



Launching a New Study: **Strategic Value of DAFs**

Webinar

September 8, 2011

cfinsights.org

In partnership with:



the **James Irvine** foundation
Expanding Opportunity for the People of California

AGENDA

- I. CF Insights Overview
- II. The Need:
A Data-Driven Perspective on the Strategic Value of DAFs
- III. The Idea:
Key Questions and Process
- IV. The Opportunity:
Project Model – Partnerships and Participation

cf INSIGHTS

CF INSIGHTS responds to a hunger for shared knowledge and greater impact: Community foundations grow stronger when their decisions are based on timely, accurate, and complete information.






created by **COMMUNITY
FOUNDATIONS**

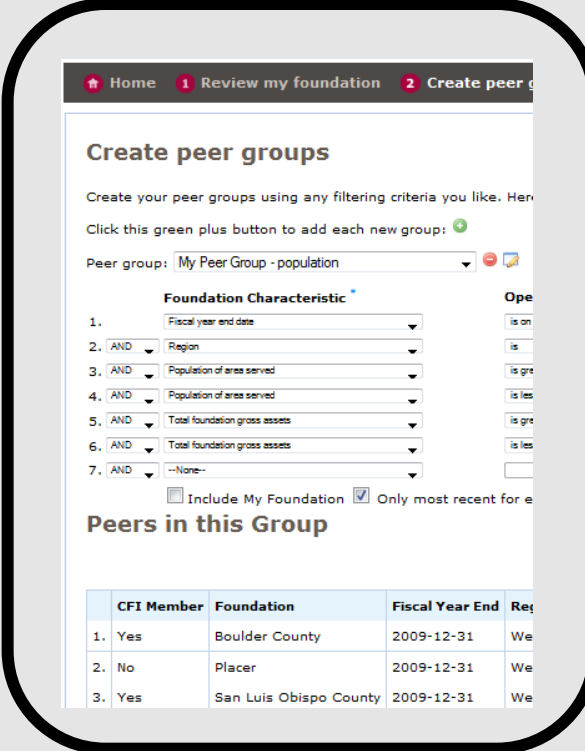
IN PARTNERSHIP with the Community Foundations Leadership Team, FSG has been a driving force for CF Insights since its inception.

propelled by
FSG

PROVIDE ACCESS TO COMPARATIVE DATA ON OVER 500 CFs, WITH REPORTS CUSTOMIZED TO REFLECT A UNIQUE PEER GROUP

WHAT IS UNIQUE ABOUT YOUR COMMUNITY FOUNDATION RELATIVE TO YOUR PEERS?
HOW DOES YOUR BUSINESS MODEL COMPARE?

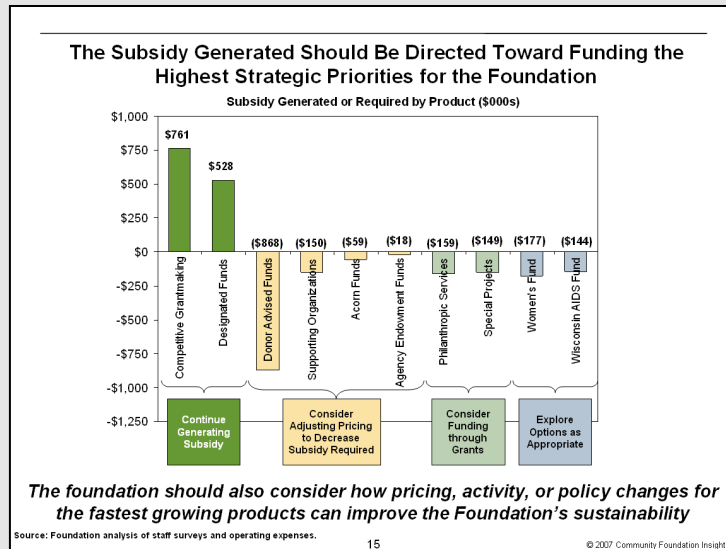
-  Asset composition
-  Cost structure
-  Growth and giving patterns
-  Staffing ratios and functions
-  Revenue mix
-  Age and development path
-  Community served



| | CFI Member | Foundation | Fiscal Year End | Req |
|----|------------|------------------------|-----------------|-----|
| 1. | Yes | Boulder County | 2009-12-31 | We |
| 2. | No | Placer | 2009-12-31 | We |
| 3. | Yes | San Luis Obispo County | 2009-12-31 | We |

