

# DONOR ADVISED FUNDS: AN OVERVIEW



**CALIFORNIA DEPARTMENT OF JUSTICE**

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*OFFICE OF THE ATTORNEY GENERAL*

## Executive Summary

This report summarizes the results of an audit of Donor Advised Fund sponsors registered with the Office of the Attorney General of California. The audit was conducted due to the increasing popularity of Donor Advised Funds as a means of charitable giving.

Donor Advised Fund Sponsors are tax-exempt charitable organizations that manage Donor Advised Funds (DAF). DAFs are private funds administered by DAF sponsors that are created for the purpose of managing charitable donations on behalf of an organization, family, or individual. The donor to a DAF receives the benefit of an immediate tax deduction when gifts are made. Though the DAF sponsor obtains legal control over the donations upon receipt, they typically rely on donors to provide advice on when and where donations should subsequently be distributed. Once the donation is made to a DAF, there is no minimum distribution requirement, or required time in which those funds must be donated out of the DAF and into operating charities.

DAF sponsors that were the subject of this audit were categorized into three types. Those three categories are Community Foundations, Commercial DAFs, and Mission based DAFs. Community Foundations (CF) are DAF sponsors whose name or mission identifies their goal as primarily serving a defined geographic region. Commercial DAFs (CO) are DAF sponsors whose name identified them as being founded or affiliated with an investment management company or financial advisor. Mission based (MB) DAFs are DAF sponsors without either a specific geographic focus or a connection to a commercial entity and often have a specific goal or purpose.

The information presented in this report is derived from responses based upon the last three reporting periods<sup>1</sup> provided by 57 DAF sponsors subject to the audit. The DAF sponsors were selected using the following criteria: California-based DAF sponsors with over \$10 million in assets and national DAF sponsors registered in California with over \$200 million in assets. Of these DAF sponsors, thirty-five DAF sponsors (61%) were California DAF sponsors and 22 (39%) were national DAF sponsors. By sponsor type, 17 sponsors (30%) were mission-based, 11 (19%) were commercial, and 29 (51%) were community foundations.<sup>2</sup>

The total combined value of charitable assets held in DAFs administered by the DAF sponsors increased each reporting period. The total charitable assets reported at the end of Year 3 for all DAF sponsors was \$105.3 billion. The average growth rate for all DAF sponsors was 20%. Commercial DAF sponsors held more in charitable assets than all other sponsor types combined. Mission-based DAF sponsors had the highest average growth rate (35%).

The total number of DAF accounts held by DAF sponsors increased every reporting period for both California and national DAF sponsors, but California DAF sponsors reported a higher average growth rate (15%) than national DAF sponsors (3%). Commercial DAF sponsors reported the highest number of DAFs managed nationally for all three reporting periods, and the highest average growth rate (17%). The growth in number of funds managed by Community foundation DAF sponsors was relatively low (1.4%), whereas it was negative for mission-based DAF sponsors (-8%).

<sup>1</sup> Results are reported for Year 1, Year 2, and Year 3, which represent the last three reporting periods as described by DAF sponsors in chronological order. The earliest reporting period began on July 1, 2016 and the latest reporting period ended on December 31, 2020.

<sup>2</sup> Audit data was also collected from two donation processors registered in California for a total of 59 DAF sponsors. However, the primary role for donation processors is to facilitate large public donation campaigns and to quickly distribute the donations to recipient charities, and those who use donor advised funds to facilitate processing such donations. As donation processors are a special category of DAF sponsor and do not operate in the manner of other DAFs, results for the two donation processors are not included in this report.

The highest total combined amount of contributions received by DAFs was \$29.4 billion in Year 2. For Year 2, national DAF sponsors reported \$21.3 billion in total contributions and California DAF sponsors reported \$8 billion in total contributions. The total combined contributions received from private foundations ranged from \$1.1 billion in Year 1 to \$1.7 billion in Year 3. California DAF sponsors reported a higher share of total contributions received from private foundations overall (8%) than national DAF sponsors (4%). Community foundations reported a higher share of total contributions from private foundations overall (12%) than mission-based (10%) and commercial sponsors (3%).

DAF sponsors receive donations in various forms. Cash and publicly traded securities made up the vast majority of contributions received for both California DAF sponsors and national DAF sponsors. For California DAF sponsors, two-thirds (65%) of the contributions were cash and almost one-third (32%) in publicly traded securities. For national DAF sponsors, there was almost an even split between contributions in the form of cash (48%) and contributions in the form of publicly traded securities (44%). Mission-based sponsors and community foundations reported approximately two-thirds of their contributions in cash and approximately one-third in publicly traded securities. This pattern was reversed for commercial sponsors.

Grants from DAFs to charitable organizations rose steadily across all three reporting periods. The combined total value of grants to charitable organizations ranged from \$12.7 billion in Year 1 to \$19.8 billion in Year 3. For all DAF sponsors combined, the fund flow ratio was 61% for Year 1, 55% for Year 2, and 72% for Year 3.<sup>3</sup> Community foundations reported the highest ratio of grants paid to contributions received for all three reporting periods.

Among the recipients of grants from DAFs were other DAFs. Grant amounts to other DAFs rose steadily for national DAF sponsors but decreased from Year 2 to Year 3 for California DAF sponsors. The total amount combined in grants to other DAFs ranged from \$1.2 billion in Year 1 to \$2 billion in Year 3. The total number of grants made to other DAFs increased for both national and California DAF sponsors. Overall, approximately 11% of total grants were grants to other DAFs. Community foundations reported the highest share of grants to other DAFs relative to all grants (18%), followed by commercial DAF sponsors (10%) and mission-based sponsors (5%).

The audit requested information regarding the DAFs' grant ratio. The grant ratio is the aggregate grant distributions from the individual DAF during the reporting period divided by the DAF's value at the end of the reporting period. For instance, if a DAF had \$10 million dollars in assets at the end of the reporting period, and gave \$5 million dollars in grants during that reporting period, its grant ratio would be 50%. The most frequent grant ratio distributions were less than 5% and greater than 50%. The distribution of grant ratios remained consistent over time by region and sponsor type. Grant ratios of greater than 50% made up the largest shares for national DAF sponsors. For California DAF sponsors, grant ratios of less than 5% and greater than 50% were distributed almost evenly. Grant ratio distribution for mission-based sponsors fell almost entirely in grant ratios of greater than 50%. The distribution of grant ratios less than 5% and greater than 50% was almost evenly split for commercial sponsors. Community foundations reported a greater share of grant ratios less than 5% than grant ratios greater than 50%.

An overwhelming majority of both California and national DAF sponsors reported having a disbursement policy, a self-dealing policy, and a policy addressing advisory privileges. Similarly, 100% of both California and national DAF sponsors reported that they informed all founders, donors, disqualified persons, and private foundations in writing that grants can be used only for charitable purposes. More than one-half of California DAF sponsors (64%) and national DAF sponsors (68%) reported that they had a policy which required that grants go only to 501(c)(3) organizations. Seventeen DAF sponsors (30%) reported that they had created or changed policies in response to the

<sup>3</sup> Flow ratios were calculated by dividing the amount paid in grants by the total contributions received for each year.

Covid-19 pandemic emergency.

Generally, DAF sponsors charge fees for managing DAFs. These fees include administrative, commission, and investment fees. Administrative Fees are fees charged based on the assets held by DAFs. They include costs, such as for processing transactions and providing donor support. Fifty-five DAF sponsors (97%) reported that they charged their DAFs an administrative fee. The total combined amount charged in administrative fees ranged from \$191 million in Year 1 to \$267 million in Year 3. Eighteen DAF sponsors (32%) reported that they charged a commission for the trade or sale of DAF assets. Commission are fees charged upon the sale and trade of DAF assets. The combined amount charged in commission fees by DAF sponsors ranged from \$5 million in Year 1 to \$4 million in Year 3. Forty-seven DAF sponsors (82%) reported that they charged their DAFs an investment fee. Investment Fees are fees charged based on how DAF donations are invested. The combined total amount of investment fees charged by DAF sponsors ranged from \$10 million in Year 1 to \$15 million in Year 3.

There are several notable takeaways based on the results of the audit of DAF sponsors registered in California:

- The results show a growth in DAFs, with average annual growth in assets above 20 percent (Tables 3 and 4).
- Commercial DAFs saw the most growth in dollar terms, topping \$20 billion in contributions and \$75 billion in year-end assets (Figures 2 and 7). The growth in commercial DAF sponsors was fueled by donations of equity securities, with equities representing between 50 to 65 percent of donations received each year, compared with the rate of equity security donations among all sponsors ranging between 34 to 38 percent (Tables 7 and 11).
- Grant payouts by DAFs increased across sponsor types and sponsor locations, with the exception of community foundations where the payouts remained somewhat flat (Figures 13 and 14).
- The data suggests that 20 percent of DAFs pay out less than 5 percent in a given year (Figure 30).
- On average, 32 percent of DAFs in commercial sponsors and 42 percent of DAFs in community foundations paid out less than 5 percent (Figures 37-38).
- DAF-to-DAF transfers accounted for 10.8 percent of all grants (Figure 23).
- The boost in payout and fund flow rates due to DAF-to-DAF transfers was most pronounced in community foundations, with DAF-to-DAF transfers representing 17.8 percent of all grants made by community foundation DAFs (Figure 26).
- Private foundation distributions account for 5.3 percent of all contributions received by DAFs (Figure 10). For commercial sponsors, private foundation contributions represented 3.1 percent of all contributions; for mission-based sponsors and community foundations it was higher, making up 9.8 and 12.2 percent of all contributions received, respectively (Figure 12).

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## Results

Aggregate results are presented for the 57 non donation-processor DAF sponsors who completed the audit. Where appropriate, results are also separated by California DAF sponsors and national DAF sponsors, and by DAF sponsor type: Community Foundation (CF), Mission-based (MB), or Commercial (CO). See Tables 1 and 2 for a count of DAF sponsors by category.

Where appropriate, results are also reported for Year 1, Year 2, and Year 3, which represent the last three reporting periods as described by DAF sponsors in chronological order. The earliest reporting period began on July 1, 2016 and the latest reporting period ended on December 31, 2020.

*Table 1. DAF Sponsor Count by Region*

DAF Sponsor Region	Count	% of Total
California	35	61.4%
National	22	38.6%

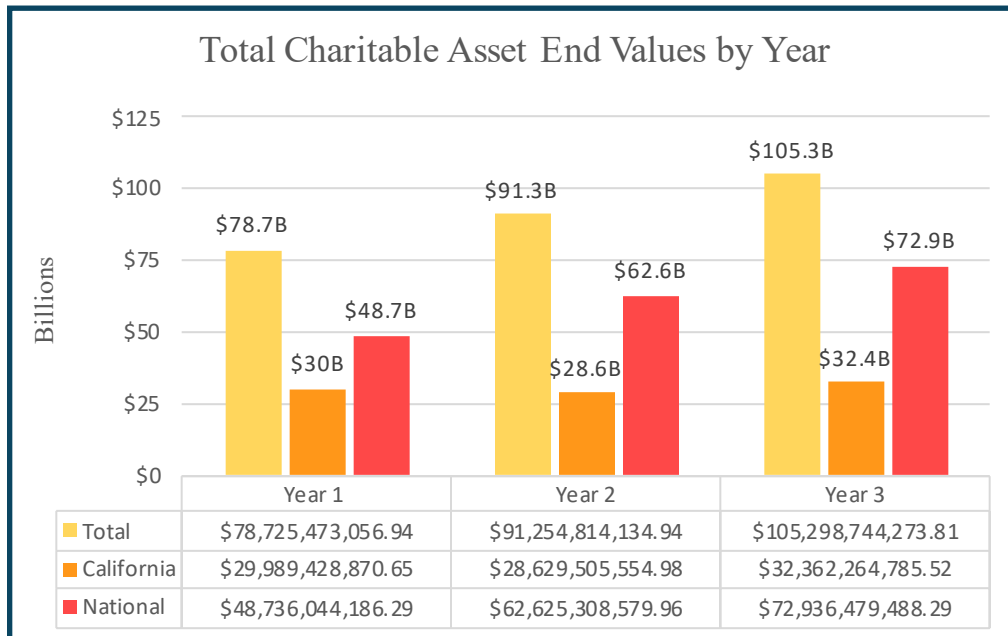
*Table 2. DAF Sponsor Count by Sponsor Type*

DAF Sponsor Type	Count	% of Total
Mission-based	17	29.8%
Commercial	11	19.3%
Community Foundation	29	50.9%

### Charitable Assets

DAF sponsors were asked to report the total beginning and end-year values of charitable assets held in DAFs they administered for three reporting periods. The total amount in charitable assets reported at the end of Year 3 for all DAF sponsors combined was \$105.3 billion (see Figure 1). Generally, the value of charitable assets held in DAFs increased each year, except for California DAF sponsors whose total end-year values in Year 2 were lower than their end-year values for Year 1. California DAFs held less in total charitable assets than their national counterparts.

Figure 1. Total Year-End Charitable Asset Values by Year



Total asset annual and average growth rates were calculated for each reporting period. Annual growth rates were calculated by dividing the change in assets during the current year (end-year value less beginning year value) by the end-year value for the previous year. The average growth rate is the average of all annual growth rate values. The average growth rate for all DAF sponsors combined was 20.2%. The average growth rate for California DAF sponsors was 14.9% and 23.4% for national DAF sponsors (see Table 3).

Table 3. DAF Sponsor Annual and Average Growth Rate in End of Year Assets, by Region

Sponsors	Annual Growth Rate	Avg Growth Rate
<b>Total</b>		
Year 1	29.3%	
Year 2	15.9%	
Year 3	15.4%	
		20.2%
<b>California</b>		
Year 1	36.3%	
Year 2	-4.5%	
Year 3	13.0%	
		14.9%
<b>National</b>		
Year 1	25.3%	
Year 2	28.5%	
Year 3	16.5%	
		23.4%



Overall, commercial DAF sponsors held more charitable assets than all other sponsor types combined. The total end-year value in charitable assets for commercial sponsors was \$75.1 billion in Year 3 (see Figure 2). Mission-based DAF sponsors had the greatest average growth rate (35.2%). See Table 4 for annual and average growth rates for all DAF sponsors by type.

Figure 2. Total Year-End Charitable Asset Values by Year and Type

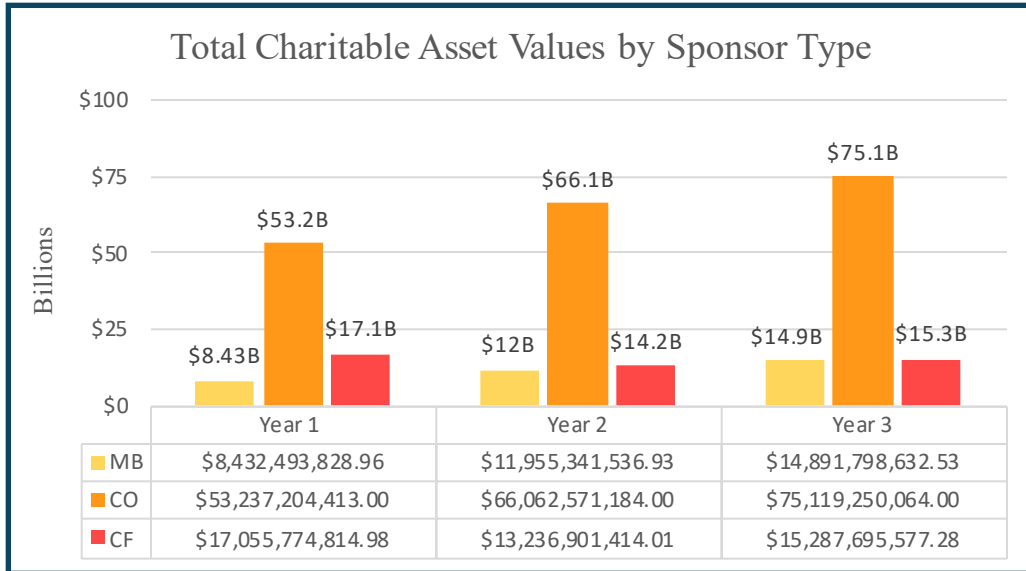


Table 4. DAF Sponsor Annual and Average Growth Rate of End of Year Assets, by Type

Sponsors	Annual Growth Rate	Avg Growth Rate
<b>Mission Based</b>		
Year 1	39.4%	
Year 2	41.8%	
Year 3	24.6%	
		35.2%
<b>Commercial</b>		
Year 1	22.6%	
Year 2	24.1%	
Year 3	13.7%	
		20.1%
<b>Community Foundation</b>		
Year 1	49.3%	
Year 2	-22.4%	
Year 3	15.5%	
		14.1%

## Total Number of DAFs Managed

DAF sponsors were asked to report the total number of DAFs they managed for each reporting period. The highest number of DAFs managed across all three reporting periods was 416,259 in Year 3 (see Figure 3). National DAF sponsors reported managing more DAFs than California DAF sponsors; however, California DAF sponsors experienced a larger growth rate of managed DAFs on average (15%) than national DAF sponsors (2.9%). The average growth rate for the total number of DAFs managed for all DAF sponsors combined was 4.8% (see Table 5).

