funds.

**TABLE 7—Number of Donor Advised Funds and Assets Held by Size of Individual Fund, 2007**

Value of Individual Donor Advised Fund	Number	Total Value	Percent of Donor Advised Funds	Percent of Donor Advised Fund Assets	Average Size of Donor Advised Fund
\$25,000 or less	6,816	\$59,060,988	39.8%	0.9%	\$8,665
\$25,001-50,000	2,456	\$88,290,293	14.3%	1.4%	\$35,949
\$50,001-250,000	4,597	\$545,314,392	26.9%	8.5%	\$118,624
\$250,001-500,000	1,308	\$462,098,384	7.6%	7.2%	\$353,286
\$500,001-1 million	839	\$599,370,550	4.9%	9.3%	\$714,387
Over \$1 million-5 million	896	\$1,823,555,299	5.2%	28.4%	\$2,035,218
Over \$5 million	206	\$2,852,609,014	1.2%	44.4%	\$13,847,617
<b>TOTAL</b>	<b>17,118</b>	<b>\$6,430,298,920</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$375,645</b>

**FIGURE 3—Number and Total Value Donor Advised Funds by Individual Asset Value, 2007**



## Larger Community Foundations Have a Larger Share of Assets in Donor Advised Funds and Higher Payout Rates than do Their Smaller Counterparts

The largest community foundations had the greatest proportion of their assets held in donor advised funds and the highest payout rates from their donor advised funds; in contrast, smaller community foundations had the lowest proportions of assets in donor advised funds and the lowest payout rates from their donor advised funds. Foundations with \$1 billion or more in assets had 43 percent of their assets in donor advised funds and had a payout rate from those funds of 18.5 percent. Community foundations with less than \$10 million in assets had about 20 percent of their assets in donor advised funds and had a payout rate from those funds of 7.4 percent (Tables 8 and 9). Community foundations with between \$10 million and \$1 billion in assets have between one-quarter and one-third of their assets in donor advised funds and paid out between 14.5 percent and 15.9 percent of those funds in 2007.

Similarly, grant dollars from donor advised funds made up nearly three-quarters of total grants for the largest community foundations, while smaller community foundations, those with less than \$10 million in assets, had less than one-third (29 percent) of their grant amounts come from donor advised funds. Those community foundations with between \$10 million and \$1 billion in assets had between 52 percent and 59 percent of their total grant dollars come from donor advised funds. The payout rate from non-donor advised funds did not demonstrate a similar pattern of wide variation by size of community foundation. The payout rate from non-donor advised funds from the largest community foundations was 5.1 percent, while the rate for the smallest community foundations was 4.5 percent. Overall, the highest payout rate from non-donor advised funds was 6.3 percent for those with assets of between \$50 million and \$250 million in assets.

**TABLE 8—Community Foundation Size, Donor Advised Fund Assets, and Payout Rates, 2007**

Asset Range	Donor Advised Fund Assets as a Percent of Total Assets, 2007	Value of Grants from Donor Advised Funds as a Percent of All Grants, 2007	Total Payout Rate, 2007	Payout Rate for Donor Advised Funds, 2007	Payout Rate for Non-Donor Advised Funds, 2007
Over \$1 billion	43.3%	73.3%	10.9%	18.5%	5.1%
\$250 million–\$1 billion	29.2%	59.4%	7.8%	15.9%	4.5%
\$50 million–\$250 million	32.6%	53.1%	9.0%	14.7%	6.3%
\$10 million–\$50 million	27.2%	52.1%	7.6%	14.5%	5.9%
Less Than \$10 million	19.5%	28.6%	5.0%	7.4%	4.5%
<b>Total</b>	33.5%	62.3%	8.9%	16.5%	5.0%

