



## Private Foundation Giving to Commercial Donor-Advised Funds

***New analysis finds that private foundations gave nearly a billion dollars to commercial donor-advised funds in 2018***

By Chuck Collins and Helen Flannery

Private foundations are currently allowed to make grants to donor-advised funds (DAFs), and to [count those grants](#) toward their charitable distribution “payout” requirement of 5 percent of their assets each year. As we detailed in our report [Warehousing Wealth](#), DAFs are giving vehicles with little transparency and no payout requirement at all, so this should be concerning to any taxpayer who wants to ensure that the charitable revenue they [subsidize](#) moves out to working charities in a timely manner.

This is especially important in the case of commercial DAFs like Fidelity Charitable Gift Fund and Schwab Charitable where the sponsors have a significant financial interest in donations staying put, generating management fees for their affiliated financial institutions.

Some analyses have made headway on measuring foundation-to-DAF giving in recent years, but the full scale of foundation giving to DAFs, and to commercial DAFs in particular, has remained elusive. In an [investigation](#) of foundation tax returns from 2014 to 2016, the *Chronicle of Philanthropy* found that foundations had given an average of \$245 million per year to the five largest national DAF sponsors over that three-year span, but they cautioned that this was likely an undercount. They [did their analysis again](#) a few years later and discovered that the amount given by foundations to the same five sponsors had increased to \$740 million in 2018. And a [2020 paper](#) by the Minnesota Council of Nonprofits identified \$3 billion in grants from private foundations to those top five DAFs between 2010 and 2018.

In an effort to broaden these findings and our understanding of foundation giving to commercial DAFs, IPS examined the 2016-2018 tax returns of private foundations filing electronically to see how many of their contributions matched a list of the 45 largest national commercial DAF sponsors as identified by [DataLake Nonprofit Research](#) (see Appendix IV below). These include sponsors that are either affiliated with financial corporations, such as Fidelity Investments or Goldman Sachs, or are clearinghouses of DAFs on a national scale, such as the Tides Foundation or DonorsTrust.

**We discovered that foundation grants to the top forty-five commercial DAFs averaged \$737 million per year from 2016 to 2018, and more than \$934 million in 2018 alone.**

What follows are key findings from our analysis, as well as examples of foundations that gave to DAFs with notable regularity. What we found aligns with much of what the *Chronicle* discovered—and indicates that private foundation giving to DAFs, and commercial DAFs in particular, is sizable indeed.

## **Key Findings**

Of the [estimated](#) 100,000 private foundations in the United States, we identified tax returns for 81,015 that filed electronically in at least one year from 2016 to 2018. 1,497 of these electronic filers gave to a commercial DAF in at least one of these three years. Unless otherwise specified, the findings below are based on these 1,497 electronically-filing, commercial-DAF-giving foundations.

- **Private foundation giving to commercial DAFs averaged \$737 million per year from 2016 to 2018.** This giving has been increasing rapidly; foundations gave more than \$934 million to commercial DAFs in 2018 alone.
- When private foundations give to commercial DAFs, their grants to those commercial DAFs are much larger than their gifts to other recipients. **From 2016 to 2018, gifts from DAF-giving private foundations to commercial DAFs averaged about \$605,000 each, while their gifts to other recipients averaged just under \$119,000 each.**
- **229 foundations gave \$1 million or more to commercial DAFs from 2016 to 2018.** 34 foundations gave \$10 million or more to commercial DAFs over these three years.
- **Grants to commercial DAFs made up one hundred percent of all charitable distributions for 157 foundations from 2016 to 2018.** For another 152 foundations, DAF giving made up 90 to 99 percent of their charitable distributions over those three years.

It is important to note that this analysis does not reflect the full extent of private foundation giving to DAFs, for two main reasons: one is that it includes only giving from foundations filing electronic tax returns. The other is that it includes only giving to national DAF sponsors; it does not include giving to DAFs managed either at community foundations or at mission-driven organizations. If reliable data existed for these two additional pieces of the puzzle, it would undoubtedly reveal that the amount of private foundation granting to DAFs is considerably larger than what we report here.

Once funds are donated to a DAF, we do not know whether funds will be distributed in a timely way to working charities or remain warehoused for decades. There may be good reasons for a private foundation to donate to a DAF specializing in effective grantmaking in a certain sector. But there is a taxpayer and public interest in ensuring that funds flow in a timely manner. This is why we believe DAFs should have a minimum mandatory payout requirement and greater transparency.