Figure 3. Total Number of DAFs Managed

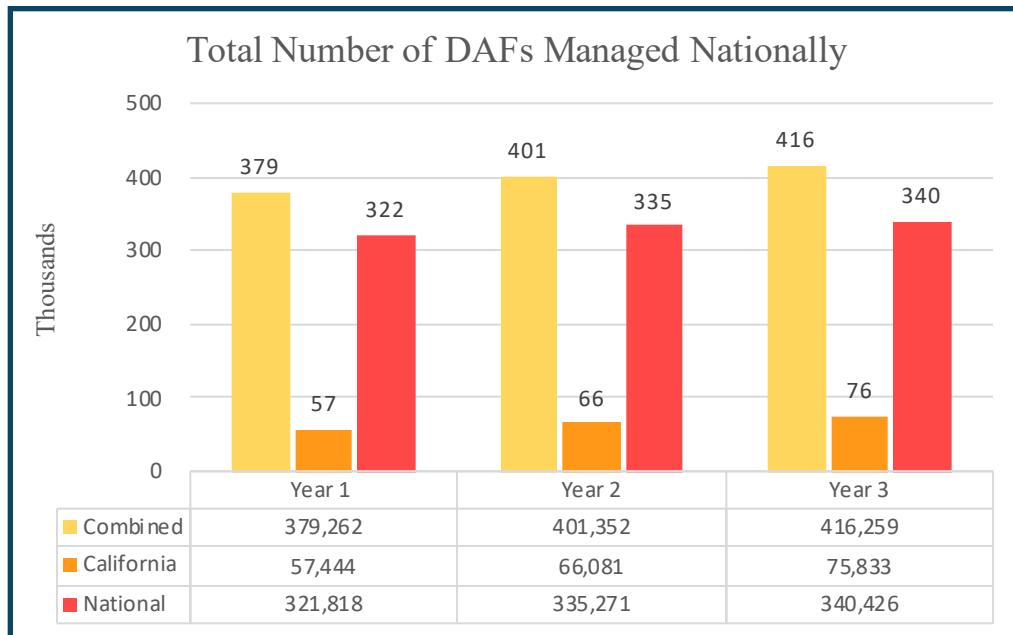


Table 5. Number of DAFs Managed Nationally: Average and Annual Growth Rates

Sponsors	Annual Growth Rate	Avg Growth Rate
<b>Total</b>		
Year 2	5.8%	
Year 3	3.7%	
		4.8%
<b>California</b>		
Year 2	15.0%	
Year 3	14.8%	
		14.9%
<b>National</b>		
Year 2	4.2%	
Year 3	1.5%	
		2.9%

Commercial DAF sponsors managed the highest total number of DAFs nationally, followed by mission-based DAFs and community foundations (see Figure 4). Relatedly, commercial DAF sponsors experienced a larger growth rate of managed DAFs on average (16.7%) than mission-based DAF sponsors (-8.1%), and community foundations (1.4%) (see Table 6).

Figure 4. Number of DAFs Managed Nationally by Sponsor Type

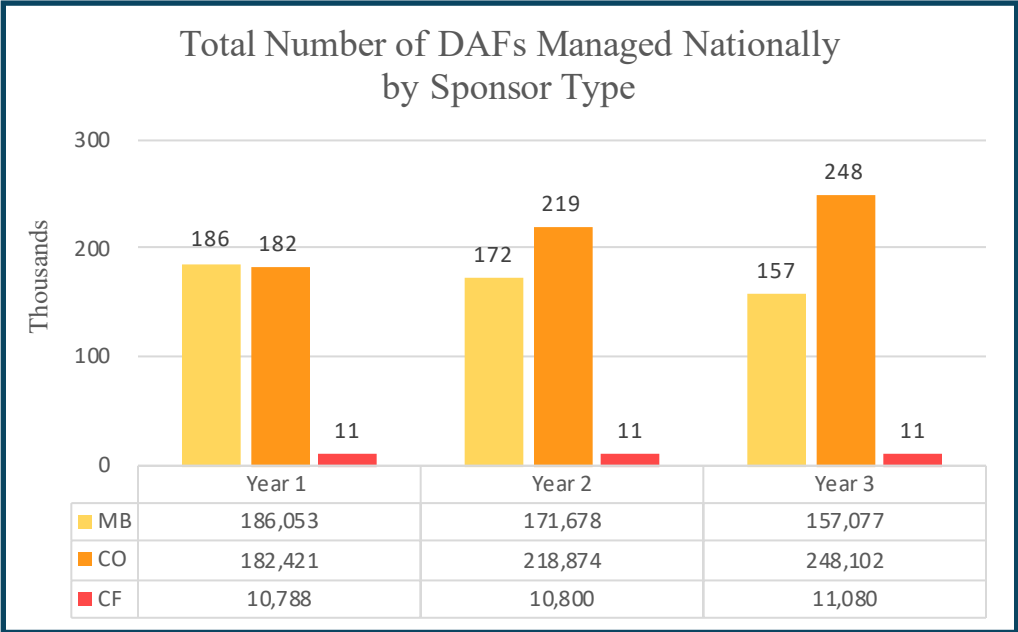


Table 6. Number of DAFs Managed Nationally by Sponsor Type: Average and Annual Growth Rates

Sponsors	Annual Growth Rate	Avg Growth Rate
<b>Mission Based</b>		
Year 2	-7.7%	
Year 3	-8.5%	
		-8.1%
<b>Commercial</b>		
Year 2	20.0%	
Year 3	13.4%	
		16.7%
<b>Community Foundation</b>		
Year 2	0.1%	
Year 3	2.6%	
		1.4%

## Contributions Received

DAF sponsors were asked to report the amount their DAFs received in total contributions for each reporting period. The highest amount in total contributions received for national DAFs was \$29.4 billion in Year 2. The highest amount in total contributions received for California DAFs was \$8.4 billion in Year 3 (see Figure 5). See Figure 6 for an overview of total charitable contributions received as a percent of total assets.

Figure 5. Total Charitable Contributions Received by Year

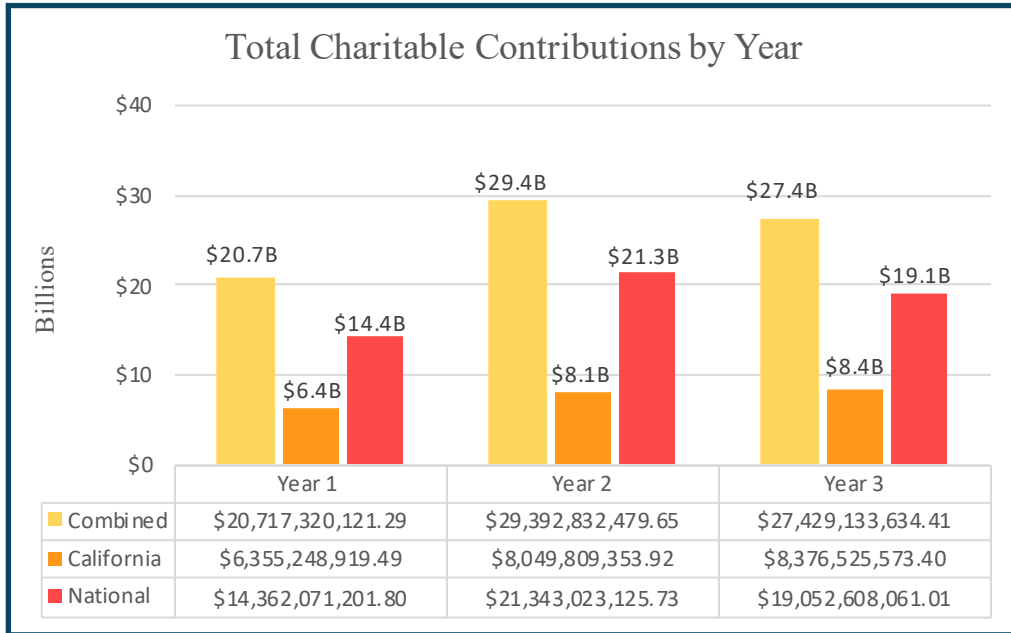
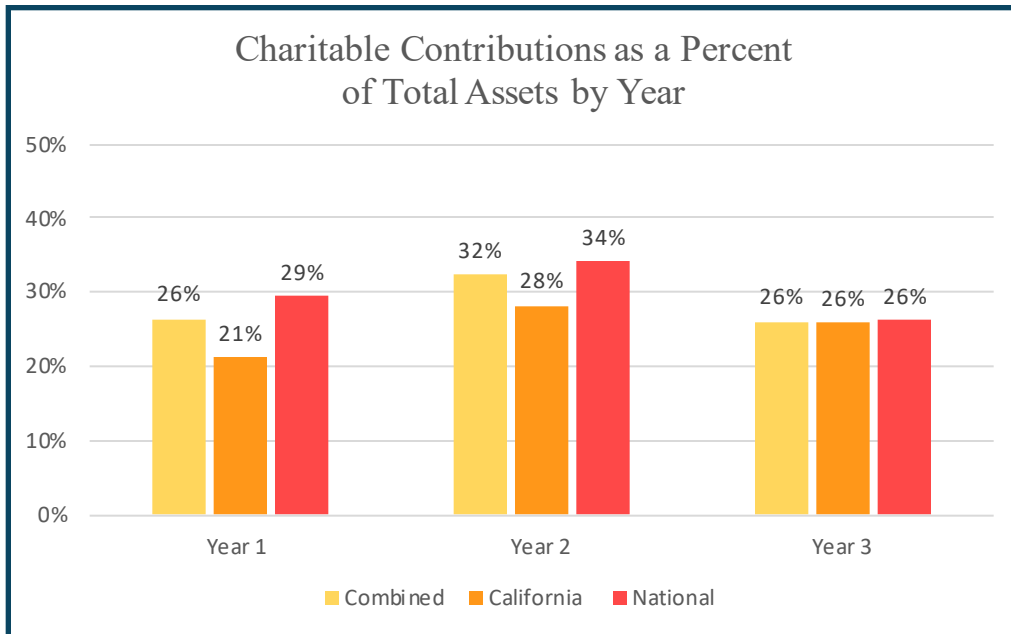


Figure 6. Total Charitable Contributions Received by Year as a Percent of Total Assets



Commercial DAF sponsors reported the highest amount in total contributions received across all three reporting periods (see Figure 7), though mission-based DAF sponsors reported the highest proportion of total assets from charitable contributions (see Figure 8).

Figure 7. Total Charitable Contributions Received by Year by Sponsor Type

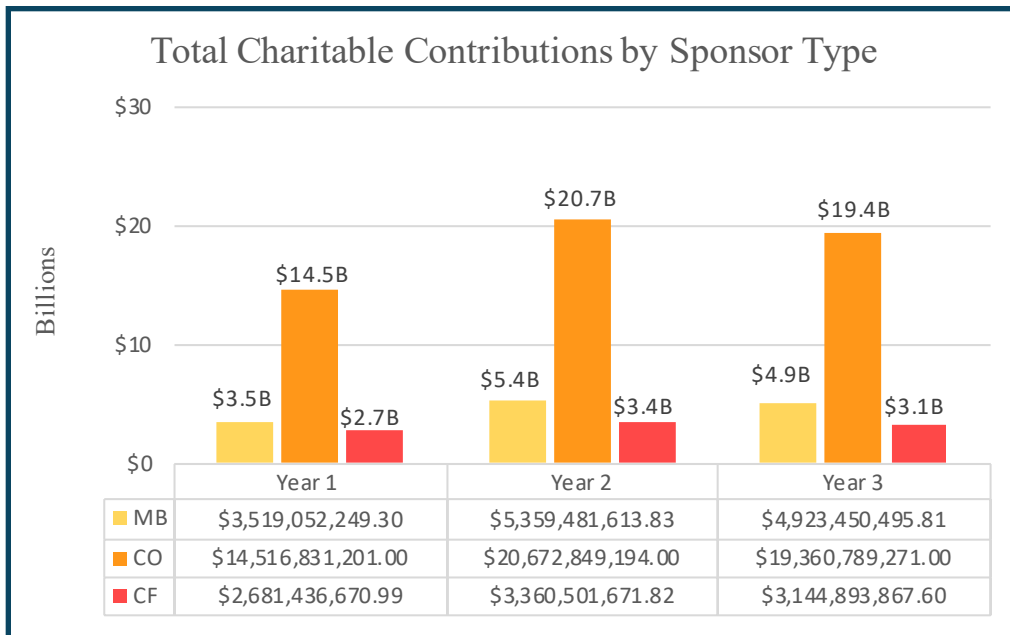
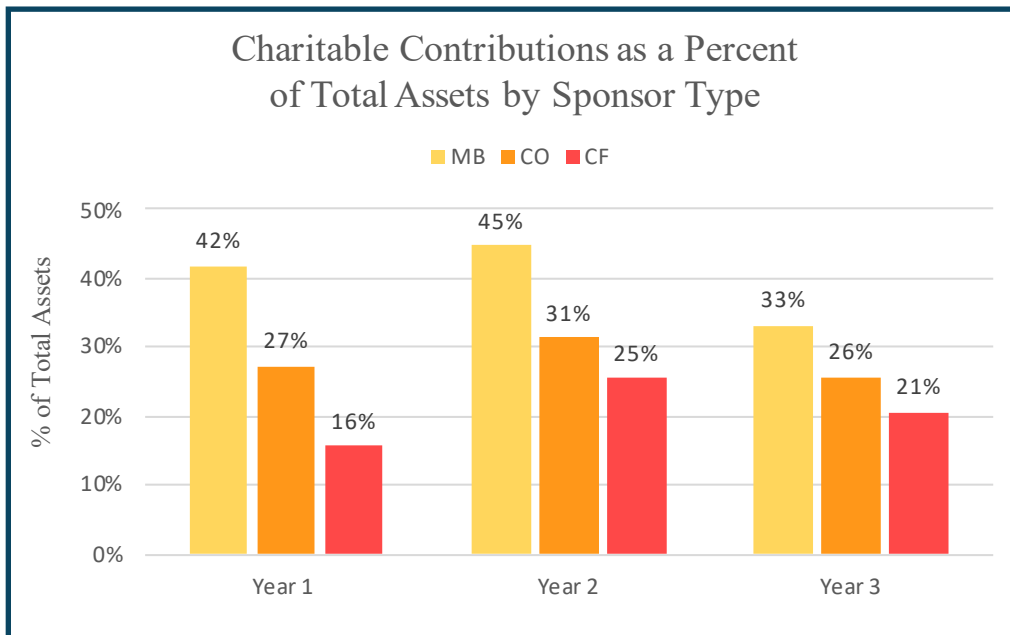


Figure 8. Total Charitable Contributions Received as Percent of Total Assets by Sponsor Type



DAF sponsors were also asked to report the amount their DAFs received in total contributions from private foundations for each reporting period. The total combined contributions received from private foundations ranged from \$1.1 billion in Year 1 to \$1.7 billion in Year 3 (see Figure 9). National DAF sponsors reported more contributions from private foundations in total in Year 1 and Year 2 than California DAF sponsors, but California DAF sponsors reported more in contributions from private foundations in Year 3. California DAF sponsors also reported the highest proportion of charitable contributions received as coming from private foundations (see Figure 10).