**TABLE 9—Community Foundation Size, Value of Assets, Donor Advised Funds, and Grantmaking, 2007**

Asset Range	Total Assets, 2007	Assets Held in Donor Advised Funds, 2007	Total Value of Grants, 2007	Value of Grants from Donor Advised Funds, 2007
<b>Over \$1 billion</b>	\$6,446,342,839	\$2,788,574,854	\$704,775,856	\$516,910,012
<b>\$250 million- \$1 billion</b>	\$11,751,017,039	\$3,431,440,477	\$916,810,617	\$545,011,243
<b>\$50 million - \$250 million</b>	\$4,864,871,298	\$1,587,500,404	\$439,545,832	\$233,320,400
<b>\$10 million - \$50 million</b>	\$1,188,179,208	\$323,468,324	\$90,259,218	\$46,993,350
<b>Less than \$10 million</b>	\$124,677,544	\$24,348,805	\$6,267,112	\$1,793,667
<b>Total</b>	\$24,375,087,928	\$8,155,332,864	\$2,157,658,635	\$1,344,028,672

## Implications and Conclusions

In 2007, an estimated \$31 billion was held in donor advised funds, of which more than half (53 percent) was held by community foundations. Donor advised funds are an important part of the portfolio of community foundations. Valued at an estimated \$16.5 billion in 2007, donor advised funds comprise about 33 percent of the community foundation sector’s total assets of over \$50 billion. While comprising only one-third of all community foundation assets, these same donor advised funds make up 62 percent of the community foundation sector’s annual grants. What this means is that payouts from donor advised funds are much higher than the payout from other funds. In fact, the payout from donor advised funds is three times the payout rate from other funds—16.4 percent versus 5 percent.

The value of donor advised funds to community foundations and the activities they support cannot be underestimated. In 2007, their payout amounted to an estimated \$2.6 billion in grants. Half of these grant funds supported education and human service activities, such as buying books to stock libraries in underachieving schools in low-income areas, funding gang violence prevention programs in inner city areas, and providing direct assistance to individuals and communities affected by natural disasters.

The number of donor advised funds held by community foundations and the amount of assets held in them has been growing in recent years; assets held in these funds increased by 18 percent in 2007. How and to what extent the current depressed economic conditions will affect the growth of donor advised funds in the short run is unknown. Yet, when the economy recovers, it is likely that their growth in number and size will continue.

Even though more donor advised funds are being created every year, many others—by design—are allowed to spend out. Because three-quarters of donor advised funds are to spend themselves down, it is imperative that new funds continue to be established to replace them. Fostering the growth of donor advised funds will be important in the future to help community foundations meet the varied needs of their local areas.

One potential source of contributions to donor advised funds is individual retirement accounts (IRA) by individuals age 70-and-a-half and older. These older donors have contributed more than \$140 million since 2006 when legislation (the Pension Protection Act) allowed for contributions from IRAs. Certain aspects of tax law treat contributions from IRAs to donor advised funds differently than other charitable contributions. The Council on Foundations supports legislation to permanently provide for IRA charitable rollover contributions and for the legislation to be extended to include distributions to donor advised funds. We believe that charitable giving will continue to increase, including to donor advised funds, if Congress extends and expands this important giving incentive.

## Appendix I—About the Survey

The Council on Foundations, in an effort co-sponsored by the Community Foundations Leadership Team (CFLT), surveyed community foundations using a web-based survey instrument. This survey was emailed to community foundations in June 2008, closed in mid-August 2008. A total 137 respondents completed the survey.

**TABLE 10—Comparison of Data from Respondents to the Council on Foundations’ Survey to Foundation Center Data**

	Assets	Grants	Payout Rate
<b>Council on Foundations’ Survey Data, 2007</b>	\$24,375,087,929	\$2,157,658,635	8.9%
<b>Foundation Center Data (2006)</b>	\$49,942,000,000	\$3,596,000,000	7.2%
<b>Council on Foundations’ Survey Data as a Percent of Foundation Center Data</b>	49.0%	60.1%	

Those responding to the Council on Foundations’ survey represent community foundations holding about half (49 percent) of all community foundation assets and 60 percent of grantmaking (Table 10). A higher proportion of the respondents to the Council on Foundations’ survey were larger community foundations; smaller foundations (those with less than \$10 million in assets) were less likely to have responded (Table 11). Thus, the findings presented here better represent the behavior of community foundations with assets of \$10 million or more. This under-representation of smaller foundations (those with less than \$10 million in assets) likely contributes to the higher overall payout rate reported by the survey respondents (as compared with payout estimates from the Foundation Center). This is because the Council’s data are over-represented by larger community foundations that have been shown to have more funds in donor advised funds and a higher payout from those funds. However, because smaller community foundations account for only about 3 percent of the value of community foundation grantmaking, we can reasonably assume that the Council survey responses provide an accurate picture of community foundation grantmaking in general.