## Top Ten Commercial DAF Recipients

Foundation gifts to commercial DAFs were not evenly distributed: Fidelity Charitable received the lion's share, with the National Philanthropic Trust a distant second.

Commercial DAF	2016 Grants Received	2017 Grants Received	2018 Grants Received	2016-2018 Total
Fidelity Charitable Gift Fund	\$223,849,625	\$312,442,211	\$221,051,230	\$757,343,066
National Philanthropic Trust	\$65,785,569	\$88,952,240	\$174,610,049	\$329,347,858
Schwab Charitable Gift Fund	\$34,992,184	\$74,396,099	\$152,313,154	\$261,701,437
National Christian Foundation	\$53,519,814	\$43,893,222	\$64,292,258	\$161,705,294
Vanguard Charitable Gift Fund	\$23,056,823	\$68,141,748	\$60,792,334	\$151,990,905
Tides Foundation	\$40,758,101	\$14,494,638	\$77,189,363	\$132,442,102
American Online Giving Foundation		\$30,164,558	\$55,956,745	\$86,121,303
American Endowment Foundation	\$14,450,271	\$19,069,717	\$15,199,365	\$48,719,353
Goldman Sachs Philanthropy Fund	\$13,630,831	\$11,158,276	\$17,570,916	\$42,360,023
Bank of America Charitable Gift Fund	\$5,813,098	\$12,835,576	\$18,702,331	\$37,351,005

IPS analysis of publicly available, electronic private foundation tax filings (form 990PF).  
American Online Giving Foundation filing is not available electronically for 2016.

## Top Ten Commercial DAF-Giving Foundations

Several of our largest DAF donors—the Zoom Foundation, the 136 Fund, the Quetzal Trust, and the Hollyhock foundation—also appeared in the Chronicle of Philanthropy's earlier reporting.

Foundation	EIN	Giving to DAFs 2016	Giving to DAFs 2017	Giving to DAFs 2018	Total Giving to DAFs 2016-2018	% of Total Grants 2016-2018
The Zoom Foundation	06-1600601	\$46,068,000	\$47,176,000	\$58,051,000	\$151,295,000	99.9%
Wellspring Philanthropic Fund	22-3692921	\$0	\$79,830,000	\$52,763,817	\$132,593,817	31.5%
136 Fund	26-1595284	\$40,150,000	\$43,500,000	\$38,900,000	\$122,550,000	99.9%
The Paul E. Singer Foundation	27-2009342	\$25,450,000	\$15,500,000	\$79,000,000	\$119,950,000	81.8%
Sergey Brin Family Foundation	47-2107200	\$19,714,560	\$31,839,669	\$32,882,440	\$84,436,669	69.1%
The Quetzal Trust	52-7140888	\$20,000,000	\$21,679,950	\$21,000,000	\$62,679,950	99.9%
Musk Foundation	77-0587507	\$0	\$37,798,322	\$12,431,640	\$50,229,962	80.4%
The Hollyhock Foundation	54-2091336	\$17,500,000	\$4,505,000	\$25,609,000	\$47,614,000	66.4%
Intel Foundation	94-3092928	\$0	\$21,743,800	\$24,707,401	\$46,451,201	57.7%
Bill & Melinda Gates Foundation	56-2618866	\$6,849,084	\$9,798,583	\$16,257,749	\$32,905,416	0.2%

IPS analysis of publicly available, electronic private foundation tax filings (form 990PF).