DEVELOP AND SUPPORT TOOLS FOR CFs TO TAKE A CLOSER LOOK AT THEIR BUSINESS MODEL

**WHERE ARE YOUR RESOURCES GOING?
ARE YOU SUBSIDIZING STRATEGIC
INVESTMENTS OR AREAS YOU SHOULD BE
BREAKING EVEN?**

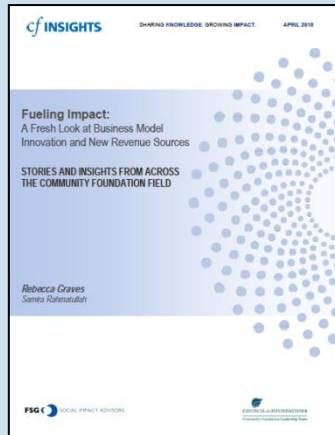


**ARE THERE OPPORTUNITIES TO INCREASE
REVENUES TO BETTER ALIGN WITH THE
VALUE OF PRODUCTS AND SERVICES?**

- ① Match economics to mission
- ① Prioritize the right products and services
- ① Adjust fee schedules and create incentives for donors that support priorities
- ① Evaluate revenue sources
- ① Gauge community leadership investment

WORK TO ADVANCE BUSINESS MODEL INNOVATION, IN PARTNERSHIP WITH THE CFLT

Fueling Impact



White Paper

Explores revenue sources beyond traditional administrative fees and offerings for distinct CF constituencies

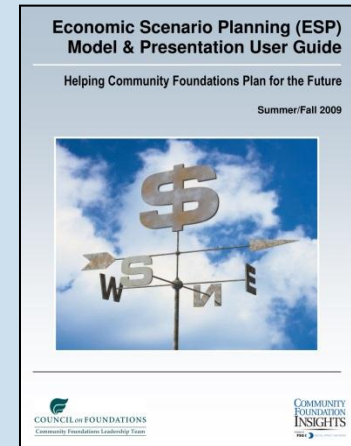
Seeking Shared Success



White Paper

Explores structural options for managing CF operations – mergers, alliances and affiliations

Economic Scenario Planning Model (ESP) “Stress Test”



Forecasting tool

Interactive model that offers an integrated approach to planning and identifies budget tradeoffs

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DAFs ARE A MAJOR FACTOR FOR ALL TYPES OF CFs, AND CENTRAL TO NATIONAL POLICY DISCUSSIONS

DAFs NOW REPRESENT THE MAJORITY OF COMMUNITY FOUNDATION GROWTH AND GRANTMAKING¹

- **27% of assets in 2010**
- **52% of gifts in 2010**
- **51% of grants in 2010**

THE CHARACTERISTICS OF DAFs AND THE CFs THAT MANAGE THEM CONTINUE TO CHANGE, EVEN RELATIVE TO A FEW YEARS AGO

DAFs today are:

- **An engine for growth, regardless of size, age, or region**
- **As large as other fund types at many CFs**
- **A major economic contributor to the business model of many CFs**
- **Contributing to a gradual shift away from a focus on building endowment**
- **A key strategic lever for many community foundations in achieving community impact**

¹ Data from CF Insights' 2010 Columbus Survey analysis, gathered from more than 250 community foundations, including 99 of the 100 largest foundations, and represents more than 90 percent of total estimated community foundation assets. Note that this survey data is the most comprehensive picture of the current state of the CF field.

BETTER DATA IS NEEDED TO INFORM STRATEGIC DECISIONS AND POLICY DISCUSSIONS ABOUT DAFs

CFs NEED TO LEARN FROM ONE ANOTHER

Across CFs, there continue to be many questions about the role DAFs play in community foundation operating models and strategic priorities, and hypotheses about what the future will hold in terms of growth, grantmaking, and building endowment.

“DAFs represent one third of our assets and nearly 80% of our grantmaking dollars. What will it mean for our strategy if this trend continues?”

“How will investing in growing donor advised funds impact the community foundation’s endowment and grant-making over the long term?”

DESPITE THE LEVEL OF ACTIVITY AND STRATEGIC IMPORTANCE OF DAFs, THE FACT BASE IS THIN

It is more than a decade since the rapid growth of DAFs nationally, and there is now an extensive history of CFs managing DAFs, but little data-driven research and analysis about trends, donor behaviors, or effective practices.