**TABLE 11—Comparison of Foundation Center Data on Community Foundations and Respondents to the Council on Foundations Survey of Community Foundations**

Asset Range	Foundation Center Data, 2006			Council on Foundations Survey Respondents, 2007		
	Percent of Community Foundations	Percent of Community Foundation Assets	Percent of Grant Dollars	Percent of Community Foundations	Percent of Community Foundation Assets	Percent of Grant Dollars
\$1 billion+	1.0%	23.9%	18.4%	2.9%	26.4%	32.7%
\$250 million–\$1 billion	5.0%	39.4%	43.1%	15.3%	48.2%	42.5%
\$50 million–\$250 million	13.1%	21.9%	24.4%	30.7%	20.0%	20.4%
\$10 million–\$50 million	30.8%	12.0%	11.1%	32.1%	4.9%	4.2%
\$1 million–\$10 million	36.9%	2.6%	2.8%	17.5%	0.5%	0.3%
Under \$1 million	13.3%	0.1%	0.2%	1.5%	0.0%	0.0%
<b>Total</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The distribution of grant funding that we found for community foundations in 2007 is not substantially different from the distribution found by the Foundation Center for community foundations in 2006 (Table 12). This suggests that the 137 community foundations that responded to our survey are a good representation of community foundations trends overall.

**TABLE 12—Comparison of Foundation Center Data for 2006 and COF Survey Data for 2007 for Areas Supported by Community Foundations**

Area	2006 Foundation Center Data <sup>a</sup>		2007 Council on Foundations Survey
	Dollar Amount (000)	Percent	Percent
Arts	\$211,377	15.0%	10.9%
Education	\$320,256	22.7%	26.8%
Environment	\$95,666	6.8%	5.4%
Health	\$200,692	14.2%	13.5%
International	\$41,478	2.9%	0.7%
Human Services	\$294,591	20.9%	26.4%
Religion	\$52,846	3.7%	4.5%
Other	\$195,911	13.9%	11.7%
<b>Total</b>	<b>\$1,412,815</b>	<b>100.0%</b>	<b>100.0%</b>

Source: *Foundation Giving Trends: Update on Funding Priorities*, 2008 Edition. The Foundation Center, 2008.

