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Donor-Advised Funds

What Nonprofits Need to Know About the Donor, the Dollars, and the Details

Fundraising, finance, and compliance essentials for nonprofit leaders

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SESSION CPE REQUIREMENTS

You need to attend 50 minutes to receive the full 1 CPE credit.

There will be 4 polling questions throughout the presentation. You must respond to a minimum of 3 to receive the full 1 CPE credit.

Both requirements must be met to receive CPE credit

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LEARNING OBJECTIVES

- Explain what happens from the time a donor contributes to a DAF through the time a nonprofit receives a DAF grant, including the distinct roles of the donor, sponsoring organization, and recipient charity
- Recognize practical ways nonprofits can identify, engage, solicit, and steward donors who use DAFs — without treating DAF sponsors as a traditional grantmaking pool
- Recognize practical ways nonprofits can identify, engage, solicit, and steward donors who use DAFs — without treating DAF sponsors as a traditional grantmaking pool
- Identify key accounting, reporting, and compliance considerations related to DAF grants, including common issues involving pledges, donor benefits, anonymous grants, and restricted purposes

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AGENDA

Introductions

Donor Advised Funds 101

Processing a DAF Gift

Securing More DAF Gifts

The Minneapolis Foundation Case Study

Wrap-Up and Q&A

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Speakers



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ABOUT CLA

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Resilient economy and community vitality

LOCALLY EMPOWERED

Connected, collaborative local leadership

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Advanced generative AI for clients and CLA family

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ELEVATING PEOPLE AND COMMUNITIES

Connection centers, pathways to prosperity

STEWARDS OF OUR PARTNERSHIP

100+ year legacy, self-funded, independent

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ABOUT THE MINNEAPOLIS FOUNDATION

CONNECTING CHARITABLE RESOURCES WITH COMMUNITY OPPORTUNITIES

WE WORK WITH DONORS

Help individuals and families translate charitable interests into thoughtful grantmaking.

WE KNOW THE COMMUNITY

Build relationships and knowledge across nonprofit organizations, issues, and neighborhoods.

WE CONNECT THE TWO

Introduce donors to needs, organizations, and opportunities they may not otherwise discover.

WE ENCOURAGE ACTION

Help donors respond to changing circumstances and put charitable resources to work.

More than administering charitable funds: helping philanthropy respond to community needs.

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POLLING QUESTION 1

What is your organization’s greatest challenge in increasing support from DAF donors?

A. Identifying and building relationships with DAF donors

B. Understanding what motivates DAF donors to give

C. Encouraging more frequent or larger grants

D. Effectively processing and stewarding DAF grants

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Two Realities. One Opportunity.

The scale of DAF philanthropy — and the pressures facing nonprofits

CHARITABLE RESOURCES

$328B

in U.S. donor-advised fund assets

$64.6B

DAF grants made in FY 2024

GROWING NONPROFIT PRESSURES

57%

of surveyed nonprofit CEOs report greater difficulty securing foundation grants

44%

report reduced foundation funding

How do we better connect charitable resources with community needs?

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Sources: DAF Research Collaborative, 2025 Annual DAF Report (Spring 2026 revision; FY 2024); CEP, State of Nonprofits 2026. National data.

A Grant Arrives. What Just Happened?

Donor Advised Funds 101 – The Basics



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The DAF Giving Cycle

A grant is a transaction. Philanthropy is an ongoing relationship.



STEWARDSHIP INSPIRES THE NEXT GRANT RECOMMENDATION

And donors may make additional contributions over time — but no new contribution is required for the next grant.

Legal distinction: the sponsor owns the assets, retains grant approval authority, and is the legal grantor.

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Three Parties, Three Distinct Roles

Use the right language with donors, sponsors, and internal teams.



Donor / advisor

- Contributes assets to the DAF
- Recommends grants
- May be identified, partially identified, or anonymous
- Should be thanked and stewarded when information is available



Sponsoring organization

- Legally owns DAF assets
- Reviews recommendations
- Conducts due diligence
- Issues the grant and related documentation
- *Various types of sponsors, such as community foundations, financial services sponsors, or faith-based sponsors



Recipient charity

- Accepts and records the grant
- Follows restrictions and gift terms
- Coordinates acknowledgement
- Builds the donor relationship appropriately

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A Grant Arrives. What Just Happened?