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KEY QUESTIONS AND HYPOTHESES TO TEST

1

What is the level of DAF activity at community foundations and what is the role of DAFs in helping communities face challenges or opportunities?

2

To what extent do DAF donors...?

Become more active in local grantmaking



Contribute to the growth and sustenance of the CF

Become engaged with the CF and actively partner to address priorities



Create planned gifts or leave bequests

3

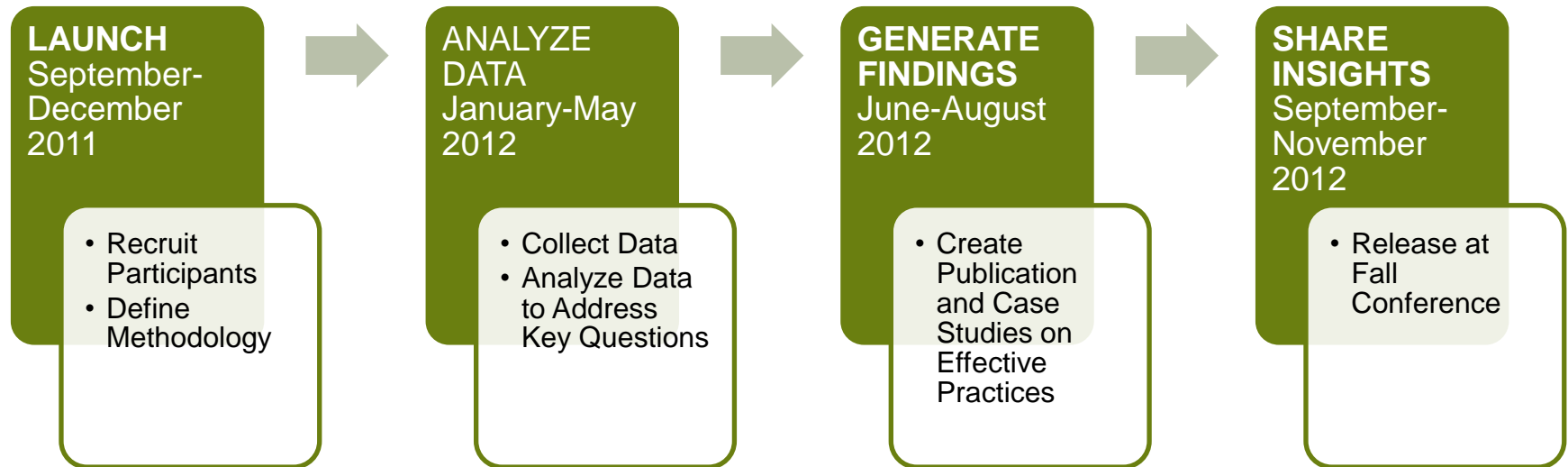
What policies and practices lead to these outcomes?



What questions are most important to your foundation?