Figure 9. Total Private Foundation Contributions Received by Year

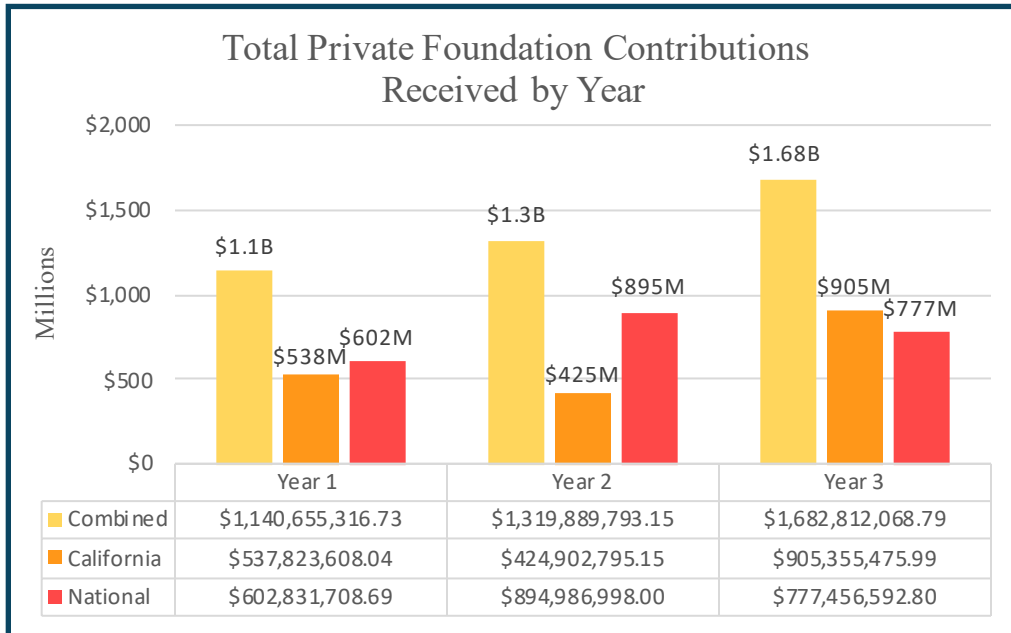
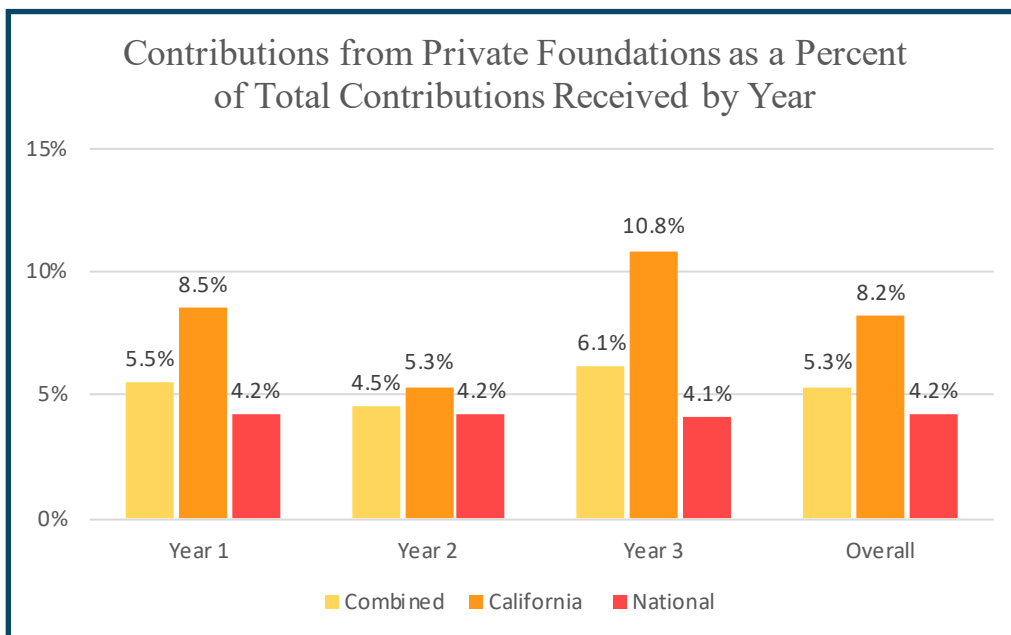


Figure 10. Total Private Foundation Contributions as a Percent of Total Contributions



The highest total amount of contributions received from private foundations varied by DAF sponsor type and year (see Figure 11). Overall, community foundations reported the greatest proportion of total contributions from private foundations (12.2%), followed by mission-based DAF sponsors (9.8%), and commercial sponsors (3.1%) (see Figure 12).

Figure 11. Total Private Foundation Contributions Received by Sponsor Type

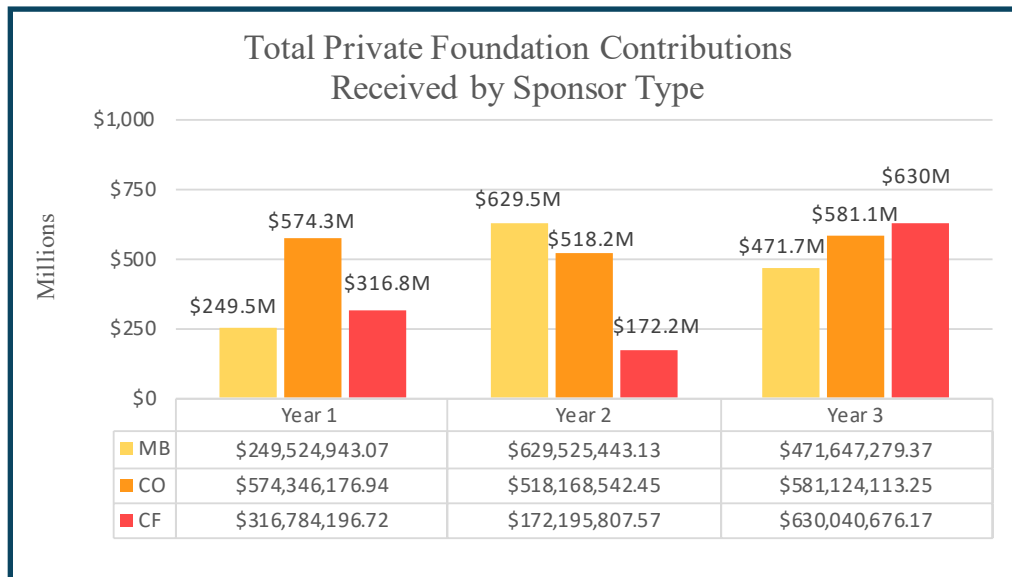
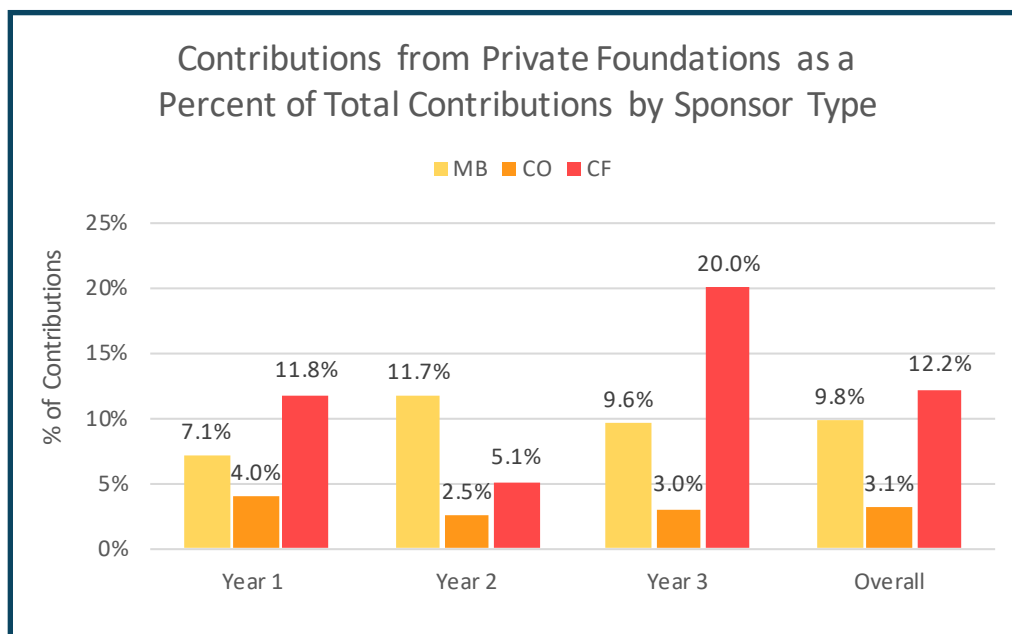


Figure 12. Total Private Foundation Contributions as a Percent of Total Contributions by Sponsor Type



DAF sponsors also reported the percentage of contributions received by their DAFs in terms of cash, securities, bonds, crypto-currency, and other. On average, most contributions received by DAFs were in the form of cash and publicly traded securities for all three reporting periods (see Table 7). For California DAF sponsors, two-thirds (65%) of the contributions were cash and one-third (32%) in publicly traded securities (see Table 8). For national DAF sponsors, there was almost an even split between contributions in the form of cash (48%) and contributions in the form of publicly traded securities (44%) (see Table 9). Mission-based sponsors and community foundations reported approximately two-thirds of their contributions in cash and approximately one-third in publicly traded securities (see Tables 10 and 12). This pattern was reversed for commercial sponsors (see Table 11).

*Table 7. Type of Contributions Received*

	Year 1	Year 2	Year 3
Cash	59.20%	55.80%	59.87%
Publicly Traded Securities	34.74%	39.61%	35.81%
Publicly Traded Bonds	0.08%	0.20%	0.18%
Closely held stock, partnerships, LLC, trust interests	4.47%	3.41%	2.88%
Real Estate	1.27%	0.25%	0.53%
Crypto Currency	0.02%	0.07%	0.02%
Other	0.30%	0.75%	0.40%

*Table 8. Type of Contributions Received: California DAF Sponsors*

	Year 1	Year 2	Year 3
Cash	65.98%	62.61%	65.22%
Publicly Traded Securities	29.03%	34.64%	32.57%
Publicly Traded Bonds	0.06%	0.03%	0.09%
Closely held stock, partnerships, LLC, trust interests	2.58%	1.28%	1.53%
Real Estate	2.03%	0.33%	0.83%
Crypto Currency	0.03%	0.09%	0.03%
Other	0.46%	1.22%	0.67%

*Table 9. Type of Contributions Received: National DAF Sponsors*

	Year 1	Year 2	Year 3
Cash	48.40%	44.97%	51.37%
Publicly Traded Securities	43.81%	47.51%	40.96%
Publicly Traded Bonds	0.11%	0.47%	0.32%
Closely held stock, partnerships, LLC, trust interests	7.50%	6.81%	5.02%
Real Estate	0.07%	0.13%	0.05%
Crypto Currency	0.00%	0.05%	0.00%
Other	0.07%	0.07%	0.01%



*Table 10. Type of Contributions Received: Mission Based DAF Sponsors*

	Year 1	Year 2	Year 3
Cash	67.26%	62.38%	70.36%
Publicly Traded Securities	23.02%	30.19%	26.60%
Publicly Traded Bonds	0.00%	0.55%	0.23%
Closely held stock, partnerships, LLC, trust interests	9.40%	6.82%	2.61%
Real Estate	0.32%	0.00%	0.15%
Crypto Currency	0.00%	0.00%	0.00%
Other	0.00%	0.06%	0.06%

*Table 11. Type of Contributions Received: Commercial DAF Sponsors*

	Year 1	Year 2	Year 3
Cash	32.25%	34.26%	40.84%
Publicly Traded Securities	65.17%	62.38%	50.59%
Publicly Traded Bonds	0.22%	0.09%	0.37%
Closely held stock, partnerships, LLC, trust interests	2.76%	3.13%	8.08%
Real Estate	0.00%	0.09%	0.09%
Crypto Currency	0.01%	0.09%	0.01%
Other	0.14%	0.05%	0.02%

*Table 12. Type of Contributions Received: Community Foundations*

	Year 1	Year 2	Year 3
Cash	60.69%	60.12%	60.94%
Publicly Traded Securities	30.06%	36.49%	35.60%
Publicly Traded Bonds	0.08%	0.03%	0.07%
Closely held stock, partnerships, LLC, trust interests	2.24%	1.52%	1.07%
Real Estate	2.31%	0.46%	0.91%
Crypto Currency	0.03%	0.10%	0.03%
Other	0.56%	1.45%	0.76%

## Grants Issued

DAF sponsors were asked to report the grants (in US\$) their DAFs made to charitable organizations for each reporting period. Total contributions to charitable organizations for all DAF sponsors ranged from \$13.1 billion in Year 1 to \$20.3 billion in Year 3 (see Figure 13). Commercial DAF sponsors reported the highest amount in charitable grants for all three reporting periods (see Figure 14).

Figure 13. Total Charitable Organization Grants by Year

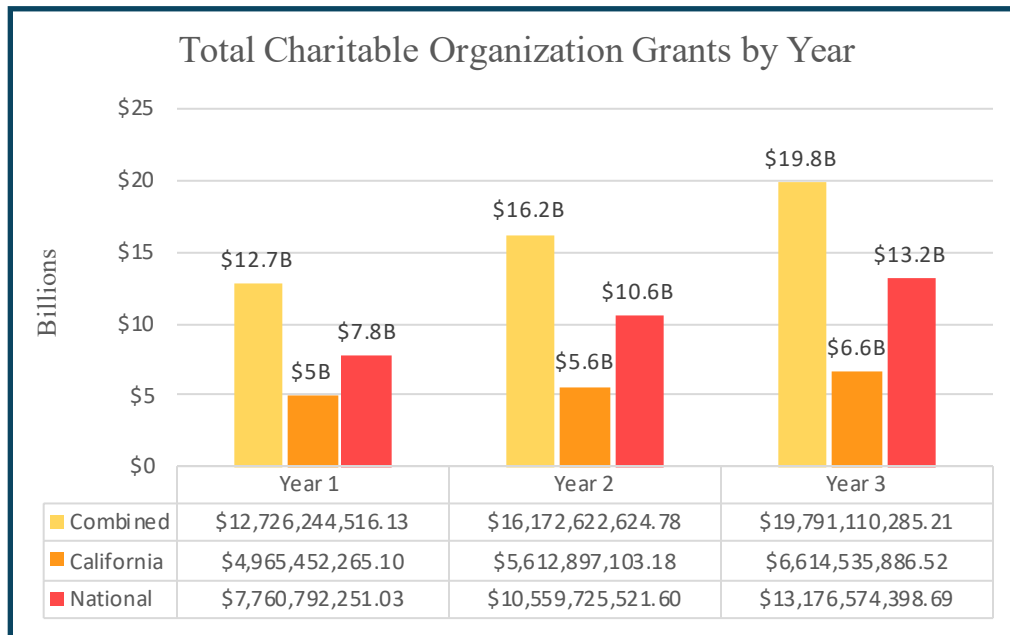
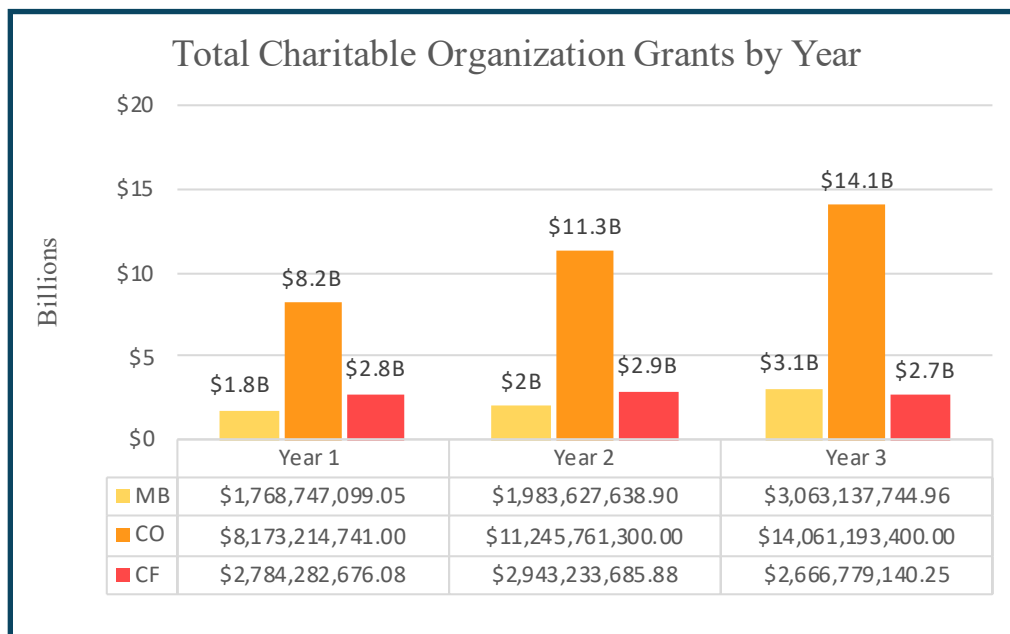


Figure 14. Total Charitable Organization Grants by Sponsor Type



Fund flow ratios were calculated for DAF sponsors by region and type by dividing the amount paid in grants by the total contributions received for each year. For all DAF sponsors combined, the fund flow ratio was 61% for Year 1, 55% for Year 2, and 72% for Year 3. See Figures 15-20 for fund flow ratios by DAF sponsor region and type.