Processing a DAF gift



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POLLING QUESTION 2

Today in your organization, who receives the first internal notification when a DAF grant arrives?

A. Development only

B. Finance only

C. Both development and finance

D. Executive leadership only

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The Envelope on Monday Morning

A DAF sponsor sends $25,000 with limited donor information.



What development sees

A generous gift, a possible donor relationship, and a stewardship opportunity.



What finance sees

A grant from a sponsoring organization that must be coded, documented, and reconciled.



What leadership asks

Who gave it? Is it restricted? Can we count it toward a pledge? What do we send back?

The goal: one shared workflow, not three separate interpretations.

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What the Finance Office Needs to Know

A practical intake checklist for every DAF grant.

1 Identify the sponsor

Standardize sponsor names and aliases.

2 Capture donor clues

Record fund name, advisor name, or anonymity status.

3 Review purpose

Confirm restrictions and supporting correspondence.

4 Clarify commitment

Separate a donor intention from a legally enforceable pledge.

5 Check benefits

Flag events, goods, services, and other donor benefits.

6 Coordinate response

Align coding, acknowledgement, and stewardship.



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Acknowledge the Right Party, for the Right Purpose

Distinguish documentation from donor stewardship.



Sponsor-facing documentation

Retain the sponsor's grant letter, check detail, or electronic record. Follow your organization's grant acknowledgement and documentation procedures; coordinate any sponsor confirmation as appropriate.



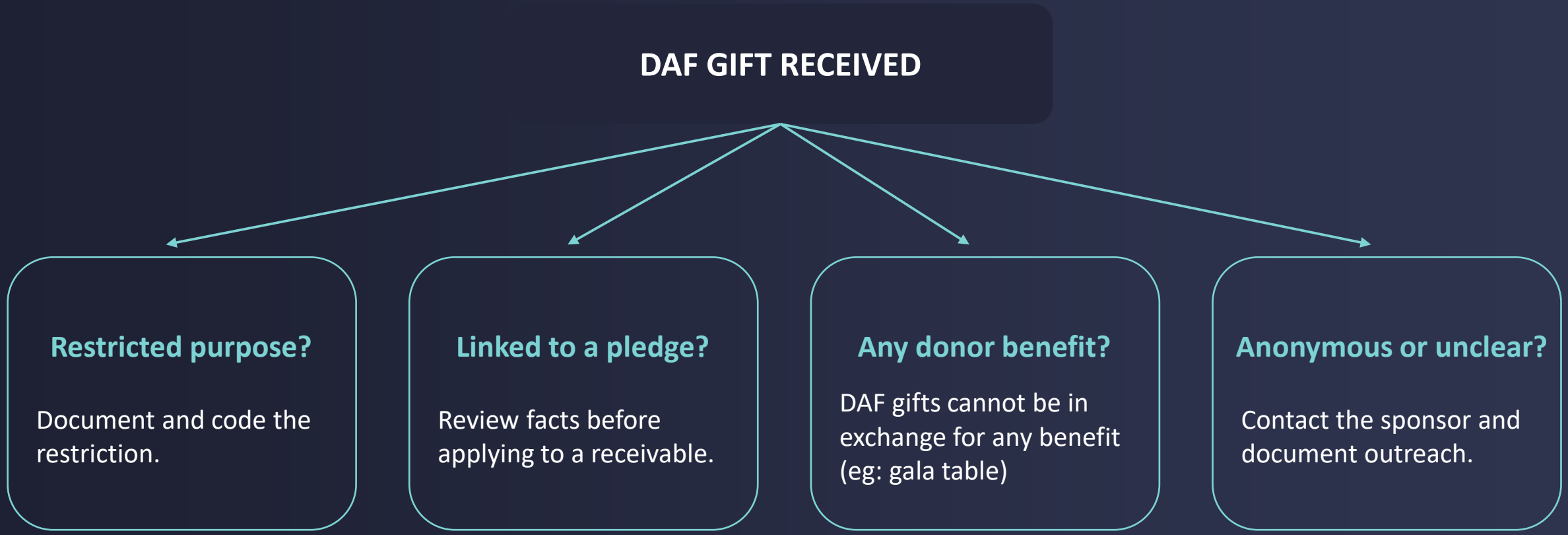
Donor-facing stewardship

When donor information is available, send a prompt thank-you that recognizes the impact of the recommended grant.