## Examples of Top Commercial-DAF-Giving Foundations

- The [Zoom Foundation](#) has given more than \$151 million from 2016 to 2018 to the Fidelity Charitable Gift Fund; their 2018 gift alone amounted to more than \$58 million. These contributions made up nearly the entirety of their charitable distributions over those three years. The foundation had nearly a billion dollars in assets as of 2018 and has two trustees, Susan Z. Mandel and Stephen F. Mandel, Jr., who are also its only funders.
- The [Wellspring Philanthropic Fund](#) gave over \$132 million to two national DAF sponsors in 2017 and 2018 (the Fidelity Charitable Gift Fund and the Tides Foundation). This DAF giving made up 32 percent of the total \$420 million in charitable grants the foundation distributed over those two years.
- The [136 Fund](#) gave \$40.2 million in 2016 and \$43.5 million in 2017 to the Fidelity Charitable Gift Fund, and \$38.7 million to the National Philanthropic Trust's J.P. Morgan Charitable Giving Fund in 2018. DAF giving made up 99.9 percent of their charitable distributions over these three years; the remaining 0.1 percent was one donation of \$100,000 to the Columbia University Medical Center in 2018. The foundation lists just two trustees, Kim E. Baptiste and James Kaufman, and receives money from just one funder, an LLC called the 136 Fund. Nearly all of its assets appear to be in the form of investments in the Millennium International hedge fund.
- Hedge fund manager and Giving Pledger Paul Singer is currently worth \$3.6 billion. Including gifts from his firm, Elliott Management, he has given away an [estimated total](#) of \$750 million—about a fifth of his assets—over the past eight years. But those gifts have gone almost exclusively to Singer's two private foundations, and have been taking a long time to find their way out to working charities. The [Paul E. Singer Foundation](#), the larger of the two, typically meets its annual 5 percent payout requirement only through grants to Paul Singer's donor-advised funds—including three commercial or corporate-sponsored DAFs at J.P. Morgan Chase, Charles Schwab, and Donors Trust. Of the grants made by the foundation, 81 percent of the money the foundation granted from 2016 to 2018 went into Singer's DAF at the JP Morgan Charitable Giving Fund.
- The [Quetzal Trust](#) gave more than \$20 million in each year from 2016 to 2018 to the Fidelity Charitable Gift Fund. These DAF gifts made up 99.9 percent of the foundation's total grants over those three years; their only other distributions were relatively tiny amounts ranging from \$400 to \$19,650 to four working charities over those three years.
- The [Musk Foundation](#), the private foundation of PayPal co-founder and Tesla CEO Elon Musk, gave out nearly \$48 million in charitable grants in 2017. Almost \$38 million of these grants, however—more than three-quarters of the foundation's total giving that year—went to establish a donor-advised fund at Vanguard Charitable. The next year, in 2018, Musk's foundation gave just over \$14 million to charity, of which more than \$12 million went to a donor-advised fund at Fidelity Charitable.

## ***Scratching the Surface of Foundation-to-DAF Giving***

Our analysis above does not reflect the full extent of foundation giving to commercial DAFs, primarily because it only includes electronic filers. As was true for the earlier reporting done by the [Chronicle of Philanthropy](#), the only broad-based data available is that for foundations that filed electronic tax returns. It would be significantly more difficult to analyze DAF giving by foundations that file on paper.

We do know from the Giving Institute's publication [Giving USA](#), however, that independent foundations gave out \$54 billion in grants in 2018. **If paper filers gave 2.6 percent of their charitable distributions to commercial DAFs that year—the same rate as electronic filers—it would mean that U.S. foundations gave \$1.4 billion to commercial DAFs in 2018.**

### **Giving from Private Foundations to Other Types of DAFs**

This analysis also examines only giving from private foundations to commercial DAFs. It would be a much larger effort to examine giving to DAFs managed either by community foundations or single-issue sponsors such as hospitals and universities—although this is information we are collecting for future analyses.

It would not be surprising if foundation giving to community foundation and single-issue DAFs was sizable, however. According to the National Philanthropic Trust's annual [DAF report](#), national commercial DAFs received just 63 percent of all DAF giving nationwide in 2018, meaning that 37 percent went to either community foundation or single-issue DAFs. Undoubtedly a portion of this 37 percent came from private foundations, since many foundations would likely be attracted to sponsors whose work is more directly tied to their locality or mission.

It is difficult to quantify DAF giving to community foundations, since there is no way to tell which grants go to DAFs and which go to other programs at the foundation. However, from [tax forms](#), we do know the overall percentage of contributions that go to DAFs versus other programs, which can help to give us some sense of scale. If we assume that private foundations give to community foundation DAFs at roughly the same rate as contributors at large, **it means that in 2018, private foundations gave at least \$81 million to DAFs at the ten largest community foundations in the country.** Our preliminary analysis of this is detailed in the appendix.