THE STUDY WILL ENGAGE 30-40 CFs IN DEVELOPING A FACT BASE TO TEST KEY HYPOTHESES

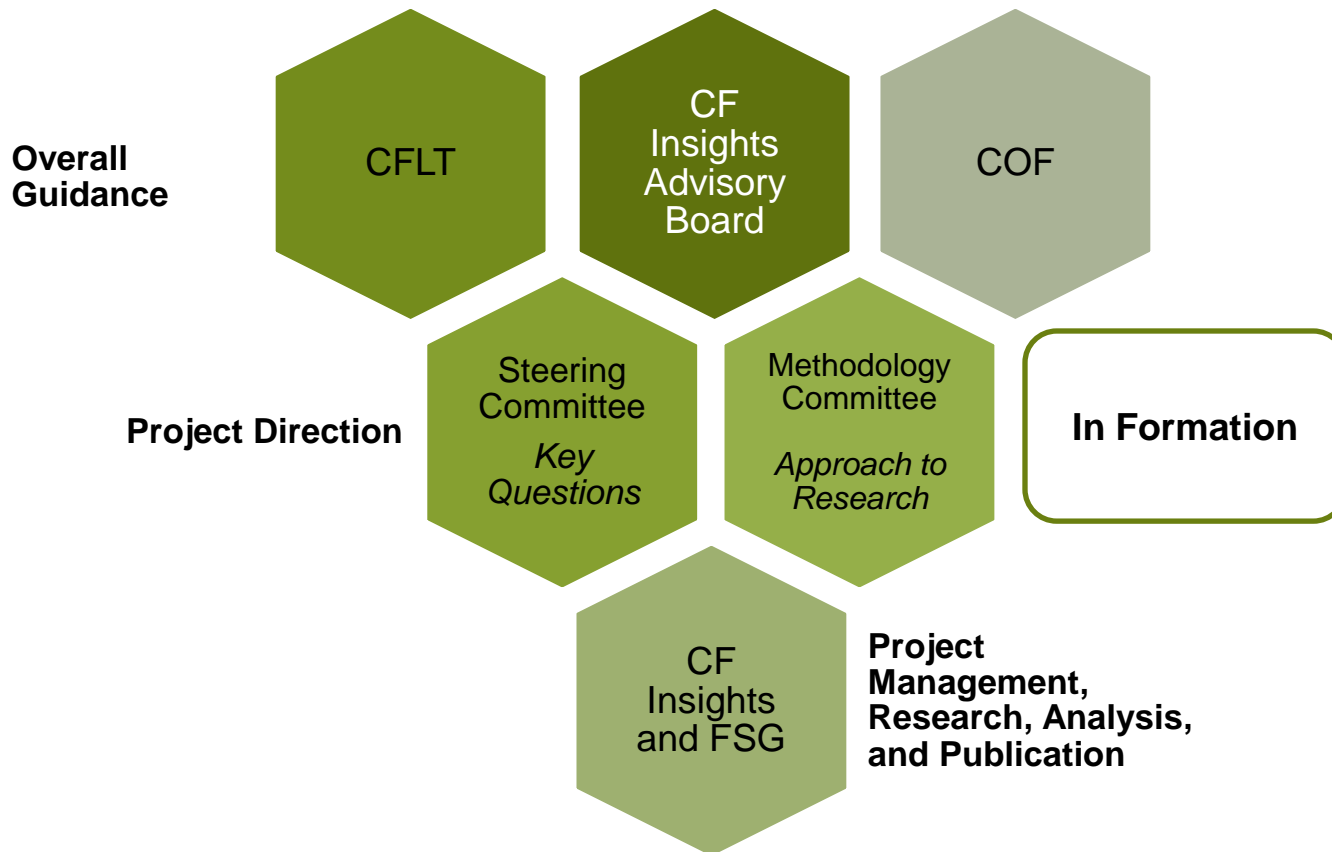
We are beginning by recruiting participants and defining the specific methodology



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IN PARTNERSHIP, FIELD LEADERSHIP WILL DEFINE THE KEY QUESTIONS AND OVERSEE THE STUDY