Use stewardship language, not a duplicate tax receipt.

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When the Gift Is Not Straightforward



Document the conclusion, owner, and next step in a shared record.

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How Do We Get More DAF Gifts?

Reduce friction, identify intent, and steward the person behind the recommendation.



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From DAF Awareness to More Giving

Five steps to turn DAF access into an ongoing donor relationship

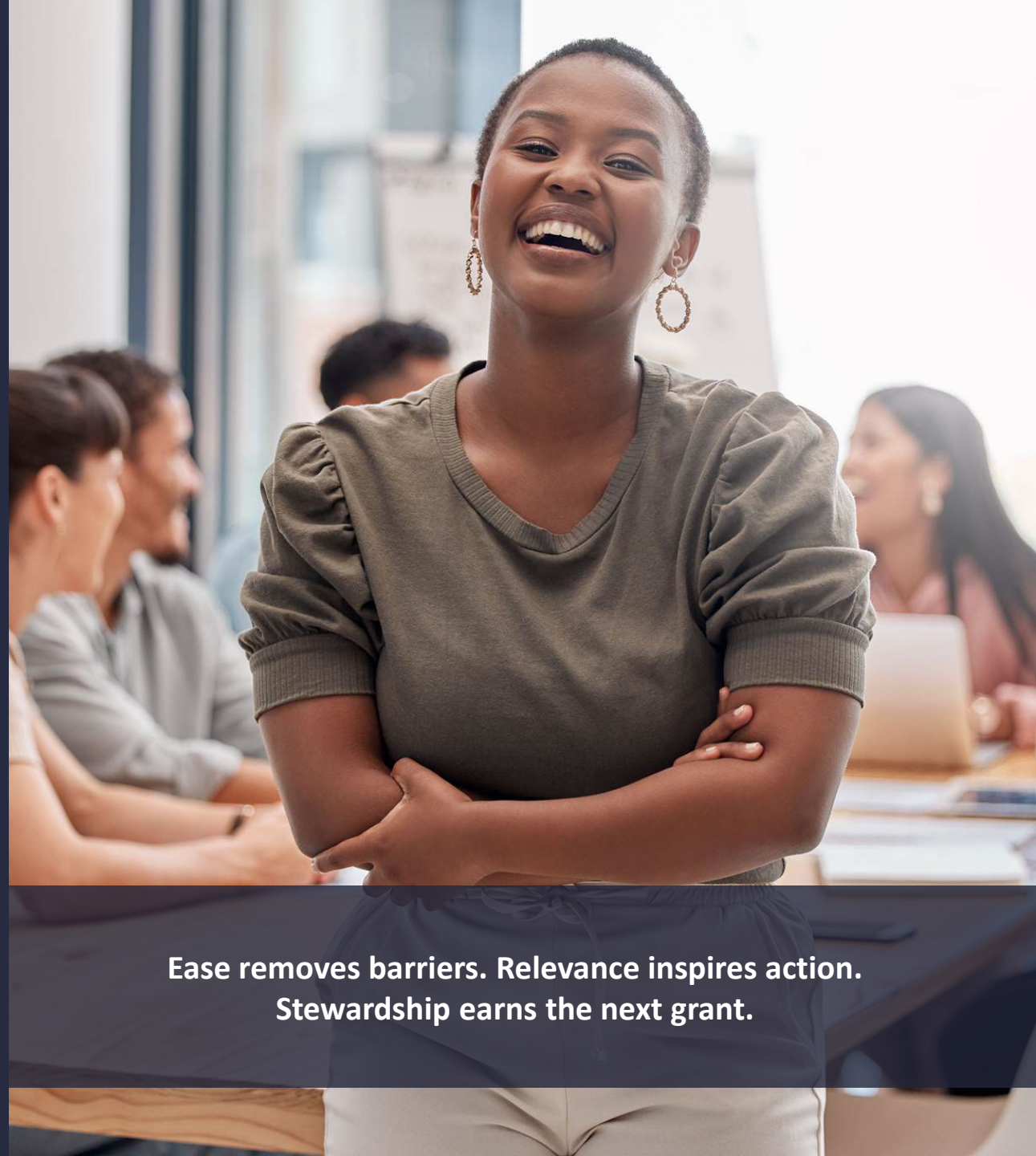
1. **Remove friction**
   Make your legal name, EIN, and grant instructions easy to find.

