



Here for Good

Community Foundation

for Monterey County

**Demystifying Donor Advised Funds (DAFs) and Other Fund Types at the  
Community Foundation for Monterey County**

Center for Nonprofit Excellence Presentation - March 27, 2024

**General**

1. Do you see any trends in giving preferences? How has giving evolved?
  - a. Giving and grants increase in the last 6 to 8 weeks of the year.
  - b. The use of IRA qualified charitable distributions (QCDs) as a giving vehicle has increased.
  - c. Donor Advised Funds are the fastest-growing charitable giving vehicle in the United States because they are one of the easiest and most tax-advantageous ways to give to charity.
  
2. How do we find the full list of agencies such as GuideStar?
  - a. Regarding checking your agency's status with the IRS, Attorney General's office and CA Franchise Tax Board: visit these sites to make sure you are up to date with your 501c(3) filings:
    - i. IRS: <https://apps.irs.gov/app/eos/>
    - ii. State of CA Franchise Tax Board: <https://www.ftb.ca.gov/help/business/entity-status-letter.asp>
    - iii. Attorney General's office: <https://rct.doj.ca.gov/Verification/Web/Search.aspx?facility=Y>
  
3. I'm having trouble finding the DAF list on the CFMC website.  
<https://www.cfmco.org/about-us/fund-list/>

**Benefits for Donors**

4. What is the benefit for donors who give stock options to a Donor Advised Fund?

Giving non-cash assets is often more tax-advantageous than giving via cash or credit cards, but it can be difficult for many charities to accept these charitable contributions. Contributing assets other than cash is simple with a DAF. In some cases, it's possible to transfer stock directly from a donor's brokerage account with the click of a button.
  
5. Is there a maximum DAF amount (for tax purposes) that can be donated based on a donor's annual income?

This information is provided by the IRS on individual charitable tax deductions: <https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-contribution-deductions>. It is highly encouraged that donors speak with their professional advisor regarding any tax advice.
  
6. Are DAFs at the CFMC irrevocable?

Yes, regardless of DAF sponsor.

7. What training is out there to become an expert in tax implications?  
We recommend you advise donors to reach out to their own professional advisors for tax advice.
8. Is there a uniform agreement with fund holders or is that worked out individually?  
There are a number of ways the CFMC staff help donors through the process of creating a DAF: <https://www.cfmco.org/advisors/advisor-solutions/> and <https://www.cfmco.org/advisors/discussing-charitable-giving/>

### **Communication/Contact with DAF Fund Holders**

9. What is the best timeline for a thank you note – how late is late?
  - a. While it is never too late, you do want a quick turnaround. This will depend on your nonprofit's capacity and size. Generally, a thank you note within 2 weeks of receiving a gift is a good rule of thumb. There are also IRS rules regarding acknowledgement letters:
    - i. <https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-contributions-written-acknowledgments>
10. We don't have the address for the donors who direct grants through their DAF at the CFMC. It is difficult to track the details in our database. The database admin will only send one newsletter per address (50 to a single address get kicked out).  
The CFMC doesn't share donor addresses unless they request us to. Ask your board or other key donors if they know the donor, as donations may come from individuals that have a relationship with someone in your organization. We will forward thank you notes to Donor Advisors. Make it unique, ask them to reach out to you.
11. If we receive a donor advised fund grant without contact information, will the CFMC forward our thank you/ acknowledgement? Do you provide the DAF fund holders with the materials that nonprofits send, e.g., newsletters, appeal letters?  
We have close to 200 DAFs granting to hundreds of nonprofits each year. The CFMC does not have the capacity to send other mailings such as newsletters, year-end giving summaries or invitations. Please don't send those. If one DAF were to grant to ten organizations, and each of those organizations wanted to send a newsletter and an event invitation each year, that would be 20 pieces of mail to forward.

### **Due Diligence**

12. What is the CFMC's process for vetting potential donors in terms of mission alignment and values/ethics? See below.
13. Is there a due diligence checklist that the CFMC could share with nonprofits?  
Prospective Grant Recipients must meet the following criteria:
  - Organized and operated for charitable purposes and meet all legal definitions of a qualified charity.
  - Operating without discrimination on the basis of race, religion, gender, gender identity, sexual orientation, age, citizenship, disability or any other protected class.
  - Grant funds may not be awarded for non-charitable purposes.

