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Article

How donor advised funds change fundraising

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Article

How Donor Advised Funds Change Fundraising

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Abstract: The rapid proliferation of donor advised funds (DAFs) and the rising prominence of their sponsoring organizations are among the most disruptive innovations in philanthropy in recent years. To examine DAFs' implications for major gift fundraising and nonprofit administration, we interview professional fundraisers from across the US ($n = 46$). We analyze their comments following a six-stage thematic process. We present a modified fundraising model called the "DAF Donor Relationship Management Cycle." This new model makes a theoretical contribution to nonprofit studies by highlighting challenges and opportunities for fundraisers in working with DAFs. Among other adjustments, the new model includes gift processing as a critical component and specifies two forms of donor identification—reactive and proactive. Six challenges and four opportunities associated with the stages of the cycle are also delineated. This new model documents how DAFs disrupt fundraising methods and systems, clarifies fundraising cycle assumptions and inferences, and offers important practical insights from fundraisers for other fundraisers. Ultimately, integrated organizational-level strategies are needed to guide DAF adaptation and DAF donor engagement and to inform training and coordination of gift processing and frontline fundraising efforts.

Keywords: donor advised funds; fundraising; donor relationship cycle



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1. Introduction

The rapid proliferation of donor advised funds (DAFs) and the rising prominence of their sponsoring organizations are among the most disruptive innovations in philanthropy in recent years.¹ A DAF is a charitable giving account hosted by a nonprofit 501(c)(3) public charity sponsoring organization. Donors set up an account with the sponsor by making tax-deductible contributions to the fund. The contributed assets are invested by the sponsor and grow tax-free. Donors then make recommendations for the sponsors to grant funds to other nonprofit recipient organizations. DAFs are intermediaries; they essentially act as "middlepersons", collecting contributions from donors and then distributing grants to recommended recipients. DAFs have numerous advantages for donors, including ease in contributing non-cash assets, immediate tax deductions that provide flexibility in timing grant recommendations, and simplified record keeping (see Rooney, 2017). Because of these benefits, DAFs' popularity among donors has grown exponentially (see Figure 1).

Over 70% of nonprofits received DAF grants in one study of hundreds of organizations (Indiana University Lilly Family School of Philanthropy, 2020). Among a small sample of relatively large nonprofits, a median of 12% of overall giving came from DAF grants (K2D Strategies & Chariot, 2024). The nature and effect of DAFs—and their 1200 sponsoring entities—on philanthropy has been increasingly explored by researchers (e.g., Giving USA

Foundation, 2021; National Philanthropic Trust, 2023) and much discussed by experts, commentators, and leaders (e.g., Colinvau, 2017; Andreoni, 2018; Heist & Vance-McMullen, 2019; Stanford Law School Policy Lab on Donor Advised Funds, 2020; Forbes, n.d.; The Chronicle of Philanthropy, n.d.). Opinions related to the benefits and drawbacks of DAFs are numerous. Some extoll DAFs as a boon to democratizing philanthropy (Salmon, 2024); others criticize their lack of transparency and express concerns over delaying funds' distribution to programmatic charities (Colinvau, 2017; Madoff, 2016; Matz, 2023). Nevertheless, there is general agreement that DAFs are changing the philanthropic landscape, generating a need for new structures and operational procedures (Daniels & Lindsay, 2016).