## Appendix II—Participating Community Foundations

Abilene, Community Foundation of  
Akron Community Foundation  
Albion Community Foundation  
Albuquerque Community Foundation  
Ann Arbor Area Community Foundation  
Arkansas Community Foundation  
Aspen Community Foundation  
Athens Foundation  
Atlanta, The Community Foundation for Greater  
Bainbridge Community Foundation  
Barrington Area Community Foundation  
Beckley Area Foundation, Inc.  
Berks County Community Foundation  
Berkshire Taconic Community Foundation  
Bloomington and Monroe Counties, Community  
Foundation of  
Boston Foundation  
Branch County Community Foundation  
Broward, Community Foundation of  
Calhoun County, Community Foundation of  
California Community Foundation  
Capital Region Community Foundation  
Central Carolina Community Foundation  
Central Savannah River Area, The Community Foundation  
for the  
Chattahoochee Valley, Inc., Community Foundation of the  
Chattanooga, Inc., Community Foundation of Greater  
Cincinnati Foundation, The Greater  
Coastal Bend Community Foundation  
Coastal Georgia Foundation, Communities of  
Communities Foundation of Texas  
Community Foundation Partnership, Inc.  
Community Foundation Sonoma County  
Community Foundation, Inc., The  
Crawford Heritage Foundation  
Dallas Foundation, The  
Denver Foundation, The  
Dutchess County, Community Foundation of  
East Bay Community Foundation  
East Central Illinois, Community Foundation of  
East Texas Communities Foundation  
Eastern West Virginia Community Foundation  
Elkhart County Community Foundation  
Everett Community Foundation, Greater  
Fond du Lac Area Foundation  
Foundation for the Carolinas  
Fremont Area Community Foundation (MI)  
Fremont Area Community Foundation (NE)  
Grand Haven Area Community Foundation  
Grand Rapids Community Foundation  
Griot County Community Foundation  
Greeley & Weld County, Community Foundation Serving  
Greenville Area Community Foundation  
Gulf Coast Community Foundation of Venice  
Hancock County Community Foundation  
Hillsdale County Community Foundation  
Houston Community Foundation, Greater  
Jackson County, Community Foundation of  
Jackson Hole, Community Foundation of  
Kalamazoo Community Foundation  
Kitsap Community Foundation  
Lafayette, The Community Foundation of Greater  
Lehigh Valley Community Foundation  
Lorain County, Community Foundation of  
Lowcounty, Community Foundation of the  
Lubbock Area Foundation, Inc.  
Lynchburg Community Trust, The Greater  
Main Street Community Foundation  
Marshall County Community Foundation  
McHenry County Community Foundation  
McPherson County Community Foundation  
Menomonie Area Community Foundation, Greater  
Midland Area Community Foundation  
Mid-Nebraska Community Foundation  
Milwaukee Foundation, Greater  
Montana Community Foundation  
Muskegon County, Community Foundation for  
New Britain, Community Foundation of Greater

New Canaan Community Foundation  
New Hampshire Charitable Foundation  
New Jersey, Community Foundation of  
New York Community Trust, The  
Norfolk Foundation, The  
North Carolina Community Foundation  
North Florida, Community Foundation of  
North Texas, Inc., Community Foundation of  
Northeast Iowa, Community Foundation of  
Northern Indiana Community Foundation, Inc.  
Northern New York Community Foundation  
Northern Virginia Community Foundation  
Northwest Mississippi, Community Foundation of  
Oklahoma City Community Foundation  
Omaha Community Foundation  
Oregon Community Foundation, The  
Parsons Area Community Foundation  
Phelps County Community Foundation  
Philadelphia Foundation, The  
Piedmont Community Foundation  
Pittsburgh Foundation, The  
Placer Community Foundation  
Princeton Area Community Foundation  
Putnam County Community Foundation  
Racine Community Foundation  
Rancho Santa Fe Foundation  
Rhode Island Community Foundation, The  
Richland County Foundation  
Richmond & Central VA, The Community Foundation  
Serving  
Rochester Area Community Foundation  
Rose Community Foundation

Saint Paul Foundation, The  
Salina Community Foundation, Greater  
San Angelo Area Foundation  
San Luis Obispo County Community Foundation  
Santa Barbara Foundation  
Savannah Community Foundation, The  
Seattle Foundation, The  
Shiawasse Community Foundation  
Shreveport-Bossier, Community Foundation of  
Southeast Michigan, Community Foundation of  
Southwest Colorado, Community Foundation Serving  
Southwest Florida Community Foundation  
Southwest Initiative Foundation  
Spartanburg County Foundation, The  
Tacoma Community Foundation, The Greater  
Topeka Community Foundation  
Triangle Community Foundation  
Tulsa Community Foundation  
Twin Tiers, Community Foundation for the  
Union County Foundation  
Vermont Community Foundation, The  
Walker Area Community Foundation  
Waukesha County Community Foundation, Inc.  
West Central Initiative  
Wichita Falls Area Community Foundation  
Winona Community Foundation  
Winston-Salem Foundation, The  
Worcester Community Foundation, Greater  
Wyoming Community Foundation  
Yakima Valley Community Foundation

For more information contact  
Sigurd R. Nilsen, Ph.D., Director, Policy  
Research, Council on Foundations at  
703-879-0696 or [Sigurd.Nilsen@cof.org](mailto:Sigurd.Nilsen@cof.org).