Figure 15. Fund Flow Ratio: Total

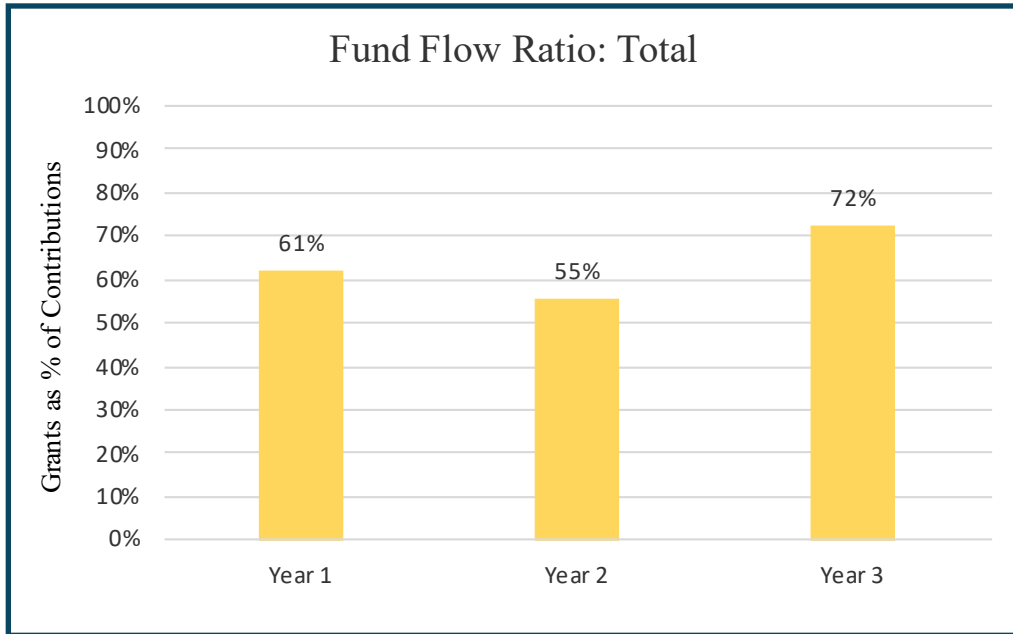


Figure 16. Fund Flow Ratio: California Sponsors

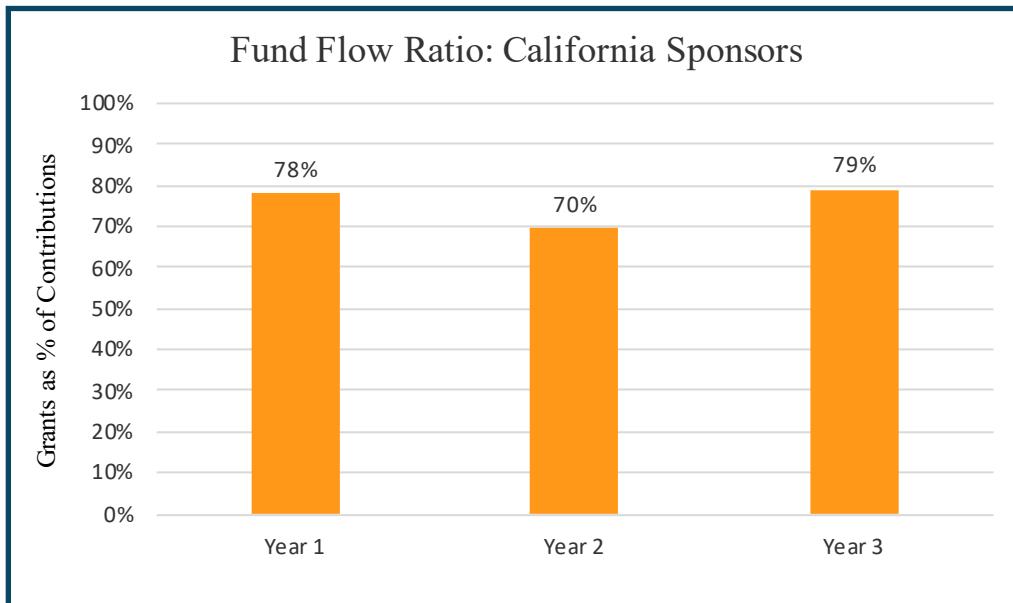


Figure 17. Fund Flow Ratio: National Sponsors

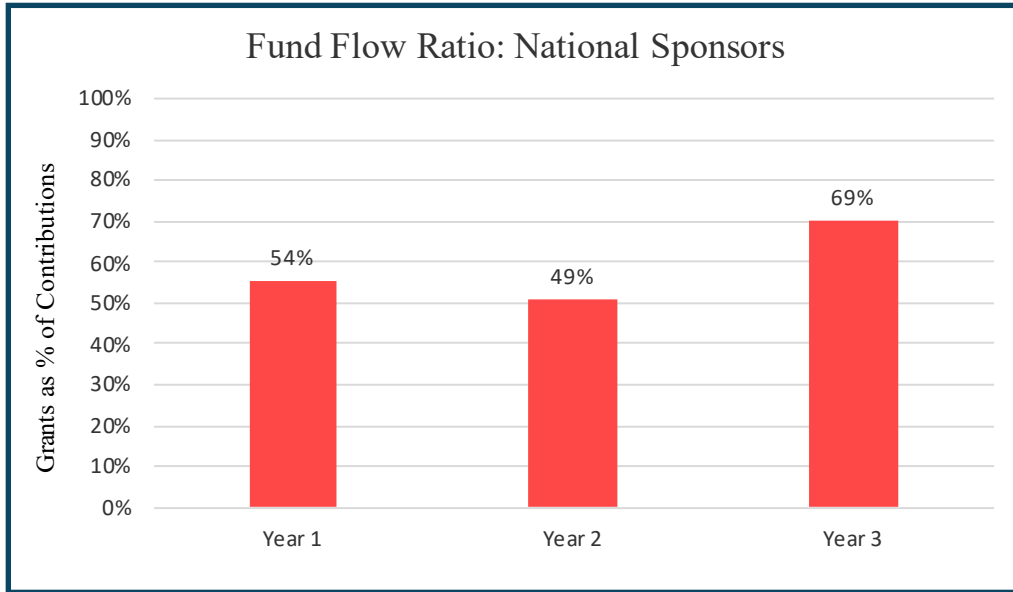


Figure 18. Fund Flow Ratio: Mission Based Sponsors

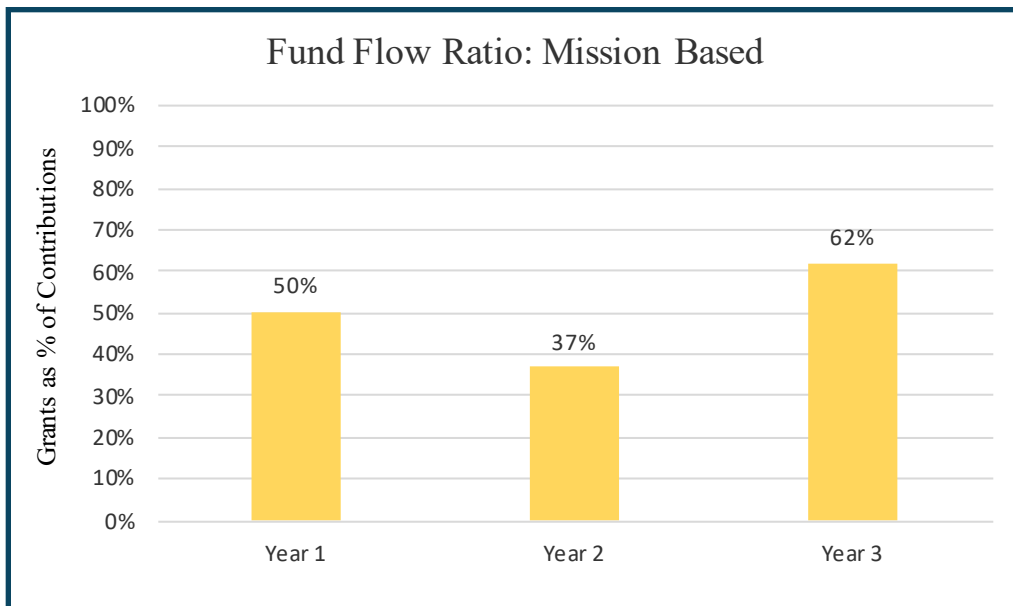


Figure 19. Fund Flow Ratio: Commercial Sponsors

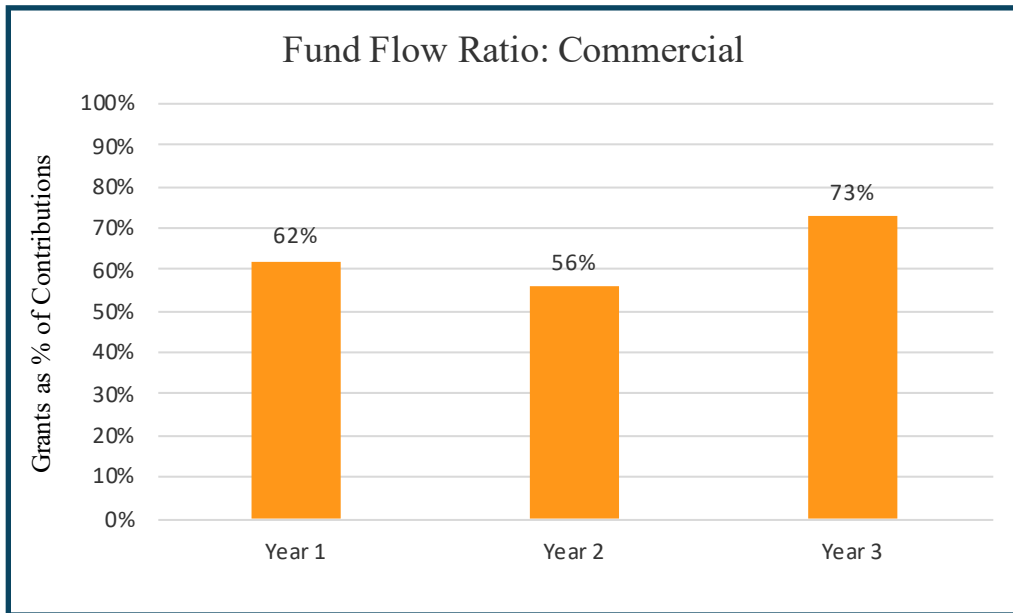
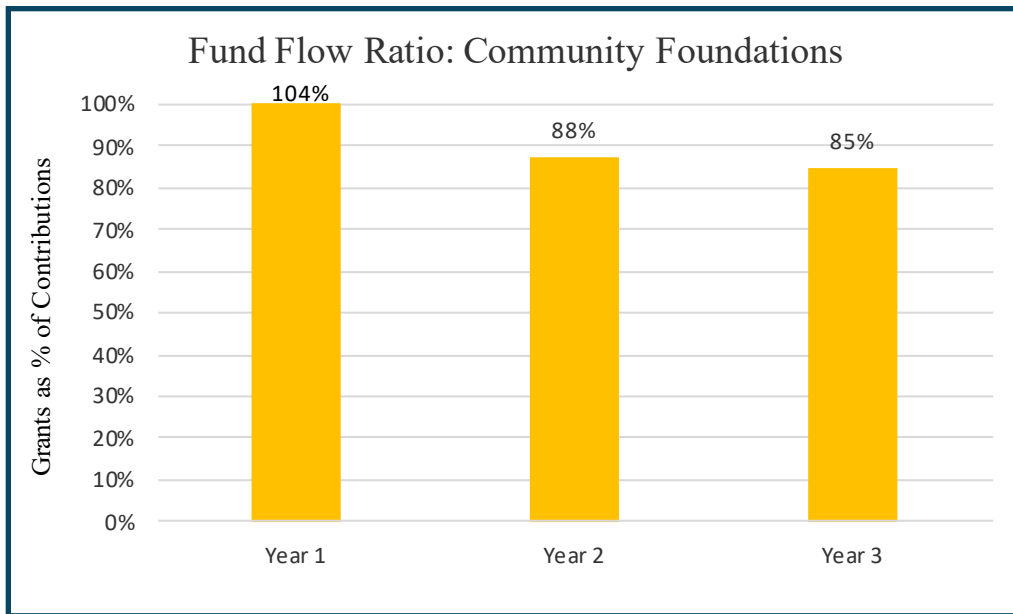


Figure 20. Fund Flow Ratio: Community Foundations



Relatedly, DAF sponsors also reported the number of grants made by their DAFs to other DAFs. The total number of grants made to other DAFs increased across all three reporting periods for both national and California DAF sponsors (see Figure 21).

DAF sponsors were also asked to report the total amount of grants (in US\$) their DAFs made to other DAFs. The combined total of grants made to other DAFs ranged from \$1.2 billion in Year 1 to \$2.1 billion in Year 3 (see Figure 22). The amount in grants made to other DAFs increased from Year 1 to Year 3 for national DAF sponsors and decreased for California DAF sponsors. Overall, 10.8% of total grants were grants to other DAFs (see Figure 23). Community foundations (18%) reported the highest share of grants to other DAFs relative to all grants, followed by commercial DAF sponsors (10%) and mission-based sponsors (5%). See Figures 24-26 for an overview of grants to other DAFs by DAF sponsor type.