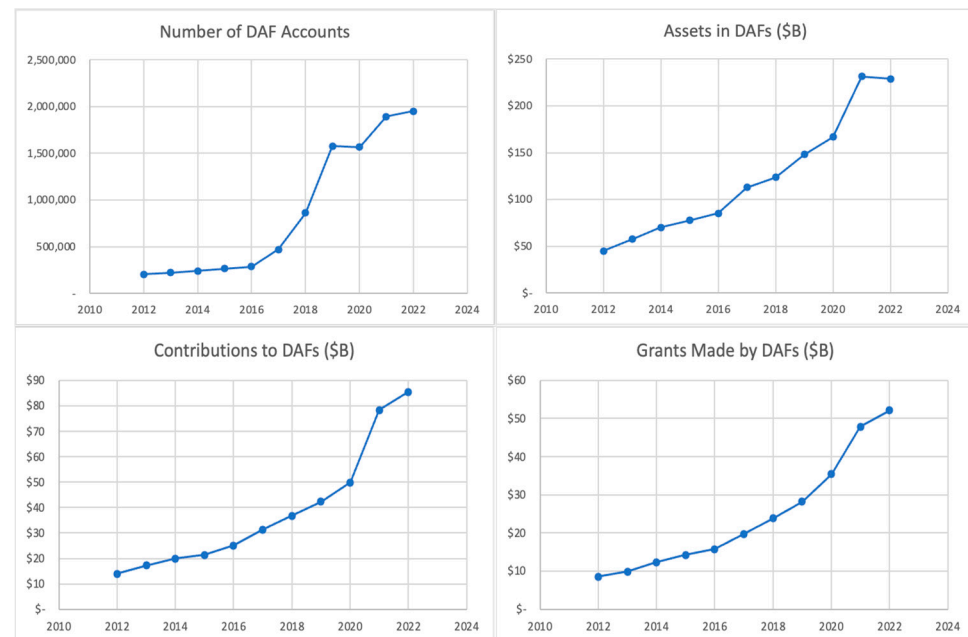


Figure 1. US donor advised fund growth 2012–2022. Note: data compiled from annual National Philanthropic Trust DAF reports (National Philanthropic Trust, n.d.-b). Contributions are donations made into a DAF account, and grants are distributions of money out of a DAF account.

The disruptive effect of DAFs' intermediary nature is evident within discussions of various fundraising activities, such as donor identification and donor information management (Indiana University Lilly Family School of Philanthropy, 2020; K2D Strategies & Chariot, 2024). However, research has not explored how DAFs affect individual fundraising holistically. This organizational function has often been depicted as following a set of stages, such as in "The Eight-Step Solicitation Process" and the "Major Gift Development Process" (The Fund Raising School, 2001; Sprinkel-Grace, 2005). These models are associated with the relationship fundraising paradigm, which includes building knowledge about and connections with potential and current donors (Burnett, 1992)—particularly those with the capacity for larger gifts. The models help fundraising teams plan and manage how they approach and interact with individual donors to maximize effectiveness but lack detail about the implementation of the models' stages.

To understand DAFs' implications for fundraising, we conducted in-depth, semi-structured interviews with professional fundraisers from across the US ($n = 46$). These interviews focused on fundraisers' experiences with DAFs donors, their views about DAFs, and their organizations' DAF processes. In this article, a component of the larger study, we explore DAFs' ramifications for fundraising processes and practices using a codebook thematic analysis oriented to the stages of individual fundraising. We focus specifically on major gift fundraising in which fundraisers develop personalized relationships with

their donors. Most DAF grants (56%) are larger than USD 10,000, and the median DAF grant is between USD 10,000 and USD 50,000 (Heist et al., 2024), which aligns well with many nonprofits' thresholds for categorizing major gifts. This study makes a theoretical contribution to the nonprofit literature on fundraising by presenting a modified model for fundraising called the "DAF Donor Relationship Management Cycle". The new model adds gift processing as a critical aspect of the fundraising cycle and includes two distinct methods of identifying DAF donors—reactively and proactively. A set of six challenges and four opportunities is associated with the cycle stages and presents the implications of DAFs for donor information management and relationship management. This DAF Cycle is an important step forward in documenting how DAFs disrupt fundraising methods and systems and offers important practical insights from and for fundraisers. It also provides information about how fundraisers implement and navigate relationship fundraising with DAF donors.

2. Background and Literature Review

This section provides information about US DAFs as well as the donor relationship management and donor information management paradigms. In line with other US-based DAF studies (Heist et al., 2024), throughout the article, the terms 'DAF donor' and 'donor advisor' are used to refer to a person with advisory privileges to make DAF account grant recommendations. This may be the original donor(s) or additional advisors authorized by the original donor(s). The term 'sponsor' refers to a 501(c)(3) public charity sponsoring organization that hosts and manages DAF accounts. Additional definitions can be found in the Supplementary Materials (see Supplementary Text S1).

2.1. Donor Advised Funds

DAFs are the fastest-growing avenue for philanthropic giving in the US. DAFs are now accessible to households across income and wealth ranges. Several DAFs have no or low minimum opening contribution amounts; for example, Fidelity Charitable, the largest DAF sponsor by assets, does not have a minimum requirement (Fidelity Charitable, n.d.). In 2022, there were nearly two million DAF accounts, and 17% of all charitable contributions were directed to DAFs (Giving USA, 2022; National Philanthropic Trust, 2023).² The number of accounts has increased almost tenfold since 2012 (National Philanthropic Trust, 2023). Over the same period, DAF assets grew by a multiple of five, and DAF grants' value became six times larger (National Philanthropic Trust, 2023). In 2022, the assets under management at DAFs totaled USD 228.89 billion, and grants from DAFs amounted to USD 52.16 billion. A study of 20 mostly high-revenue nonprofits (USD 25 million+) found an increase of 83% in DAF gifts between 2019 and 2023 (K2D Strategies & Chariot, 2024).