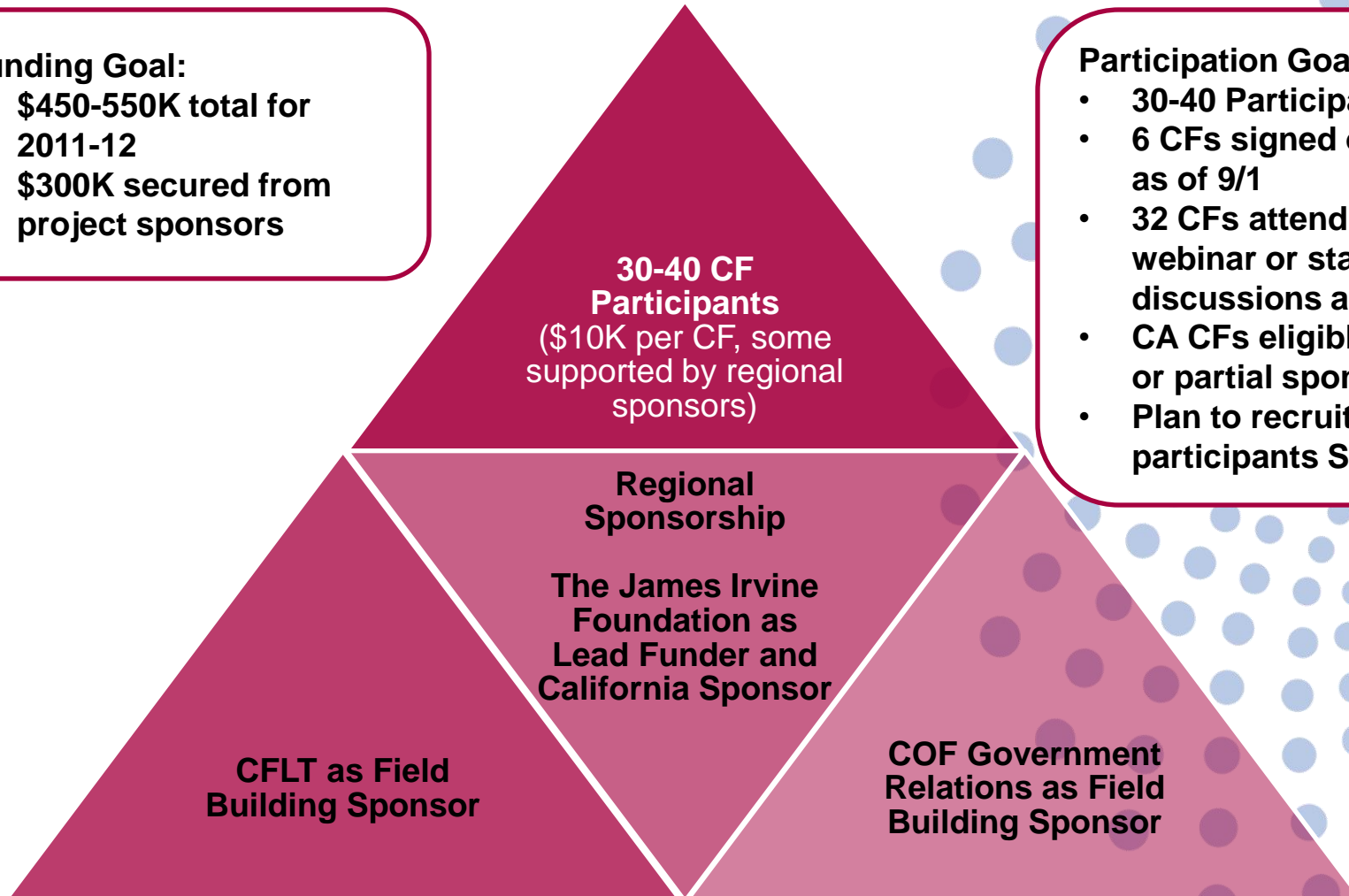
THE PROJECT FUNDING MODEL DEPENDS ON LEAD FUNDING AND CONTRIBUTIONS FROM PARTICIPANTS

Funding Goal:

- \$450-550K total for 2011-12
- \$300K secured from project sponsors

Participation Goal:

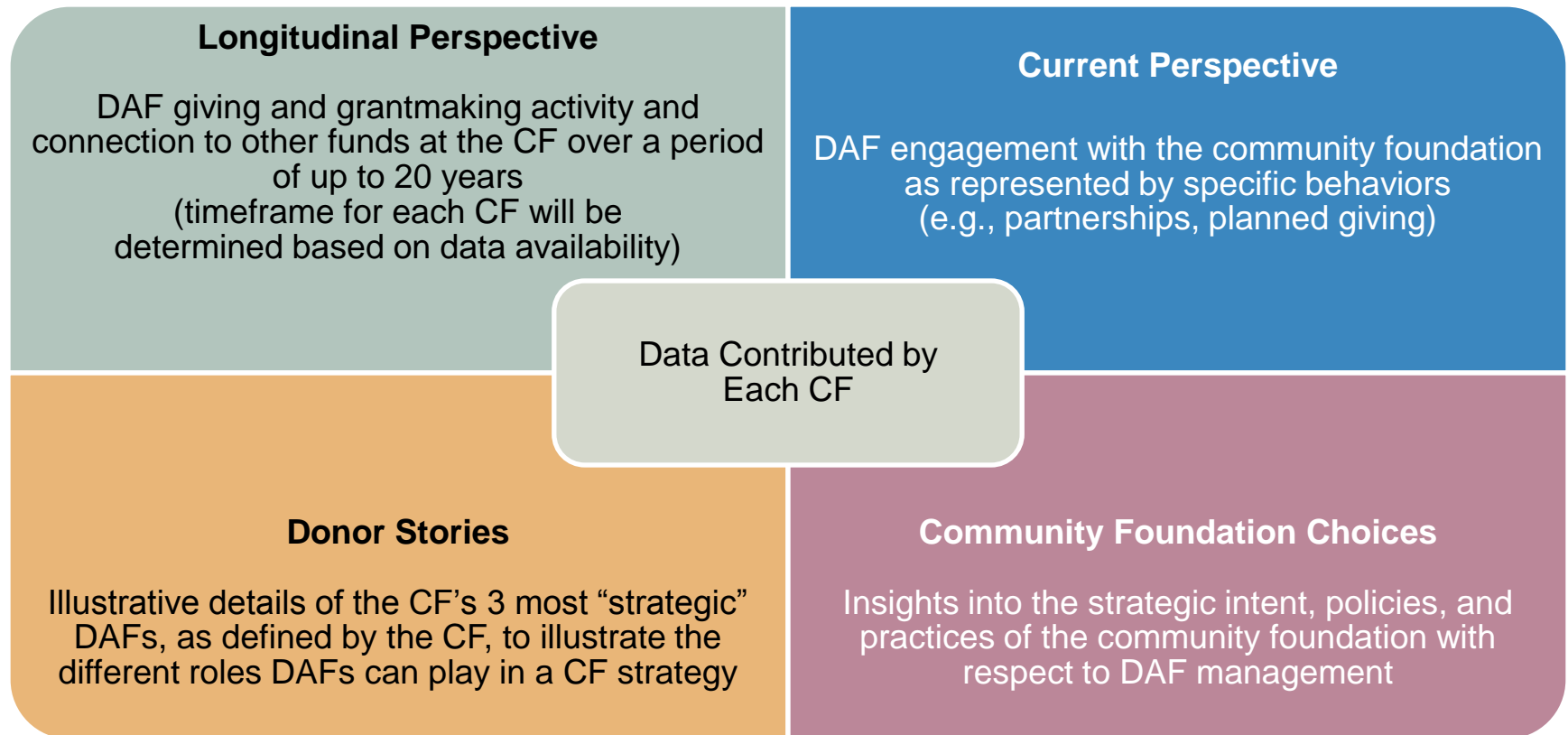
- 30-40 Participants
- 6 CFs signed on as of 9/1
- 32 CFs attending webinar or staff discussions as of 9/7
- CA CFs eligible for full or partial sponsorship
- Plan to recruit participants Sept-Nov



PARTICIPATING CFs ARE ASKED TO MAKE THREE SIGNIFICANT CONTRIBUTIONS

| What does my contribution entail? | When? | What support is available? |
|---|---|--|
| \$10,000 to support the study | Can be in the form of a grant in 2011 or 2012 | Full or partial sponsorship to CFs in California |
| Observations about your CF's choices, policies, and practices as well as data about behaviors across your portfolio of DAF donors | Data collection in early 2012 | CF Insights/FSG staff and peer CFs available to support your staff with technical assistance |
| Consent to share your data in the aggregate | Publication in Fall 2012 | Opportunity to review your data and analysis prior to publication |

THE KNOWLEDGE BASE WILL BE SUPPORTED BY FOUR TYPES OF DATA FROM EACH CF



PARTICIPATION IN THE STUDY HAS DISTINCT BENEFITS

You help *your* community foundation

Through participation, you will gain:

- Insights into your own strategic priorities, policies, and practices regarding Donor Advised Funds
- Data specific to your own DAF donors' behaviors
- Comparative data from a range of CFs about DAF donors' behaviors
- A presentation comparing your own choices and outcomes to field-wide trends

You help *all* community foundations

Your participation makes it possible:

- To build a diverse set of data about Donor Advised Funds, donor behavior, and the strategies and management approaches pursued by CFs
- To create a set of shared definitions and metrics which can be used by the field going forward that reflect a spectrum of activities and goals
- To generate insights necessary to inform the broad field of community foundations about the results of different policies and practices

DISCUSSION QUESTIONS

- ① What is your overall reaction to the idea?
- ① What types of insights would make participating in the study worthwhile?
- ① What do you need to know in order to make the decision about participating?

REQUESTED ACTIONS

1. Share any further feedback about the concept with our team
2. Email Becca at rebecca.graves@fsg.org with your level of interest:
 - ✓ We are definitely interested in signing on to participate. Let us know what the next steps are.
 - ✓ We are interested but need to have some questions answered. [Please share specific questions]
 - ✓ We need to talk over the idea internally, please follow up. [Please suggest a timeframe for follow up, if you are able]
 - ✓ We are unable to participate, but look forward to the results of the study.
3. Spread the word!