Figure 21. Total Number of Grants to Other DAFs by Year

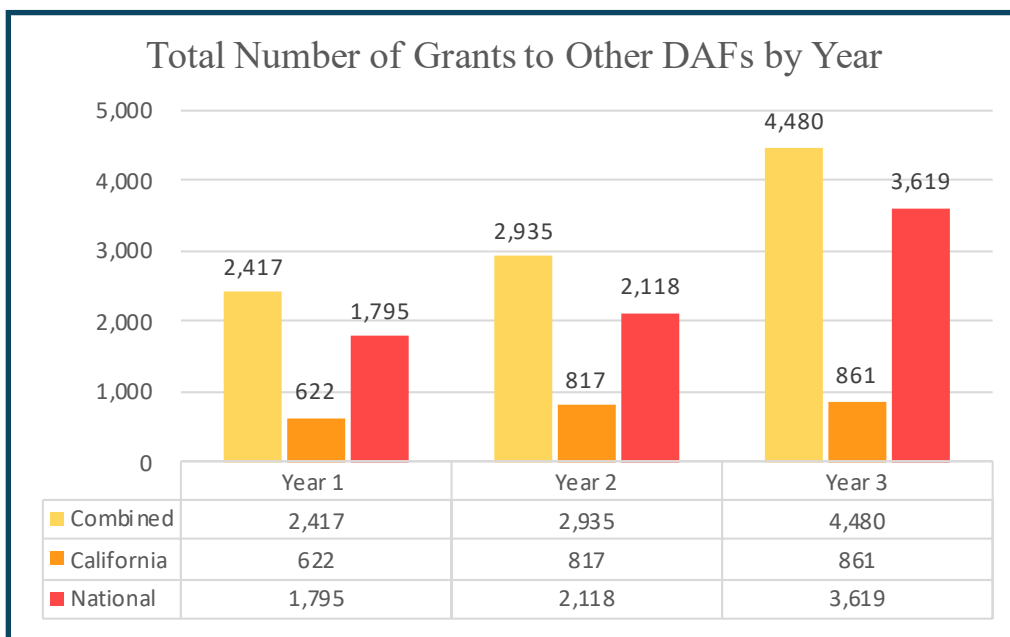


Figure 22. Total Grant Amount to Other DAFs by Year

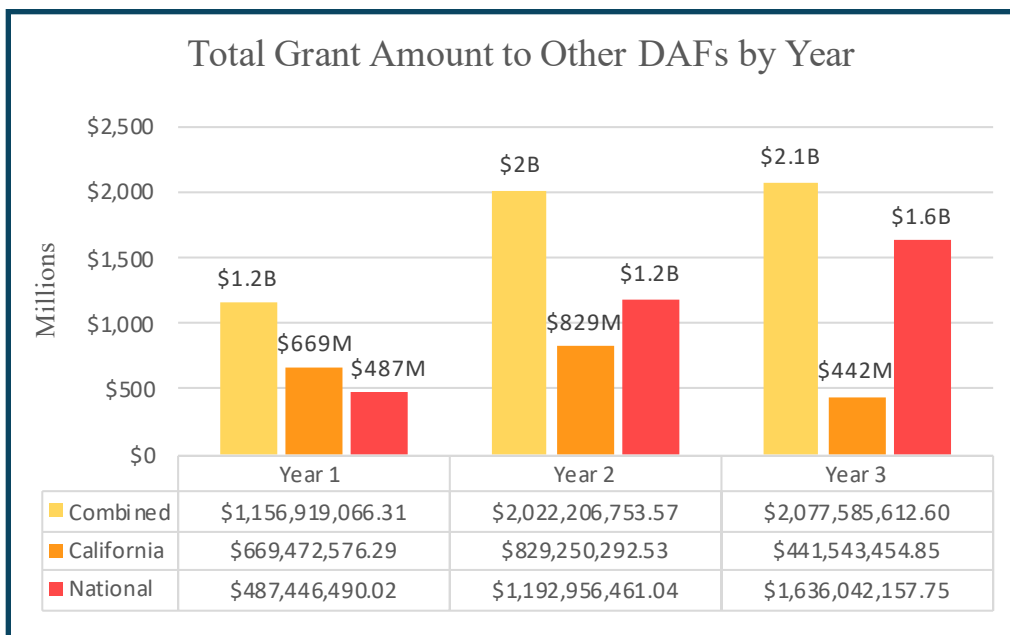


Figure 23. Grants to Other DAFs as Percent of Total Grants

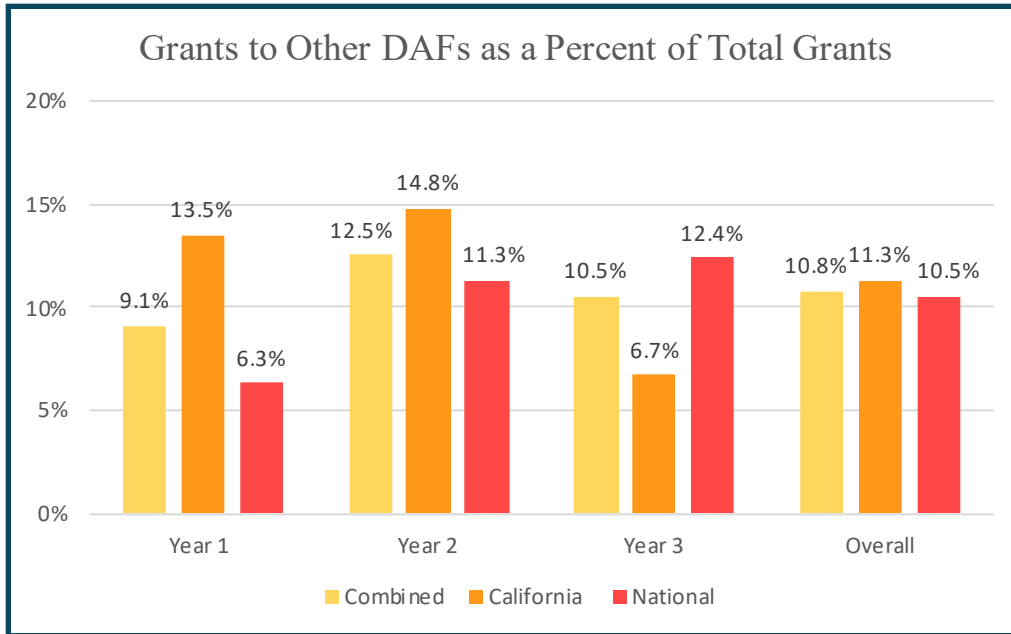


Figure 24. Total Number of Grants to Other DAFs by Sponsor Type

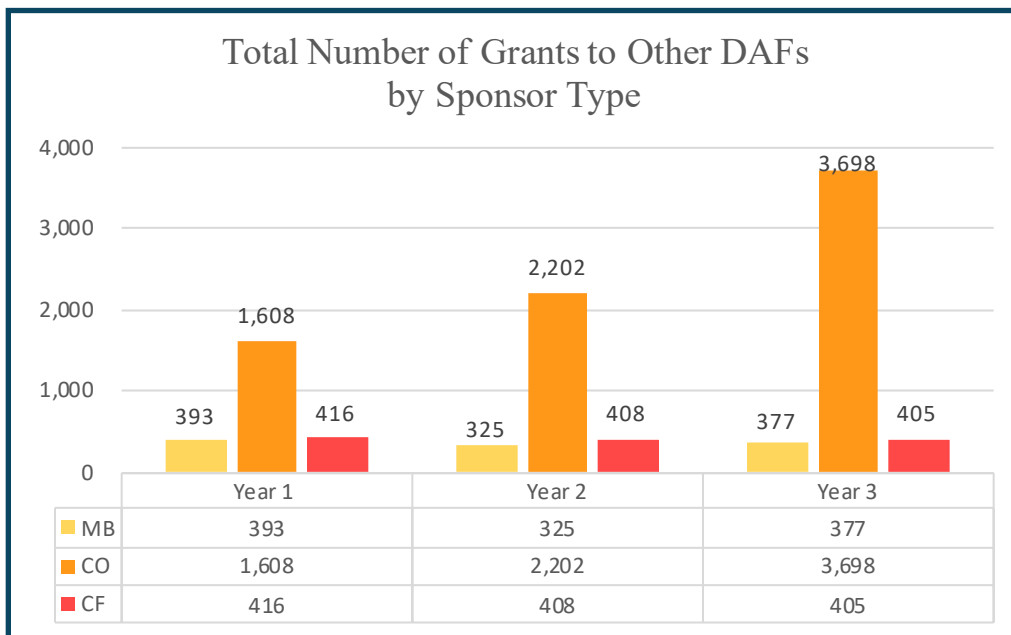


Figure 25. Total Grant Amount to Other DAFs by Sponsor Type

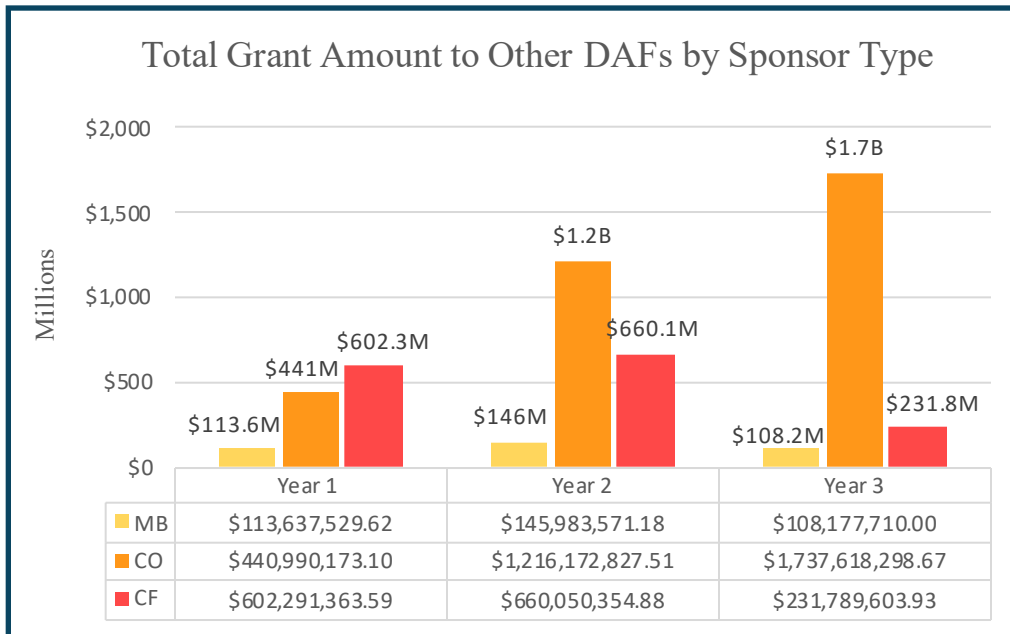
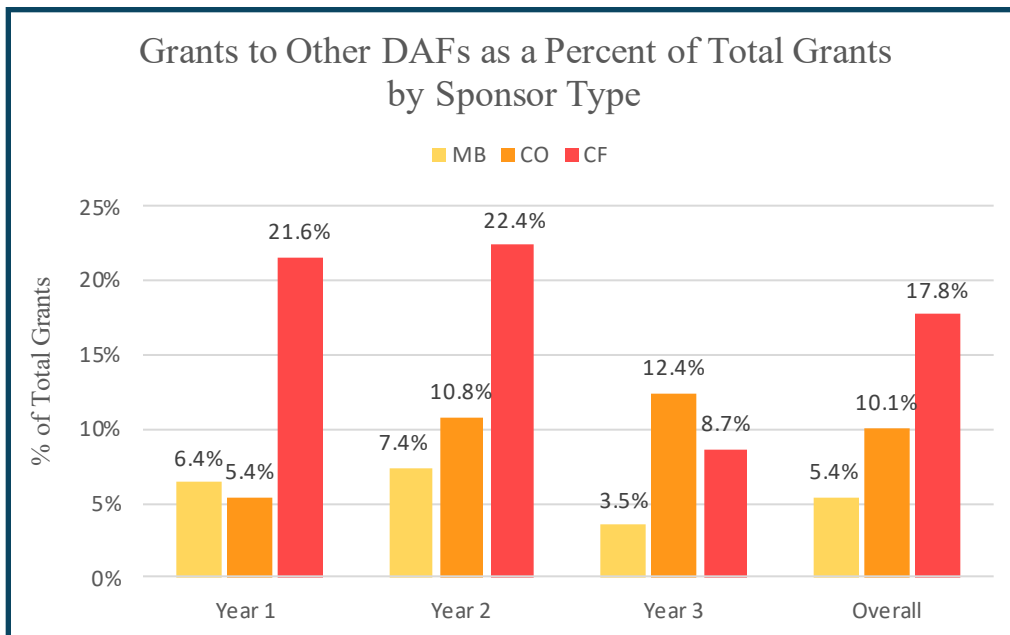


Figure 26. Grants to Other DAFs as Percent of Total Grants by Sponsor Type





## Grant Ratios

For every reporting period, DAF sponsors were asked to report a grant ratio for each of their DAFs. The grant ratio is the aggregate grant distributions from the individual DAF during the reporting period divided by the DAF's value at the end of the reporting period. Overall, grant ratios of less than 5% and greater than 50% were the most frequently reported for each reporting period. Grant ratios of greater than 50% made up the largest shares for national DAF sponsors. For California DAF sponsors, grant ratios of less than 5% and greater than 50% were distributed almost evenly (see Figures 27-29). See Figures 30-32 for the overall average grant ratio distribution.