As DAFs' prominence has grown, so too has interest from researchers, who have made notable inroads examining their utilization by donors. By analyzing 10 years of IRS Form 990 data from nearly 1000 DAF sponsors, Heist and Vance-McMullen (2019) found that DAF giving is resilient to macroeconomic shocks, like the Great Recession, indicating DAFs may be used by donors as rainy-day funds. From a massive collaboration of 111 DAF programs providing nine years of financial transaction data of over 57,000 DAF accounts, the DAF Research Collaborative (DAFRC) produced the National Study on DAFs (Heist et al., 2024). The research showed that less than 4% of all DAF grants are completely anonymous, about half of all DAFs have less than USD 50,000 in assets, and baby boomers form the largest proportion of DAF donors (Heist et al., 2024). Concerned about donors indefinitely leaving money in DAFs, Heist and Stone (2023) analyzed the internal policies of 158 of the largest DAF programs and found that almost all sponsors (83–91%) had inactive account policies designed to encourage donors to grant funds from their DAFs. DAF donors can

create succession plans directing the use of remaining funds in their DAFs following their death. Family members or others can be named as successor advisors and/or funds can be transferred to a different account(s) at the sponsor organization and/or granted to other charities (Heist & Stone, 2023). Ninety-two percent of DAF accounts have a succession plan, with about one-third (30%) directing the funds to either within the sponsor organization or to an external charitable organization (Heist et al., 2024).

In part to help fundraisers understand how to effectively interface with DAF donors and based on DAF donor interviews ($n = 48$), Heist et al. (2022) developed three archetypes of DAF giving strategies: tubs, tanks, and towers. “Tub” donors give quickly through their DAF. Like filling and draining a bathtub, tub donors typically move money in and out of the DAF annually. In contrast, “tank” donors move larger amounts over a slightly longer period. Much like a water tank that is used to set aside significant resources for upcoming use, tank donors contribute large lump sums to the DAF and then grant out the funds in the relatively near future. “Tower” donors take a calculated approach, using their DAF to sustain long-term philanthropic activity. Like a water tower, they use their DAF to preserve their philanthropic resources by slowly adding and withdrawing funds, always maintaining enough for the future. The researchers suggested that these archetypes could be used to characterize DAF donors, noting how important it is for fundraisers to discern and adapt to DAF donors’ giving strategies.

DAF donor behaviors are increasingly documented, but DAFs’ ramifications for fundraising teams are less known. One study explored nonprofit administrators’ perceptions and concerns about DAFs using survey data from 448 nonprofit organizations and interviews with development/leadership officers at six organizations (Indiana University Lilly Family School of Philanthropy, 2020). The largest concern was DAFs’ potential disruption of the donor–recipient relationship. The study also showed that perceptions of DAFs were more positive among organizations that had received a DAF grant, where perhaps there were fewer unknowns about the process, as compared to those that had not. To help counter uncertainties and build the knowledge base, more research is needed on DAFs’ actual impacts, such as their effects on fundraisers’ everyday experiences.

2.2. Donor Relationship Management

Many aspects of the fundraising field remain under-examined, including analysis of the manner and effectiveness of various fundraising approaches, including major gift fundraising (Shaker & Nelson, 2022). Fundraisers proactively seek to build and maintain relationships with potential donors to garner charitable gifts. The hope is that donors will not only make a first gift, but some will eventually make large gifts, and, through continued and deepening relationships, some will make further, increasingly significant gifts to organizations. “Relationship fundraising” advocates for creating a personalized, potentially life-long relationship on behalf of the cause with supporters (with variable strategies based on giving capacity and interest), making donors feel important and valued; this philosophy is presented as counter to the “transactional” fundraising approach in which seeking and receiving a gift is a stand-alone activity (Burnett, 1992, 2002; Breeze, 2017).

