Evolving Technologies: Improving or Expanding Donor Services

Digital Disruption & Business Innovations for Community Foundations

Webinar Series – Recordings Available at cof.org/events

1.23.18 (Data & Transparency)
2.15.18 (Digital Security)
5.12.18 (Digital Giving & Philanthropic Innovations)
### Community Foundation Events

- **North American Community Foundation Summit**  
  Mexico City, Mexico — **FEB 5-7**

- **CFE Finance**  
  Cedar Rapids, IA — **MAY 16-17**

- **Legal Matters for CFs Workshops**  
  Dallas, TX — **APR 2,**  
  Milwaukee, WI — **JUN 28,**  
  Raleigh, NC — **JUL 24,**  
  Hartford, CT — **SEP 27,**  
  Spokane, WA — **OCT 11**

- **National Standards Monthly Calls**  
  Washington, DC — **MONTHLY**

- **CFE Fundamentals**  
  Denver, CO — **MAR 8-9,**  
  Baltimore, MD — **JUL 18-19**  
  Jacksonville, FL — **OCT 24-25**

### COF Cross-Sector Events

- **Public Policy Summit**  
  Philadelphia, PA — **APR 11-13**

- **Endowment & Finance Summit**  
  Washington, DC — **SEPT 6-7**

- **HR Summit**  
  Denver, CO — **SEPT 12-13**

- **Inclusive Economic Prosperity**  
  **South**— Spartanburg, SC — **MAY 23-24**  
  **Midwest**— Minneapolis, MN — **AUG 28-29**

### COF sponsored CF sessions

- **CFUnited Conference**  
  Las Vegas, NV — **MAR 18-21**

- **Growing CF Conference**  
  Wichita, KS — **OCT 14-16**
Welcome

Agenda

• Housekeeping Items
• Webinar Series
  – Digital Disruption & Business Innovations for Community Foundations
• Introductions
• Fast Talks with Subject Matter Experts and Community Foundation Leaders
• Q&A
Housekeeping Items

• **Access the Help Desk:** Select the “Help” option in the toolbar at the top of your GoToWebinar navigation panel.

• **Ask a Question of the Presenters:** Click the “Q&A” icon to type a question for the presenters.

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• **For Telephone Participants:** If you are using the telephone to listen to the webinar, please make sure to use a landline to ensure call clarity.

• **Webinar Recording:** A recording of this webinar will be made available upon request shortly after the webinar’s conclusion.
Digital Disruption and Business Innovations

Three-part Webinar Series for Community Foundations
Data: Not Another Four Letter Word
  - *Recording Available*
  - *Data & Transparency*
    - Guidestar & California Community Foundation

Digital Security and Your Foundation: The Good, Bad, Ugly
  - *Recording Available*
  - *Cyber Security, Best Practices, & Next Steps*
    - Stanford's Digital Civil Society Lab, Seattle Foundation, and Grand Rapids Community Foundation

The Impact of Digital Giving and Philanthropic Innovations
  - 3.15.18 (1:00-2:00pm Eastern)
  - DAFs, Online Donations, and Other philanthropic innovations impacting the CF business model
Co-Moderator: Russ Barratt
Vice President of Technology
Council on Foundations

Co-Moderator: Brad Ward
Director of Community Philanthropy
Council on Foundations
Patrick Rooney
Executive Associate
Dean for Academic Programs
Indiana University Lilly Family School of Philanthropy

Daniel Kaufman
Co-Founder
Third Plateau Social Impact Strategy Firm

Alex Holtel
Finance Director
The Greater Cincinnati Foundation

Matthew Beatty
Senior Director of Communications
The Miami Foundation
Today’s Objective

- Recognize evolving technology has advanced new ways of giving
- Discuss the impact on donor expectations and interactions with CFs
- Explore how technology has created some efficiencies as well as challenges to implement and compete
- What should every CF be considering in this disruptive times?
- What are the implications on the CF business model of all this fast-paced evolution of technology?
Sharing of Context, Research, and Insight

Patrick Rooney
» Hear perspective on academic research associated with DAFs and other Innovations impacting the flow of giving

Daniel Kaufman
» Where can CFs still dominate in community philanthropy?
CF Experience – Addressing Evolving Technologies

Alex Holtel
» Greater Cincinnati’s Cracking the Tech Challenge

Matthew Beatty
» Miami’s Evolution of Thinking on Technologies’ Role
Donor-Advised Funds (aka DAFs)

Patrick Rooney

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Indiana University Lilly Family School of Philanthropy
Offering BA, MA, and PhD in Philanthropic Studies.
MA is offered in traditional, executive and online formats!
Training programs through The Fund Raising School!
The size of DAFs

- In 2016, there were approximately 285,000 individual donor-advised funds across the country.

- $23 billion contributions to donor-advised funds.