## **What We Can Do**

The dollars flowing from private foundations to donor-advised funds make for a considerable amount of money diverted or delayed in reaching active charities. Foundation DAF giving, as well as DAF giving in general, has been on a steep upward trajectory, and as it grows it has been steadily eating into the revenue that has historically gone to working nonprofits. According to recent [research](#) by law professor Ray Madoff and economist James Andreoni, charities have lost a total of \$300 billion over the past five years because donors are diverting money into charitable intermediaries such as donor-advised funds instead of giving to charities outright.

The scale, growth, and nature of this giving make it more important than ever to have improved DAF governance, as well as greater transparency into DAF giving.

The resources below provide a wide variety of specific proposals designed to strengthen the rules surrounding DAFs. These measures would ensure that DAFs provide an adequate return to the taxpayers subsidizing them, that DAFs are not pulling an undue amount of philanthropic revenue away from active charities, and that DAF donors are getting complete, unbiased advice when making their charitable decisions.

### [\*Fixing What's Broken with Donor-Advised Funds\*](#)

This Institute for Policy Studies policy brief outlines the public interest in regulating DAFs, suggests solutions for doing so effectively, and provides estimates for the additional charitable revenue that would result from these solutions.

### [\*Warehousing Wealth\*](#)

This comprehensive Institute for Policy Studies report on donor-advised funds documents the dramatic expansion of DAFs and the risks an unregulated DAF system poses to the public interest and the charitable sector. It also offers several policy recommendations for mitigating the risks of DAFs.

### [\*Three Simple Steps to Protect Charities and American Taxpayers from the Rise of DAFs\*](#)

This Nonprofit Quarterly article by [ACE Act](#) architect and nonprofit law expert Ray Madoff explains in detail three areas of reform to ensure that DAFs work for charities and taxpayers, as well as donors.

## Appendix I: Methodology

All private foundations in the U.S. must file an annual tax form called the [990PF](#). An [estimated 65 percent](#) of all private foundations file this form electronically each year, including all large foundations that file more than 250 returns (including employee W2s). All private foundation tax forms, whether filed electronically or not, are available to the public.

Unless otherwise noted, all of the information in this paper is based on an Institute for Policy Studies analysis of all of the tax filings of private foundations that filed electronically for tax years from 2016 to 2018. These are the most recent three years currently available for most foundations.

For our analysis, we compared a list of 45 commercially-sponsored donor-advised funds (DAFs) to the contributions listed for all electronically-filing private foundations in the U.S. for these three tax years. A full list of the DAFs that we searched for can be found below.

## Appendix II: DAF vs. Non-DAF Giving by Private Foundations (2016-2018)

	2016	2017	2018	2016-2018 Total	2016-2018 Average
<b>Totals</b>					
Number of Foundations	62,116	66,942	71,394	<b>81,015</b>	<b>66,817</b>
Charitable Grants	\$30,461M	\$37,822M	\$36,250M	<b>\$104,533M</b>	<b>\$34,844M</b>
Commercial DAF Grants as a Percent of All Grants	1.7%	2.0%	2.6%	<b>2.1%</b>	
<b>Foundations Giving Grants Only to Recipients Other than Commercial DAFs</b>					
Number of Foundations	61,474	66,146	70,539	<b>80,523</b>	<b>66,053</b>
Percent of Foundations	99.0%	98.8%	98.8%	<b>99.4%</b>	<b>98.9%</b>
Charitable Grants	\$20,284M	\$21,486M	\$24,089M	<b>\$65,859M</b>	<b>\$21,953M</b>
<b>Foundations Giving Any Grants to Commercial DAF Recipients</b>					
Number of Foundations	642	796	855	<b>1,497</b>	<b>764</b>
Percent of Foundations	1.0%	1.2%	1.2%	<b>1.8%</b>	<b>1.1%</b>
Grants to Commercial DAFs	\$512M	\$764M	\$934M	<b>\$2,210M</b>	<b>\$737M</b>
Grants to Other Recipients	\$9,665M	\$15,572M	\$11,227M	<b>\$36,464M</b>	<b>\$12,155M</b>
Average DAF Grant Size	\$460,016	\$651,176	\$684,787	<b>\$605,445</b>	
Average Grant Size	\$98,316	\$143,049	\$112,456	<b>\$118,776</b>	
Commercial DAF Grants as a Percent of All Grants	4.7%	4.8%	8.2%	<b>5.8%</b>	

IPS analysis of publicly available, electronic private foundation tax filings (form 990PF).