Some examples of disallowed grant purposes include the following:

- Grants to individuals or to benefit specific individuals.
- Political contributions or supporting political campaign activities.
- For any purpose that provides the donor, donor advisor(s) and/or related parties with a more than incidental benefit. Common examples include:
  - Events, Memberships, Auction Items:  
Grants to a nonprofit organization must be 100% deductible with no goods or services being provided in connection with the distribution. This includes bifurcated or “split” gifts, where a donor pays for the non-tax-deductible portion of the grant out of pocket and then recommends the tax-deductible portion from their DAF Fund.
  - However, grants can be made if the donor refuses/declines all benefits.
- Grants to a private foundation (because they receive different tax treatment).
- Grants to organizations known to engage in hateful activities (defined to mean activities that incite or engage in violence, intimidation, harassment, threats or defamation targeting an individual or group).

## Donor Education and Engagement

14. Where do you look for nonprofit missions that match donor intent? Candid?

Nonprofit websites and other materials, as well as Candid.

15. Do you honor donor recommendations from advisors who want to send grants outside Monterey County?

Yes.

16. What is the best way for a nonprofit to cultivate/attract grants from DAF fund holders – specifically when they are new donors for an organization?

Send thank you note to CFMC for grants received (attention to the donor), and we will forward it. Invite them to contact you in that note. Post thank you notes on Facebook and tag the CFMC (@cfmco), many of DAF fund holders are on there. Ask your board and staff. Donor Advisors are often engaged in our community and might have a relationship with your organization already. Apply to participate in [Monterey County Gives!](#)

17. What is the best way for nonprofits to make their mission impact known in the community?

Two-pronged approach: lead with impact.

Get to know your donor community and develop the donors you already have through the great work you're doing in the community.

18. Some foundations have a process for organizations to submit a one-pager fact sheet about them that is somehow distributed to DAF fund holders. Does the CFMC do anything like this?

Not at this time, however we are constantly reviewing our processes for connecting DAF fund holders with nonprofit organizations.

19. If a fund holder requests information for their grantmaking priorities, how does the CFMC research and learn about nonprofit projects and programs? How can nonprofits help educate the CFMC staff about our work for these recommendations?

The CFMC staff are knowledgeable about Monterey County nonprofits and strive to keep updated about nonprofit programs and community issues. We review the CFMC grant history of nonprofit grantees and applicants, review information shared by nonprofits (websites, marketing materials, etc.), and other information such as Candid (formerly GuideStar), and occasionally confer with other local funders.

20. Does the CFMC ever categorize the DAFs by issue area (arts, education, health) so the nonprofits can introduce themselves? How can nonprofits determine the giving priorities of a DAF fund holder?

We don't categorize by issue at the moment, but the CFMC is moving to Salesforce soon and we hope to have more capabilities in that system. We don't have a way for nonprofits to introduce themselves. With hundreds of active nonprofits in the county, it would be difficult to administer something like this.

Please feel free to contact the Community Foundation for Monterey County staff with any further questions or feedback.



## Community Foundation Contacts

**Ceci Romero** [ceciliar@cfmco.org](mailto:ceciliar@cfmco.org)

- Establishing funds: Individual/Corporate/Agency
- Support as you work with your donors around their philanthropy



**Alisa Smith** [alisas@cfmco.org](mailto:alisas@cfmco.org)

- Donor Advised grant thank you's
- Questions about existing Agency/Stewardship Funds



**Laurel Lee-Alexander** [laurel@cfmco.org](mailto:laurel@cfmco.org)

- Navigating application-based grant opportunities
- Review the website first! [cfmco.org/nonprofits/grants](http://cfmco.org/nonprofits/grants)



**Brian Thayer** [briant@cfmco.org](mailto:briant@cfmco.org)

- Donor Advised grant thank you's
- Questions about existing Agency/Stewardship Funds