- $16 billion in grants to qualified charities.

- Charitable assets in donor-advised funds totaled $85 billion

The growth of DAFs

The DAF asset values more than doubled between 2010 ($33.6 billion) and 2015 ($78.6 billion).

Why are DAFs so popular?

• Liquidity moments and timing
• After-tax effects and ease of donating now
• Anonymity (or not)

• Note: DAFs are likely to become even more popular with the doubling of the standard deduction.
  – Useful way to “bunch” gifts in one year to maximize ability to deduct gifts.
  – Allocate to charities on timeframe that makes sense to donors.
Comparisons of private foundations and DAFs

• Transparency
  – Some donors choose DAFs because of anonymity.

• Control
  – A key word in DAFs is “advised”.
  – Donors can influence how gifts are used whether from DAFs, foundations, or personal checkbooks.

• Payout rate
  – For private foundations, the minimum has unambiguously become the maximum payout rate for the vast majority of foundations.
Do DAFs displace giving to other charities?

• It is not reasonable to assume that all of the gifts made to DAFs would have been made directly to either public charities or private foundations if DAFs were not an option.

• All of the DAFs end up in charities eventually.

• DAFs are permanent commitments for philanthropy.

• Donors always have choices to use their income and/or assets in multiple manners.
Conclusions

• Should there be requirements for activity? Yes!
  – Not parking lot.

• Displacement or reallocation of giving? Unclear

• DAFs are similar to and different from foundations in several ways. DAFs are usually not permanently endowed, nor dedicated to a particular cause or charity.
Conclusions

• DAFs are important to the charities that sponsor them.
  – Gives sponsoring org access to donors whom they can educate and cultivate.
  – Can also share info with the donors about priorities and needs in their areas of work and donors areas of interest.
Giving Days + Giving Innovations: Eliminating the transactional funder role for the CF of the past?
Daniel Kaufman, Third Plateau

- Integrated strategy firm
- Develop healthy organizations, effective leaders, and smarter funders
- Offices in San Francisco, Sacramento, Houston, and Philadelphia
Giving Day Initiative

Key question:

• How can community foundations more effectively leverage digital technology?
Future of Community Foundations

• Technology as a threat to core business model:
  • Can’t compete on price for DAFs
  • Information is more readily available

• Technology as an opportunity:
  • Connect and communicate with community (nonprofits, donors)
  • Drive vision for community by aggregating data
Community Foundation Perspective

Greater Cincinnati’s Tech Challenge
Greater Cincinnati Foundation – Technology Experience from a Foundation: Alex Holtel

May 2, 2018
As the region’s leading community foundation, GCF connects people with purpose in an eight-county region in Ohio, Kentucky and Indiana. GCF is leading the charge toward a more vibrant Greater Cincinnati for everyone – now, and for generations to come. As of 2017, GCF is the 35th largest U.S. community foundation with net assets of $636 million.
Tech Priorities last 12 months

2017 Focused on IT Infrastructure & Security

- Engaged with new Managed Service Provider (Immedion)
- Infrastructure Re-engineered (moved to Cloud)
- Security upgraded (Firewall, VPN, Encrypted Wireless)
- Laptops purchased for end users
- Internal Share Drive Restructuring Implementation started

2018 Workflows and Automation

- Enhancing automated workflows
- Engaging in Email Phishing Awareness
- Building Data Warehouse
**GCF Major Initiatives**

From the 2018 submitted Plan

- Increase gifts
- Increase cultivation prospects
- Nimble grantmaking
- New funding inquiry portal - single entry point
- Streamline RFP process
- Consistent communications for donors & partners
- Diversify age of donors/attract contributors
- Automate manual processes
- Enhance the Donor Experience
- Improve data analytics for insightful decision making
- Introduce Phase II of the donor marketplace to further engage donors
- Continue strengthening orientation to performance culture

**+ Assets**

**+ Awarded Grants**

**+ Efficiency**

**+ Awareness**
GCF Roadshow

IT Team met with each department to understand opportunities in the form of issues/problems/ideas

• Identified 57 unique opportunities
  – Identical opportunities only counted once
• Solutions for each opportunity were identified
  – These solutions were then analyzed
    • Duct tape vs Ecosystem approach
    • Resulted in 3 major solution areas
      – Donor Marketplace/Website
      – Data Warehouse
      – Development
Current Data Integration State

Key
- Manual Process
- Automated Process

Foundant Power

Donor Access (Portal)

Payment - Paypal

Website

Foundant Grants Mgmt

SalesForce
Post Data Warehouse Integration

➢ Also simplifies future system integration/replacements

Key
- Manual Process
- Automated Process
What is the Donor Marketplace?