2. **Understand the donor**
   Ask supporters about their charitable interests and how they use DAFs.

3. **Make the case**
   Show what is changing, why it matters now, and what more funding can accomplish.

4. **Make a specific ask**
   Invite an additional, accelerated, recurring, or flexible DAF grant.

5. **Close the loop**
   Thank, demonstrate results, and open the conversation about the next grant.



Ease removes barriers. Relevance inspires action. Stewardship earns the next grant.

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Run A 10-Minute Donor Friction Audit

Can a donor recommend a grant without calling your charity's office?

Website

Is DAF giving easy to find?

Identity

Are legal name and EIN clear?

Instructions

Can a donor find mailing and contact details?

Messaging

Do appeals name DAFs as a giving option?

Data

Can staff connect sponsor grants to donor relationships?

Follow-up

Is there a prompt stewardship workflow?

Assign one owner and one next action for every "no."

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POLLING QUESTION 3

Which opportunity could make the biggest difference in increasing DAF giving?

A. Making DAF grant recommendations easier

B. Building stronger relationships with existing DAF donors

C. Making a case for increased or accelerated giving

D. Working more closely with DAF sponsoring organizations

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Moving Charitable Dollars Into the Community

The Minneapolis Foundation case study

1. What behaviors or moments prompt DAF holders to recommend grants?
2. How can a sponsor encourage thoughtful, timely distributions?
3. What makes a nonprofit easier to find, evaluate, and support?
4. What can nonprofits do after the first grant to build continuity?



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Down Is Up

When community needs intensify, philanthropy has an opportunity to accelerate.



The challenge

Nonprofits face rising demand, financial uncertainty, and pressure to sustain vital services.



The opportunity

Donors have already committed DAF resources to charity. They can recommend additional or earlier grants without necessarily contributing new personal assets.



The invitation

Revisit annual giving plans. Consider increased, accelerated, flexible, or multiyear support when circumstances call for it.

Not a call for every DAF to spend down — a call to reassess giving in light of today's needs.

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From Donor Intention to Action

How a community foundation can help catalyze informed grantmaking



Understand needs

Community knowledge, nonprofit relationships, and direct awareness of emerging challenges.



Build confidence

Philanthropic guidance, useful context, due diligence, and introductions where appropriate.



Encourage action

Timely opportunities, clear invitations, and ways to learn from the results of giving.

A sponsor can do more than process grant recommendations.

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What Nonprofits Can Learn From Down Is Up

Three lessons that apply to any cause and any DAF sponsor



Explain what's changing

Tell supporters what is different from last year and what it means for the people or places you serve.



Invite a fresh decision

Give donors a reason to revisit routine giving patterns when circumstances warrant a different response.



Offer concrete options

Make a clear ask for additional, accelerated, unrestricted, or multiyear grants as appropriate.

Not just "Does the donor have a DAF?" — "Have we given them a reason to use it?"

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POLLING QUESTION 4

I would like a CLA professional to contact me about:

A. Assurance services
B. Tax services
C. Outsourced accounting and consulting
D. Digital services
E. Wealth Advisory
F. Nothing at this time

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Five Takeaways

1. **Know the roles**
   The donor recommends; the sponsor reviews and grants; the nonprofit receives.

2. **Connect the teams**
   Finance and development need one shared intake and follow-up process.

3. **Reduce friction**
   Make your legal identity and giving instructions easy to find.

4. **Steward the person**
   Thank and report impact when donor information is available.

5. **Inspire action**
   Give donors a compelling reason to recommend timely, thoughtful grants.



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Your 30-Day Action Plan

Choose one action in each lane.



FUNDRAISING

- Add DAF language to one appeal
-
- Confirm website instructions
-
- Identify five supporters with DAFs and invite a conversation about emerging needs
-
- Create a stewardship touchpoint



FINANCE

- Standardize sponsor records
- Review coding and restrictions
- Clarify pledge treatment
- Retain consistent documentation



SHARED WORKFLOW

- Define intake owner
- Set a same-day notification rule
- Create a review path for exceptions
- Track donor follow-up

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Questions and Discussion

Bring us the DAF situations your finance and development teams are working through.



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Thank you!

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