Figure 27. Grant Ratio Distribution: Year 1

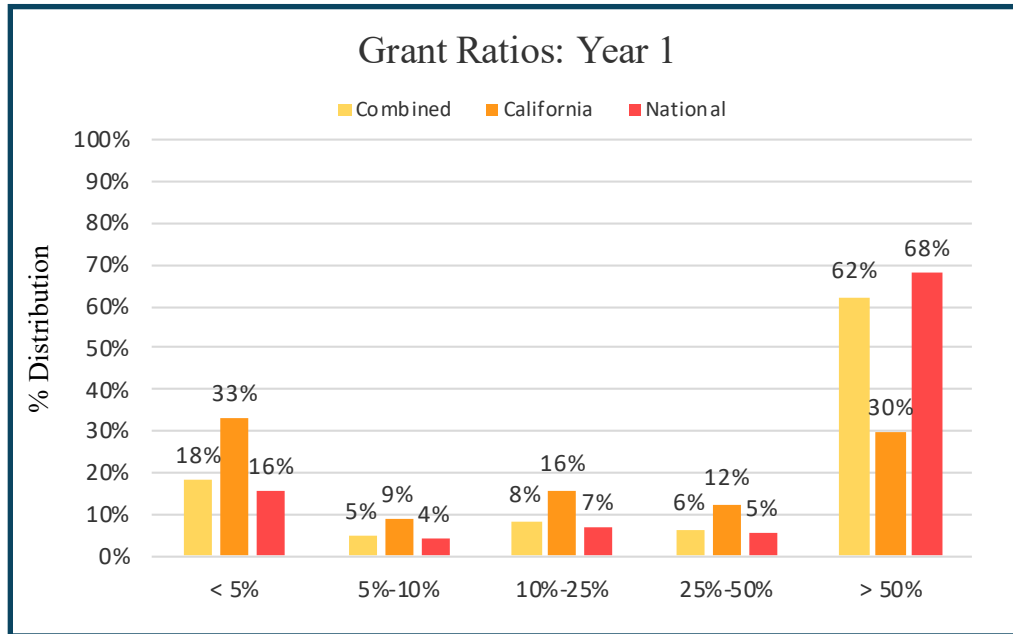


Figure 28. Grant Ratio Distribution: Year 2

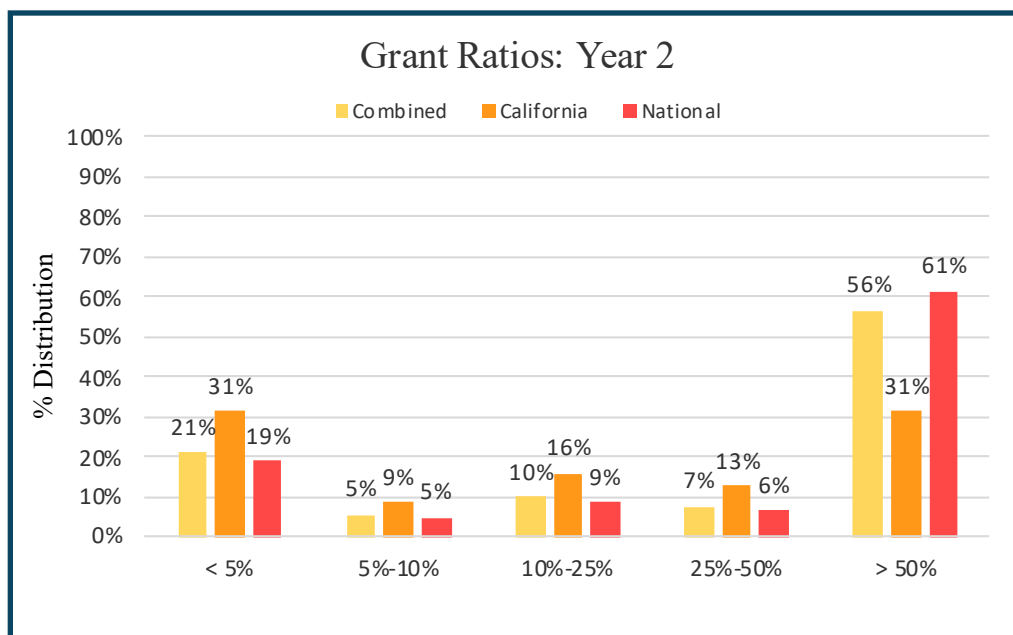


Figure 29. Grant Ratio Distribution: Year 3

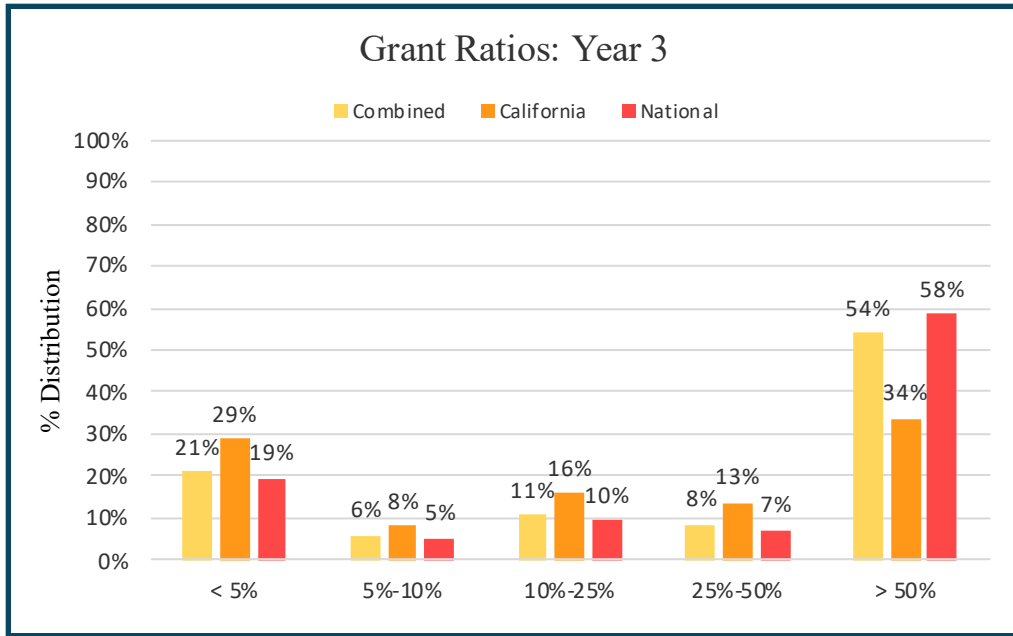


Figure 30. Average Grant Ratio Distribution: Total

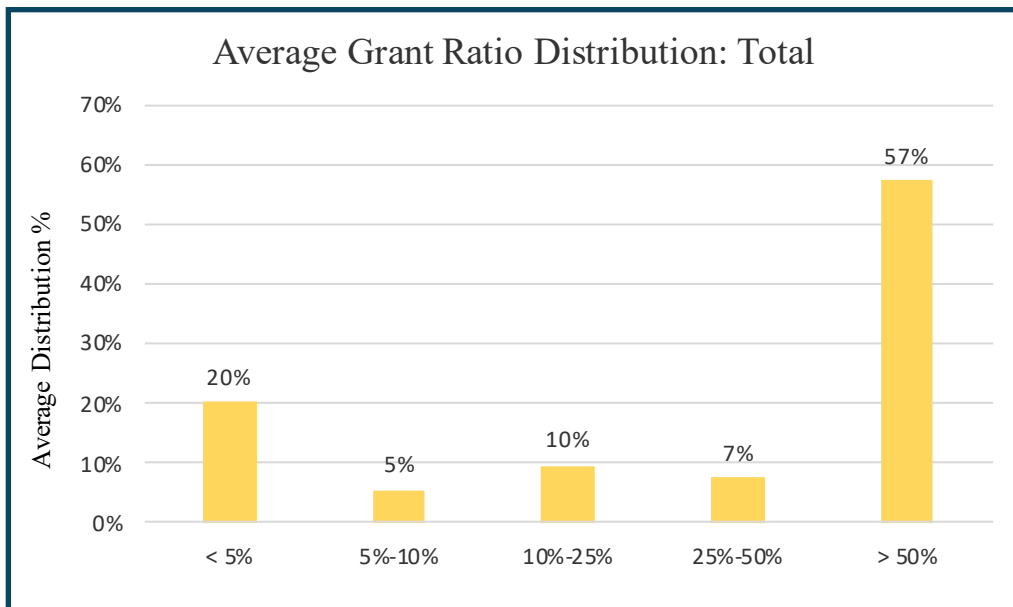


Figure 31. Average Grant Ratio Distribution: California Sponsors

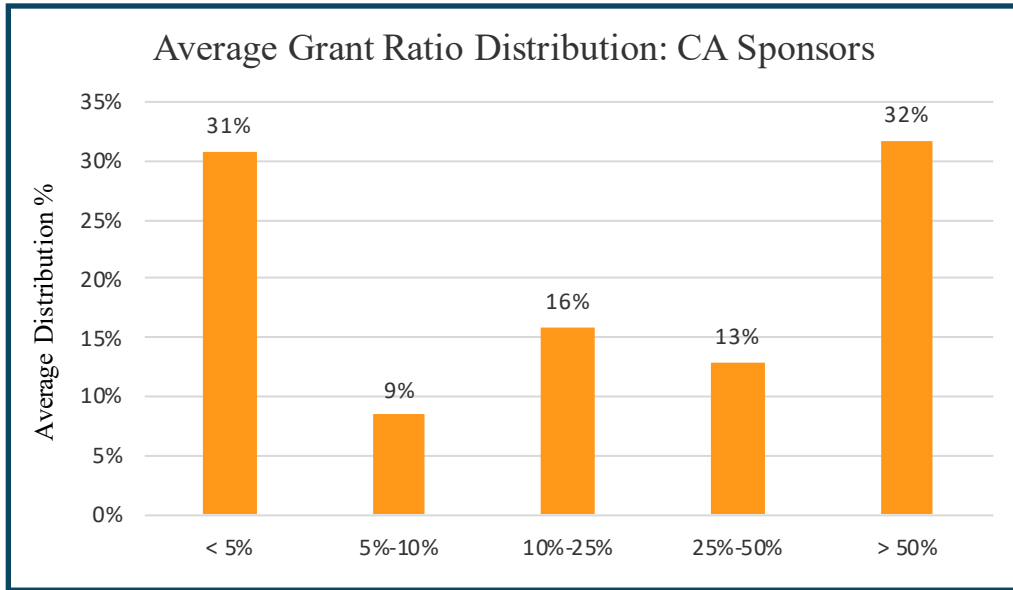
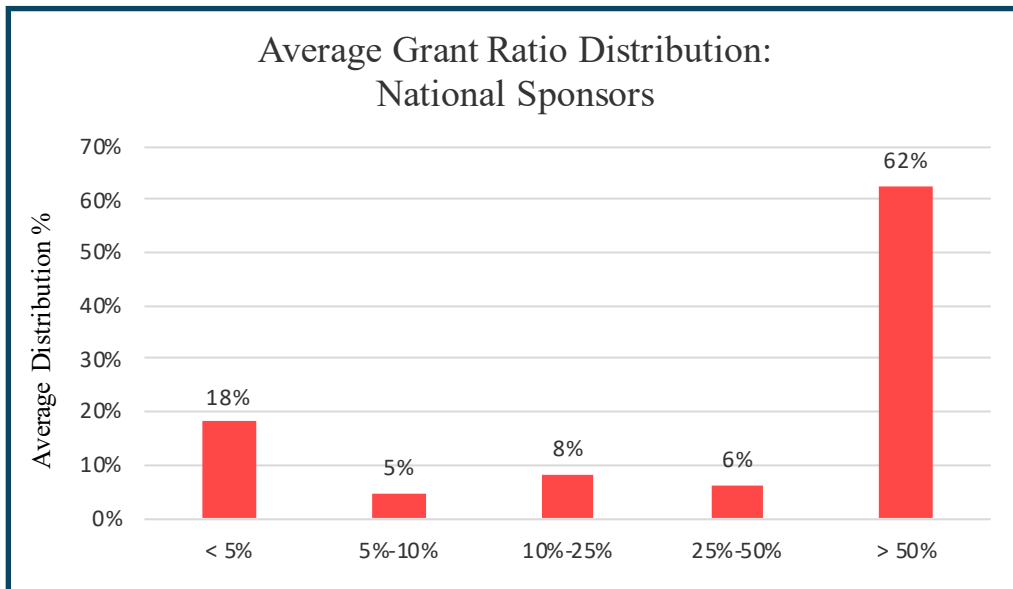


Figure 32. Average Grant Ratio Distribution: National Sponsors



Grant ratio distribution for mission-based sponsors fell almost entirely in grant ratios of greater than 50% (See Figures 33-35). The distribution of grant ratios less than 5% and greater than 50% was almost evenly split for commercial sponsors. Community foundations reported a greater share of grant ratios less than 5% than grant ratios greater than 50%. See Figures 36-38 for the overall average grant ratio distribution.