Website + Donor Portal + Grant System = Donor Marketplace
**Post Donor Marketplace Integration**

Further Simplification & Improved Metrics Recording

- **Foundation Power**
- **SalesForce**
- **Foundant Grants Mgmt**
- **Website / Donor Marketplace**
- **Donor Access (Portal)**
- **PayPal**

**Key**
- Manual Process
- Automated Process

More Data = Better Analytics
Why Now?

Provide donors with more opportunities tailored to their interests

Increase our reach of the 2.2 million people in CMA

We’re playing catchup, let’s not get too far behind
Donor Marketplace Example – Machine Learning

➢ Give people the information they want, by learning what they actually view

- As people interact with the website, we learn what interests them
- If not logged in already, once someone logs in, their interests are associated with their account
- Grant requests and information are presented to donor based on their interests
- This information is aggregated & can be used to communicate to those with same interests

Illustrative Example:

Bob the Donor is interested only in homeless shelters

Even though Bob says his only interest is homeless shelters, he frequently views info on animal shelters

Baby Fiona gets sick & needs $10k for an emergency procedure

Because Bob frequently views info for animal shelters, he's identified as someone who may have an affinity to help Fiona

Bob funds Baby Fiona

Baby Fiona gets healthy!

Thanks Bob!

GCF now knows Bob's interests are homeless shelters & animal causes
Donor Marketplace Example – Donor Feedback

Improving Donor’s Post Grant/Donation Experience – keeps them coming back

Donor Visits Website & Presented with Opportunities

Donor Views Video Requests

Donor Submits Grant

Grantee Receives $$

Grantee Project Completed

Donor Receives Feedback

Grantee Submits Data

GCF sends follow-up to Grantee

Donor Shares Story
Community Foundation Perspective

Miami’s Evolution of Thinking on Technologies’ Role
Matthew Beatty
Senior Director of Communications
The Miami Foundation
Q&A

• Submit Questions via Chat
Thank You for Joining Us for
Evolving Technologies: Improving or Expanding Donor Services

Thanks to Guidestar and California Community Foundation

Upcoming Calls and Webinars:

National Standards Conference Call
May 9, 2018, 1:00 – 2:30 PM Eastern

Developing an Investment Strategy
May 31, 2018, 2:00 – 3:30 PM Eastern

Learn more and register at www.cof.org/events
What is a DAF?

• A donor-advised fund is like a charitable investment account, for the sole purpose of supporting charitable organizations.
  – Generally eligible to take an immediate tax deduction as giving to a public charity;
  – Grants to charities can be spread over several years;
  – DAFs can be invested for tax-free growth;
  – Donors can recommend grants to any legal charity.

• Source: Fidelity Charitable
History of DAFs

• The New York Community Trust pioneered donor-advised funds in 1931.

• In the 1990s, for-profit financial investment firms began to establish affiliated nonprofit organizations to maintain donor-advised fund accounts.

• Three biggest recipients of DAFs: Fidelity, Mormon Church, and American Endowment Foundation

Do DAFs displace giving to other charities?

- The growth of DAFs does not mean they distort giving.

<table>
<thead>
<tr>
<th>Giving to Secular Charities Only</th>
<th>DAFs NPT Report 2016</th>
<th>High Net Worth Donors BOA Report 2016</th>
<th>Normal Household PPS 2015</th>
<th>Total giving Giving USA 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>29%</td>
<td>19%</td>
<td>13%</td>
<td>27%</td>
</tr>
<tr>
<td>International</td>
<td>25%</td>
<td>1%</td>
<td>3%</td>
<td>11%</td>
</tr>
<tr>
<td>Public social benefit</td>
<td>23%</td>
<td>13%</td>
<td>42%</td>
<td>14%</td>
</tr>
<tr>
<td>Health</td>
<td>10%</td>
<td>11%</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>Human services/Basic needs</td>
<td>7%</td>
<td>44%</td>
<td>24%</td>
<td>21%</td>
</tr>
<tr>
<td>Arts/Culture</td>
<td>5%</td>
<td>7%</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Environment/animals</td>
<td>1%</td>
<td>4%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Totals</td>
<td><strong>100%</strong></td>
<td><strong>99%</strong></td>
<td><strong>100%</strong></td>
<td><strong>101.5%</strong></td>
</tr>
</tbody>
</table>
Do DAFs displace giving to other charities?

- DAFs could have led to a reallocation of giving that might have transpired regardless.
- DAFs did not cause a decrease in either total or household giving in either absolute dollar terms or as a share of the economy overall or of personal income.
Conclusions

• DAFs are popular for many reasons:
  – Liquidity moments and timing
  – After-tax effects and ease of donating now
  – Anonymity (or not)
  – **DAFs are likely to become even more popular with the doubling of the standard deduction.**
    • Useful way to “bunch” gifts in one year to maximize ability to deduct gifts. Then payout when deem appropriate.