The number of foundations giving grants to DAF and non-DAF recipients does not add up to the total number of foundations because some foundations made no grants whatsoever in each year.

### **Appendix III: Estimates of Foundation Giving to Large Community Foundation DAFs**

It is difficult to quantify DAF giving to community foundations, since there is no way to tell which grants go to DAFs and which go to other programs. However, from community foundation [tax forms](#), we do know the overall percentage of contributions that go to DAFs versus other programs, which can help to give us some sense of scale.

According to our analysis of IRS tax data, roughly 84 percent of all contributions to the ten largest community foundations in the country went to donor-advised funds at those foundations. We also found that private foundations filing electronically gave at least \$96 million to those foundations in 2018.

If we assume that private foundations give to community foundation DAFs at roughly the same rate as contributors at large, it would mean that in 2018, electronically-filing private foundations gave more than \$80 million to DAFs at the ten largest community foundations in the U.S.

#### **Estimated DAF Contributions from Private Foundations to the 10 Largest Community Foundations (2018)**

<b>Community Foundation</b>	<b>Year-End Assets</b>	<b>Percent of All Contributions Going to DAFs</b>	<b>Contributions from Private Foundations</b>	<b>Estimated Portion of Foundation Contributions Going to DAFs</b>
Silicon Valley Community Foundation	\$8,046,442,203	100%	\$18,549,006	\$18,549,006
The Chicago Community Trust	\$3,139,290,774	92%	\$29,622,985	\$27,272,393
The New York Community Trust	\$2,567,643,255	77%	\$5,341,724	\$4,088,681
The Cleveland Foundation	\$2,008,984,578	31%	\$578,500	\$177,224
The Oregon Community Foundation	\$1,870,262,580	65%	\$7,989,248	\$5,231,356
Foundation for the Carolinas	\$1,828,291,645	75%	\$3,122,715	\$2,343,891
Greater Kansas City Community Foundation	\$1,772,586,280	74%	\$9,647,407	\$7,186,084
The Columbus Foundation	\$1,628,783,580	54%	\$3,843,997	\$2,090,066
California Community Foundation	\$1,562,012,914	77%	\$12,014,037	\$9,246,951
The San Francisco Foundation	\$1,518,812,345	81%	\$5,715,514	\$4,605,178
<b>Total</b>			<b>\$96,425,133</b>	<b>\$80,790,830</b>

IPS analysis of publicly available, electronic private foundation tax filings (form 990PF) and community foundation tax filings (form 990). Assumes private foundation grants went into DAFs at the same percentage as overall contributions.

## **Appendix IV: Commercial DAFs Identified in this Analysis**

Below are the commercial donor-advised funds that we searched for in the 2016-2018 contributions of electronically-filing private foundations. These were the 45 largest commercial DAF sponsors active in 2018 as identified by [DataLake Nonprofit Research, LLC](#).

Advisors Charitable Gift Fund	ImpactAssets
The American Center for Philanthropy	Jasper Ridge Charitable Fund
American Endowment Foundation	Johnson Charitable Gift Fund
American Gift Fund	JustGive
American Online Giving Foundation	MightyCause Charitable Foundation
AMG Charitable Gift Foundation	Morgan Stanley Global Impact Funding Trust
AYCO Charitable Foundation	National Christian Foundation Charitable Trust
Bank of America Charitable Gift Fund	National Philanthropic Trust
Bessemer National Gift Fund	NEMA Foundation
BNY Mellon Charitable Gift Fund	Network for Good
Charities Aid Foundation America	NPT Charitable Asset Trust
Dechomai Asset Trust	Raymond James Charitable Endowment Fund
Dechomai Foundation	Renaissance Charitable Foundation
Donatewell	Rudolf Steiner Foundation
Donors Trust	Schwab Charitable Gift Fund
Fidelity Investments Charitable Gift Fund	T Rowe Price Program for Charitable Giving
The Fuller Foundation	TIAA Charitable
Fund for Charitable Giving	Tides Foundation
Give Back Foundation	The US Charitable Gift Trust
Goldman Sachs Charitable Gift Fund	United Charitable
Goldman Sachs Philanthropy Fund	Univest Foundation
Hills Bank Donor Advised Gift Fund	Vanguard Charitable Gift Fund
Impact Investing Charitable Foundation	

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