Figure 33. Grant Ratio Distribution by Sponsor Type: Year 1

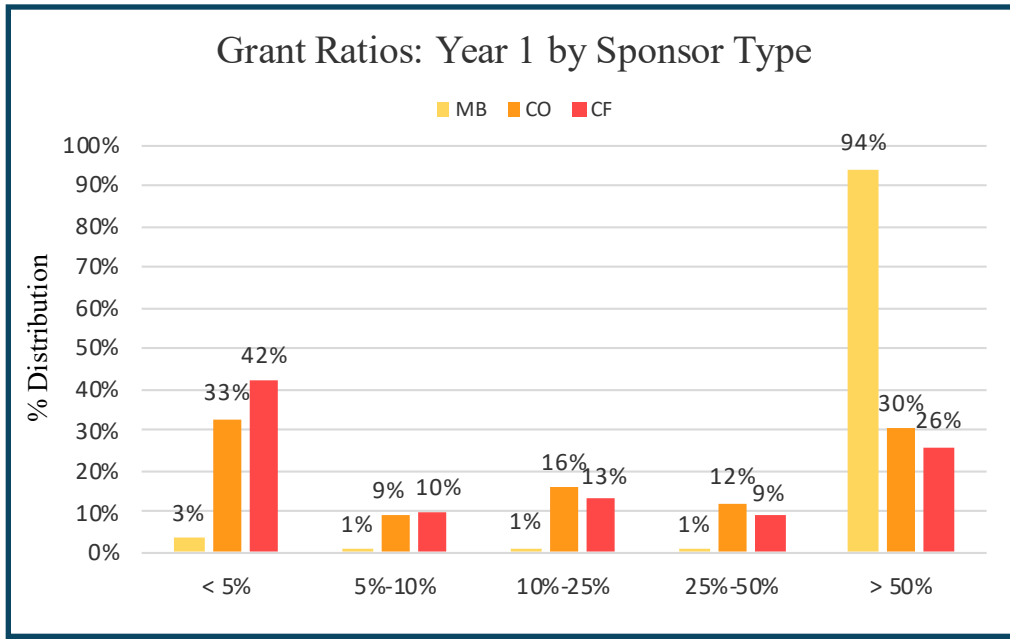


Figure 34. Grant Ratio Distribution by Sponsor Type: Year 2

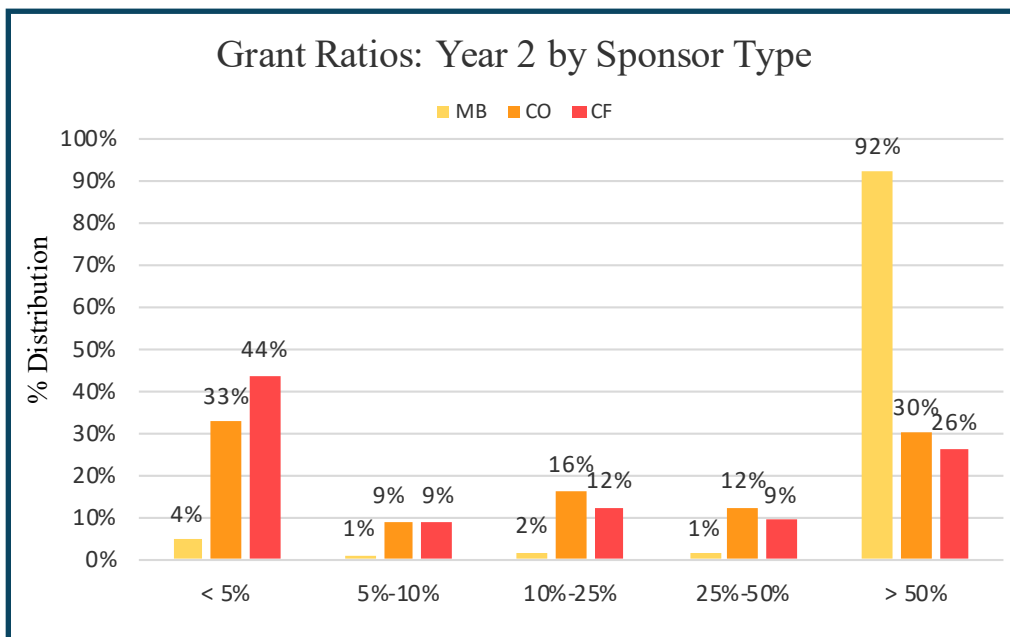


Figure 35. Grant Ratio Distribution by Sponsor Type: Year 3

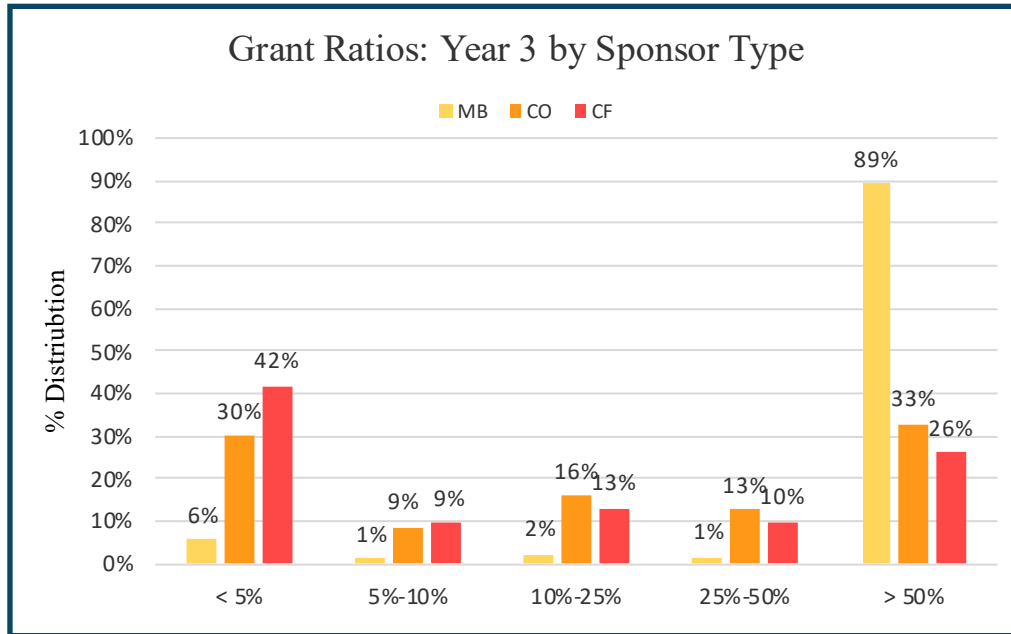


Figure 36. Average Grant Ratio Distribution: Mission Based

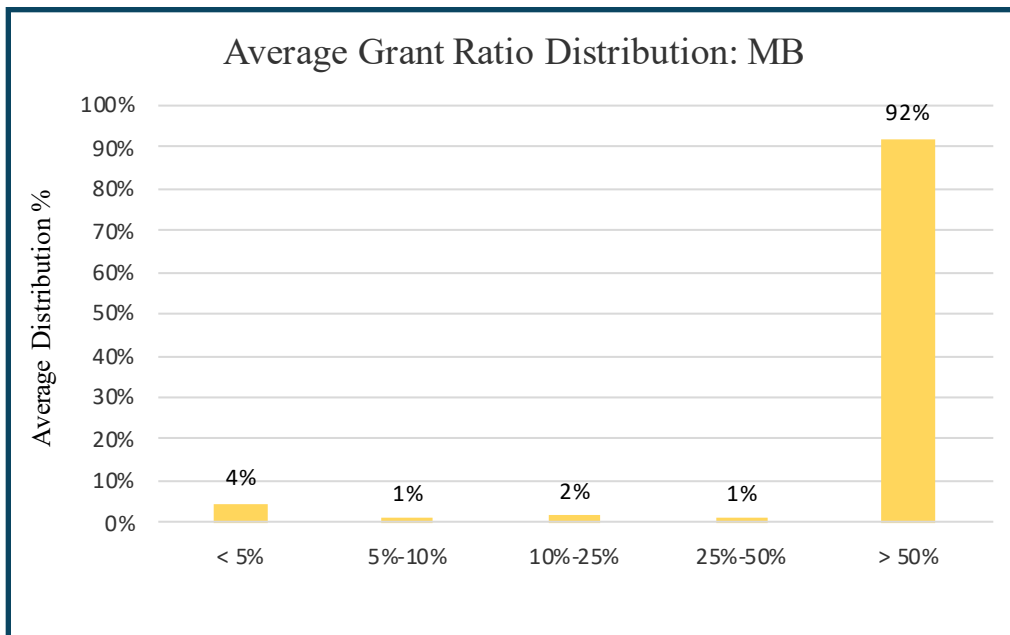


Figure 37. Average Grant Ratio Distribution: Commercial

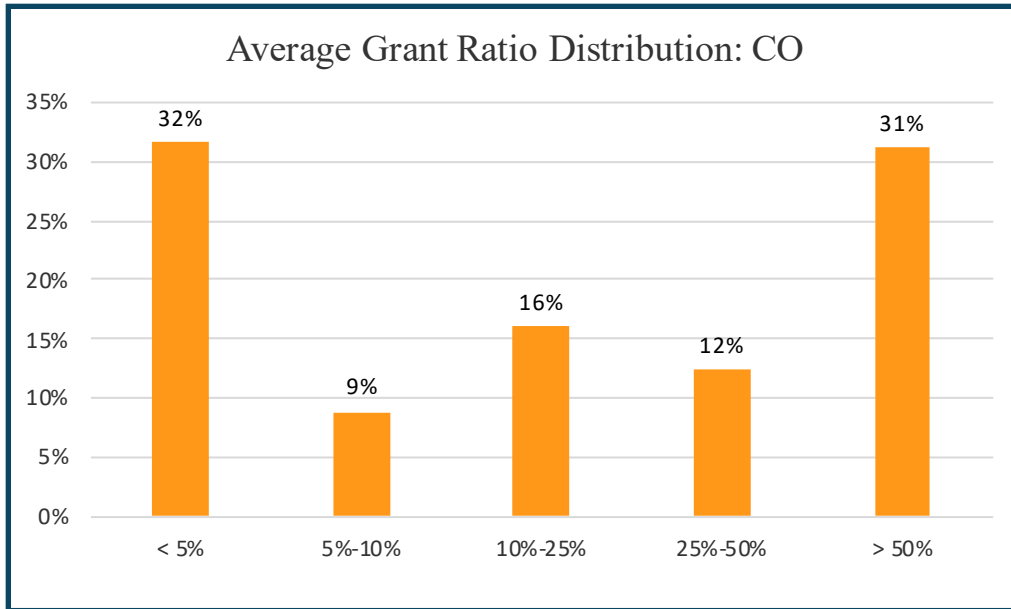
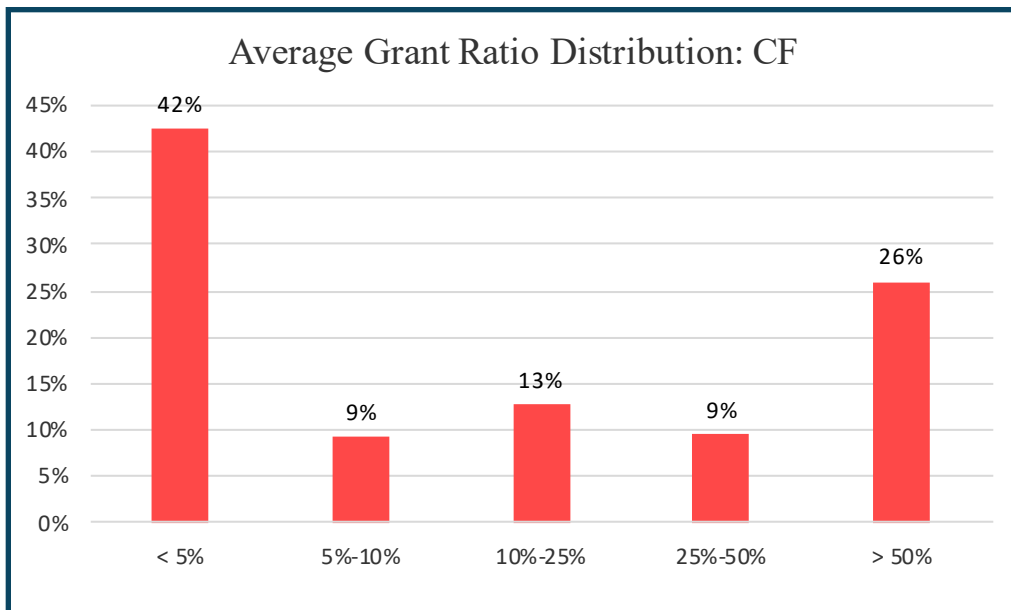


Figure 38. Average Grant Ratio Distribution: Community Foundations



## Policies

DAF sponsors were asked whether they had: (1) a disbursement policy for the DAFs they manage; (2) a policy to address self-dealing grant disbursements; (3) a policy for DAFs whose donors are no longer exercising their advisory privileges; (4) a policy that requires grants go only to 501(c)(3) organizations; and (5) whether or not DAF sponsors inform all founders, donors, disqualified persons, and private foundations in writing that grants can be used only for charitable purposes.

The vast majority of DAF sponsors reported having a disbursement policy (95%), a self-dealing policy (97%), and a policy about advisory privileges (98%). Additionally, 100% of DAF sponsors reported that they informed all founders, donors, disqualified persons, and private foundations in writing that grants can be used only for charitable purposes. Sixty-three percent of all DAF sponsors reported that they have a policy in place that requires grants go only to 501(c)(3) organizations (see Table 13). Sixty percent (60%) of California DAF sponsors reported having this policy (see Table 14) and 68% of national DAF sponsors reported having this policy (see Table 15).

*Table 13. Policy Frequency: Total*

Policy	Yes	No	% Yes
Disbursement Policy	54	3	95%
Self-Dealing Policy	55	2	97%
Advisory Privileges Policy	56	1	98%
Policy that grants go only to 501(c)(3) organizations	36	21	63%
Inform that grants only for charitable purposes	57	0	100%

*Table 14. Policy Frequency: California DAF Sponsors*

Policy	Yes	No	% Yes
Disbursement Policy	32	3	91%
Self-Dealing Policy	34	1	97%
Advisory Privileges Policy	34	1	97%
Policy that grants go only to 501(c)(3) organizations	21	14	60%
Inform that grants only for charitable purposes	35	0	100%

*Table 15. Policy Frequency: National DAF Sponsors*

Policy	Yes	No	% Yes
Disbursement Policy	22	0	100%
Self-Dealing Policy	21	1	96%
Advisory Privileges Policy	22	0	100%
Policy that grants go only to 501(c)(3) organizations	15	7	68%
Inform that grants only for charitable purposes	22	0	100%

## Covid-19 Policy Changes

DAF sponsors were asked if they created or changed any policies in response to the Covid-19 pandemic emergency. Forty DAF sponsors (70%) reported that they had not created or changed any policies in response to Covid-19. This included 24 (69%) California DAF sponsors and 16 (73%) national DAF sponsors.

## Administrative Fees

DAF sponsors were asked if they charge DAFs an administrative fee, and the aggregate amount DAFs paid the sponsor in administrative fees for each reporting period. A total of 55 (97%) DAF sponsors reported that they charged an administrative fee. Of these, 33 were California DAF sponsors and 22 were national DAF sponsors.

National DAF sponsors received a higher total amount in administrative fees for each reporting period (see Figure 39) though administrative fees made up a larger share of total assets and contributions for California DAF sponsors than national DAF sponsors (see Figures 40 and 41).

Figure 39. Total Administrative Fees by Year

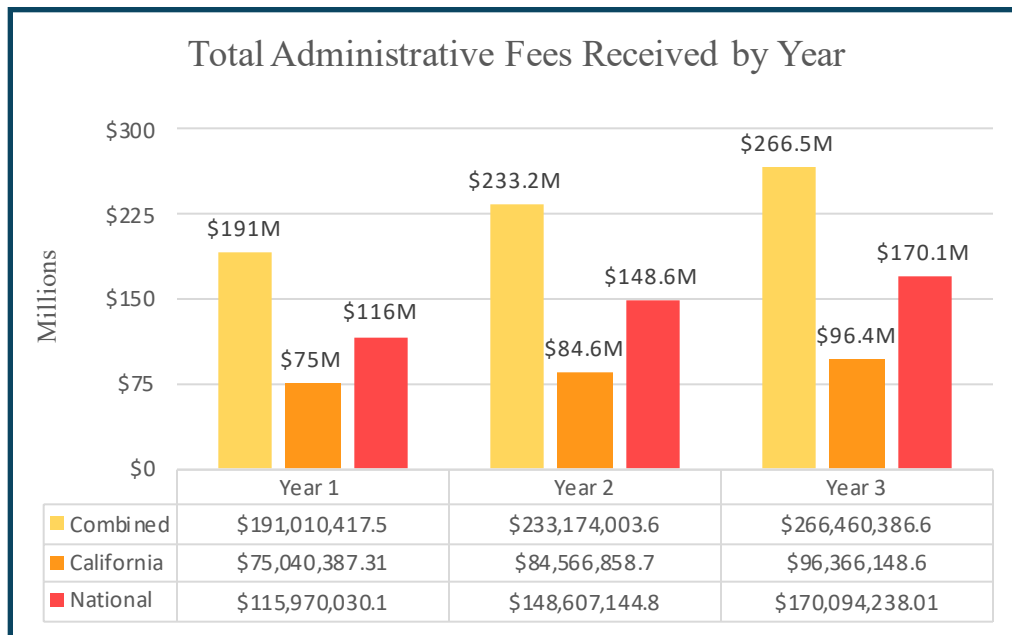




Figure 40. Administrative Fees as Percent of Total Assets

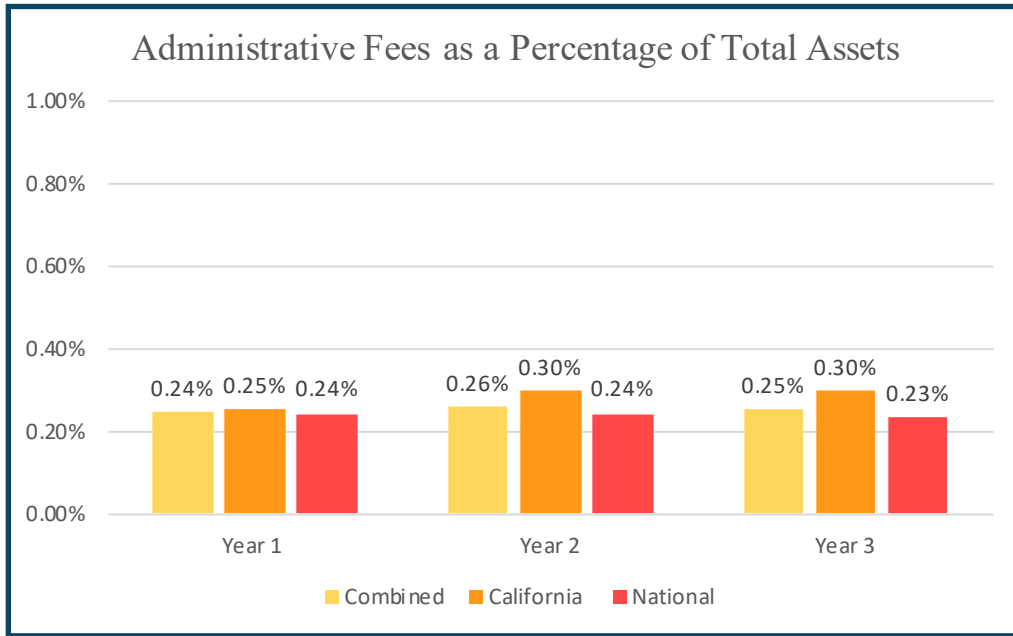
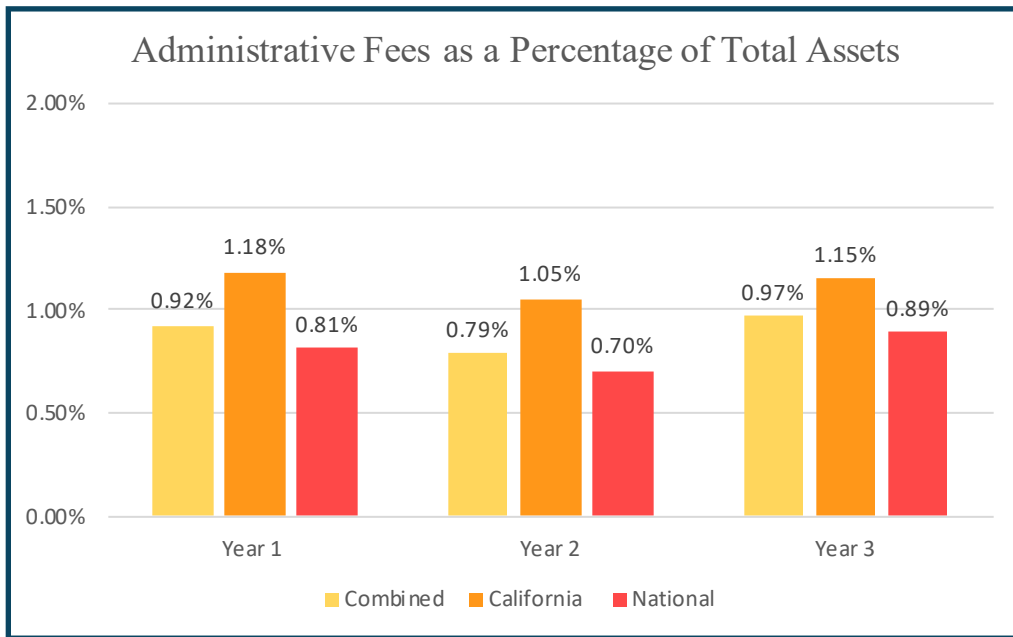


Figure 41. Administrative Fees as Percent of Contributions Received



Commercial DAF sponsors received a higher total amount in administrative fees for each reporting period (see Figure 42), though administrative fees made up a larger share of total assets and contributions for community foundations than commercial sponsors (see Figures 43 and 44).

Figure 42. Total Administrative Fees by Sponsor Type

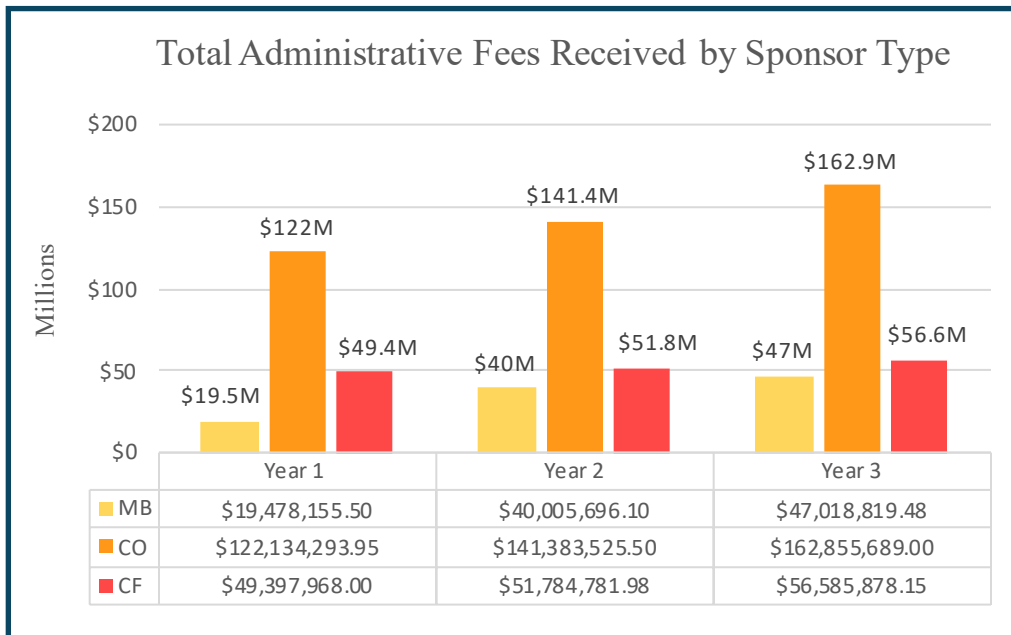


Figure 43. Administrative Fees as Percent of Total Assets by Sponsor Type

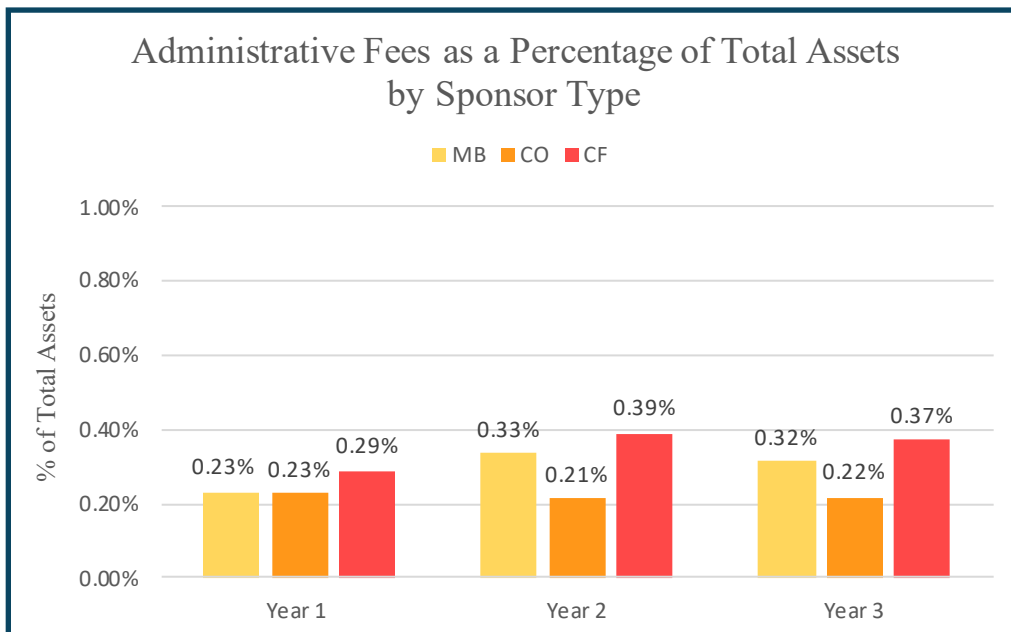
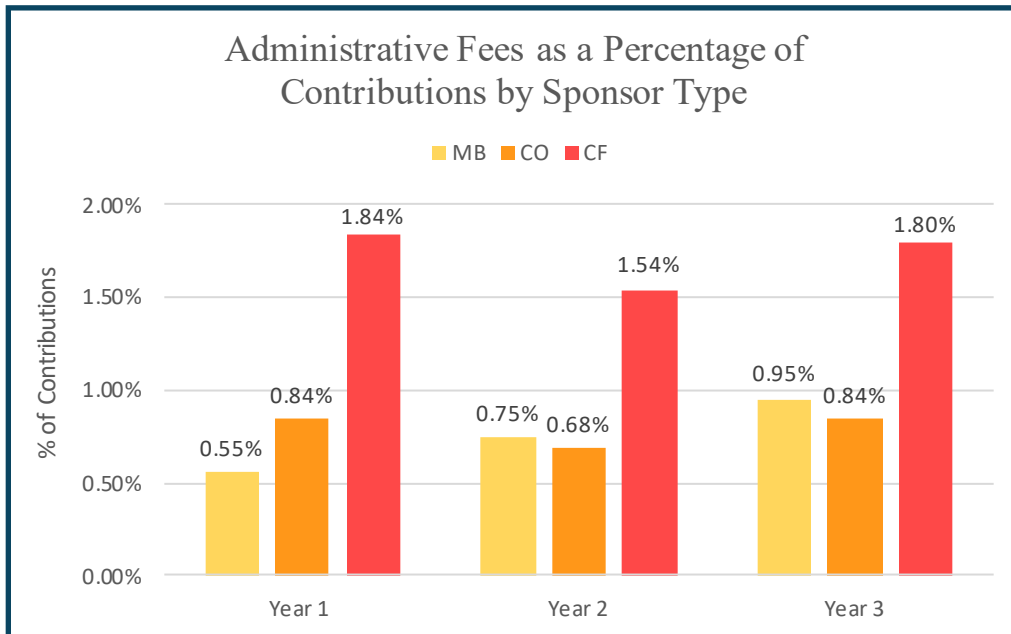


Figure 44. Administrative Fees as Percent of Contributions Received by Sponsor Type



### Commission Fees

Eighteen DAF sponsors (32%) reported that they charged a commission for the trade or sale of DAF assets. Of these, nine were California DAF sponsors (26%) and nine (41%) were national DAF sponsors. National DAF Sponsors reported substantially more in commission fees than California DAF sponsors (see Figure 45). See Table 16 for an overview of commission fees as a percentage of contributions, grants, and total assets.

Figure 45. Total Commission Fees by Year

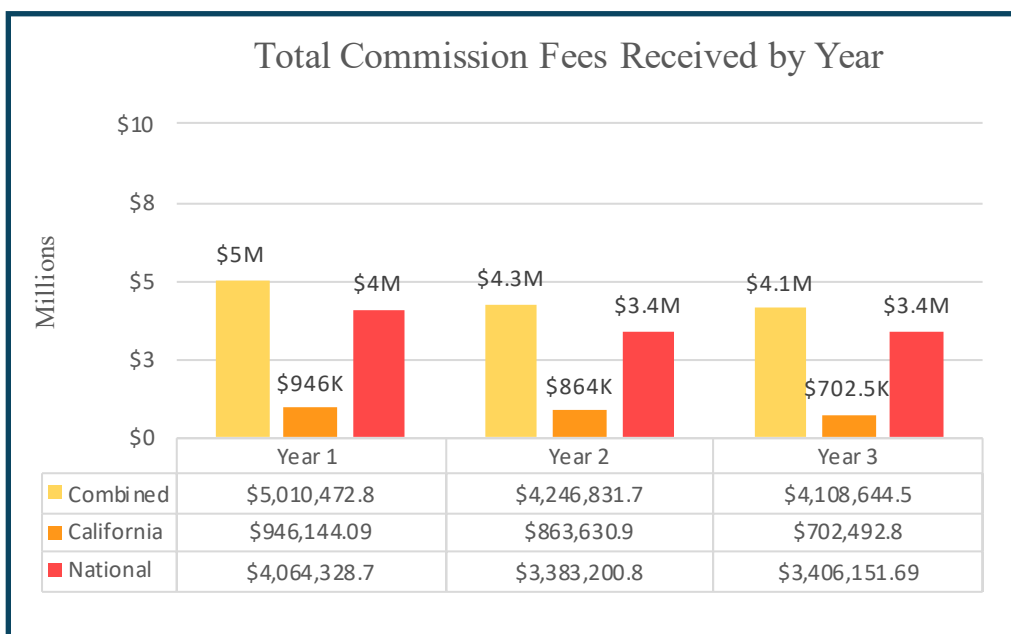


Table 16. Commission Fees as Percent of Contributions, Grants, and Total Assets

Sponsors	As % of FY Contributions	As % of FY Grants	As % of FY Total Assets
<b>Total</b>			
Year 1	0.024%	0.038%	0.006%
Year 2	0.014%	0.025%	0.005%
Year 3	0.015%	0.020%	0.004%
<b>California</b>			
Year 1	0.015%	0.019%	0.003%
Year 2	0.011%	0.015%	0.003%
Year 3	0.008%	0.011%	0.002%
<b>National</b>			
Year 1	0.027%	0.050%	0.008%
Year 2	0.015%	0.031%	0.005%
Year 3	0.017%	0.025%	0.005%

Three mission-based DAF sponsors (18%), seven commercial sponsors (64%), and eight community foundations (28%) reported that they charged a commission for the trade or sale of DAF assets. However, all three mission-based sponsors reported \$0 in commission fees received for all three reporting periods (see Figure 46). See Table 17 for an overview of commission fees as a percentage of contributions, grants, and total assets.

Figure 46. Total Commission Fees by Sponsor Type

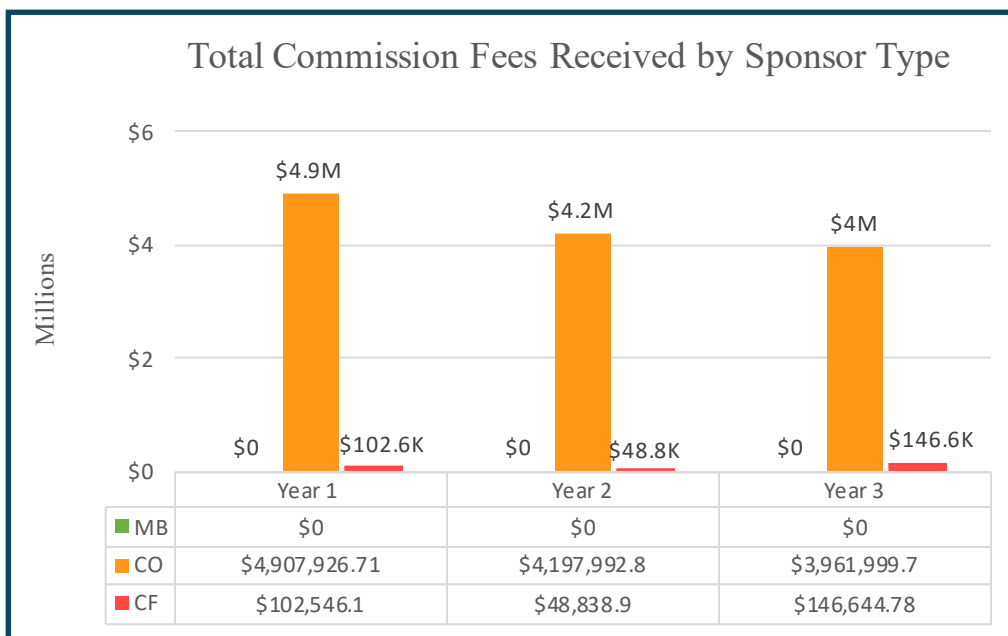


Table 17. Commission Fees as Percent of Contributions, Grants, and Total Assets by Sponsor Type

Sponsors	As % of FY Contributions	As % of FY Grants	As % of FY Total Assets
<b>Mission Based</b>			
Year 1	0.000%	0.000%	0.000%
Year 2	0.000%	0.000%	0.000%
Year 3	0.000%	0.000%	0.000%
<b>Commercial</b>			
Year 1	0.034%	0.060%	0.009%
Year 2	0.020%	0.037%	0.006%
Year 3	0.020%	0.028%	0.005%
<b>Community Foundation</b>			
Year 1	0.004%	0.004%	0.001%
Year 2	0.001%	0.002%	0.000%
Year 3	0.005%	0.005%	0.001%

## Investment Fees

Forty-seven DAF sponsors (82%) reported that they charged their DAFs an investment fee. Of these, 28 (80%) were California DAF sponsors and 19 (86%) were national DAF sponsors. California and national DAF sponsors reported receiving similar amounts in investment fees for each reporting period (see Figure 47). See Table 18 for an overview of investment fees as a percentage of contributions and total assets.

Figure 47. Total Investment Fees by Year

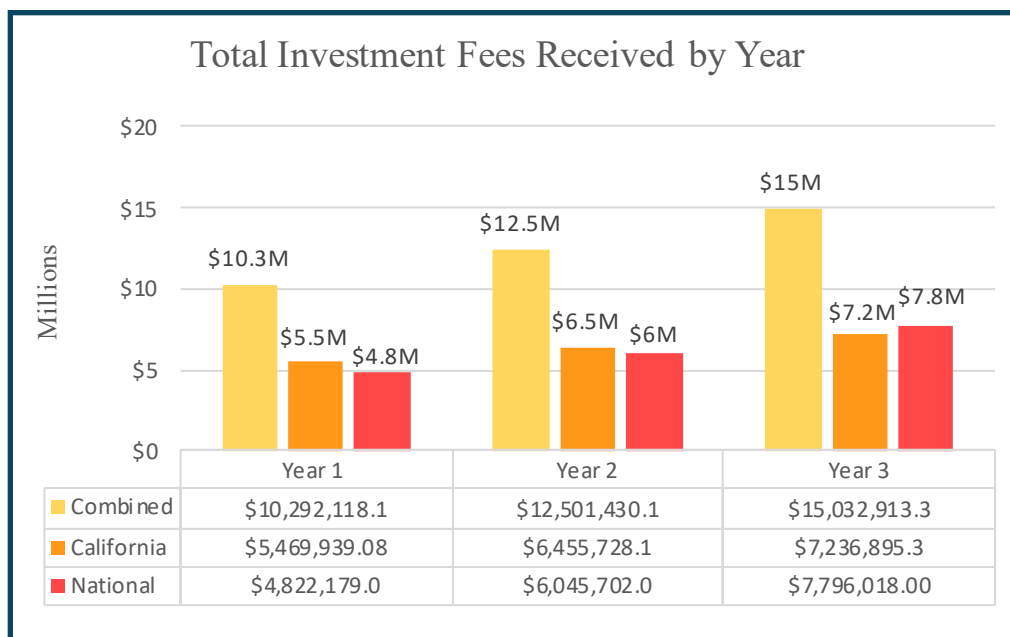


Table 18. Investment Fees as Percent of Total Assets and Contributions

Sponsors	As % of FY Total Assets	As % of FY Contributions
<b>Total</b>		
Year 1	0.013%	0.049%
Year 2	0.014%	0.042%
Year 3	0.014%	0.054%
<b>California</b>		
Year 1	0.018%	0.086%
Year 2	0.023%	0.080%
Year 3	0.022%	0.086%
<b>National</b>		
Year 1	0.010%	0.033%
Year 2	0.010%	0.028%
Year 3	0.011%	0.040%

Ten (63%) mission-based DAF sponsors, 11 (100%) commercial sponsors, and 26 (90%) community foundations reported that they charged their DAFs an investment fee (see Figure 48). See Table 19 for an overview of investment fees as a percentage of contributions and total assets.

Figure 48. Total Investment Fees by Sponsor Type

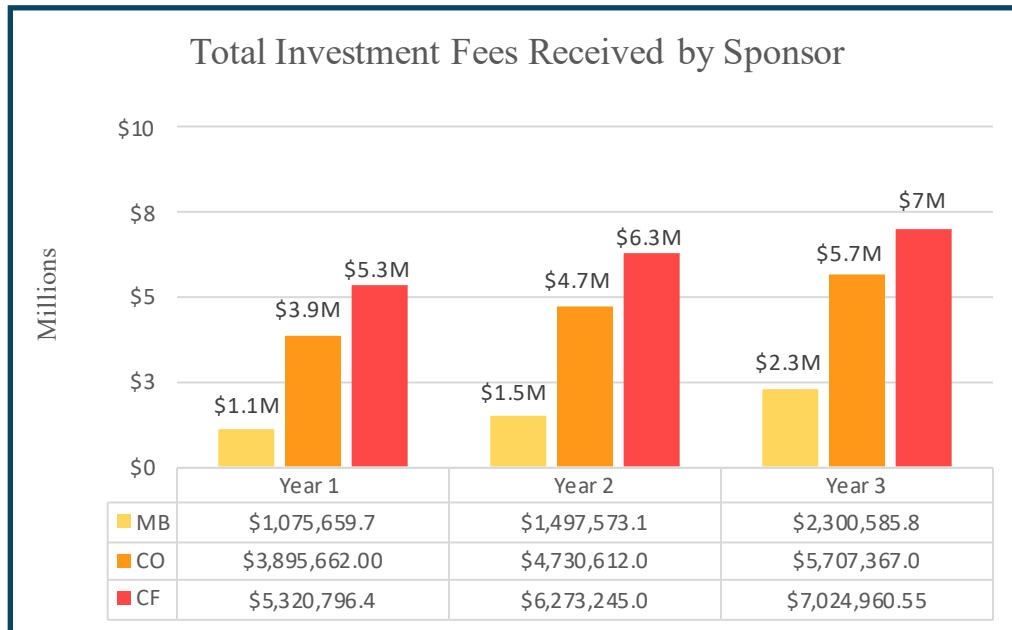


Table 19. Investment Fees as Percent of Total Assets and Contributions by Sponsor Type

Sponsors	As % of FY Total Assets	As % of FY Contributions
<b>Mission Based</b>		
Year 1	0.013%	0.031%
Year 2	0.013%	0.028%
Year 3	0.015%	0.047%
<b>Commercial</b>		
Year 1	0.007%	0.027%
Year 2	0.007%	0.023%
Year 3	0.008%	0.029%
<b>Community Foundation</b>		
Year 1	0.031%	0.198%
Year 2	0.047%	0.187%
Year 3	0.046%	0.223%