In relationship fundraising, asking for a gift is part of an ongoing strategy implemented by the fundraiser on behalf of the organization. This is often presented as a process with stages for fundraisers to navigate (Sprinkel-Grace, 2005; Worth, 2015; Lindahl, 2009; The Fund Raising School, 2001). The Fund Raising School, The Indiana University Center on Philanthropy’s “Eight-Step Major Gift Management Cycle” (The Fund Raising School, 2001, cited in Bout & Hodge, 2022), illustrates the stages as a cycle, and includes the following: *Identify, Qualify, Develop Strategy, Cultivate, Solicit and Negotiate, Acknowledge/Recognize, Steward, Renew* (see Figure 2). This process includes identifying potential donors; qualify-

ing their financial capacity and potential interest in making a major gift; developing an initial strategy for requesting a major gift; cultivating the donor relationship by building their knowledge about the organization and vice versa; soliciting and negotiating the philanthropic gift; acknowledging and recognizing the gift when completed; stewarding the gift through due diligence in using the gift, reporting on outcomes and maintaining other agreements; and, finally, renewing with additional gifts as possible (Bout & Hodge, 2022). Sprinkel-Grace's (2005) model adds the stages *Involve* after *Cultivate* and *Assign* before *Solicit* to signal the importance of involving donors in the organization and assigning an appropriate gift solicitor. Shaker et al.'s (2024) sequence for fundraising synthesizes the stages into the following five: *Preparation*, *Identification*, *Engagement*, *Solicitation*, and *Renewal*, adding *Preparation* to recognize the need for organizational planning prior to major gift fundraising. Although these models are each slightly different, they center on a common understanding of the functional stages required for organizing major gift fundraising programs and strategies.

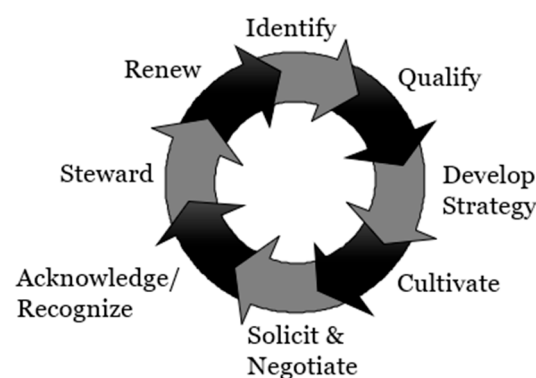


Figure 2. Eight-Step Major Gift Management Cycle. Reproduced with permission from The Fund Raising School (2001), Indiana University Center on Philanthropy, 2001.

Despite the popularity of relationship fundraising paradigms and these cycles as, little research has explored how fundraisers implement the cycle stages. The fundraising literature recognizes that each donor is unique and that there are multiple practical and interpersonal factors to be considered in navigating and implementing major gift processes (Bout & Hodge, 2022). Affluent donors have reported that in their giving decisions, a “compelling pitch” is less important than their personal values and interest in the issue, the reputation of and their interaction with the nonprofit, and their perception of organizational financial need (Indiana University Lilly Family School of Philanthropy, 2023). Fundraisers believe donors expect them to be fair in navigating organizational interests and donor considerations to reframe complex organizational needs, facilitate gifts, and build relationships based on trust (Breeze & Jollymore, 2017). Donors also appreciate it when fundraisers understand gift vehicles, systems, and structures and attend to the details and technicalities surrounding gift making (Shaker, 2023). According to these studies, major gift fundraisers must know their donors personally, be adept at navigating their organizational needs and systems, and be well-versed in philanthropic strategies and tools to facilitate donors’ positive overall experiences with organizations—all of which are suggestive for how fundraisers may work with DAF donors in the cycle of fundraising.

2.3. Donor Information Management and DAFs

The management of donation and donor information are of fundraising that have heretofore been largely ignored in relationship fundraising models. Both forms of information are relevant for processing contributions, including DAF grants. Gift processing typically happens in four stages: intake, batch, entry, and finalize (Cannon, 2011). Intake

refers to the various channels by which donations arrive at the organization, including mail, in-person delivery, online, and electronic funds transfer (EFT) (Cannon, 2011). Batch describes the process of preparing gifts for entry and includes opening and sorting the mail, copying or scanning materials, accessing electronic reports, grouping the gifts by type, and creating a list of all gifts (Cannon, 2011). Entry refers to inputting the gift details, including the date received, amount, and gift purpose, to donor records and potentially creating records for new donors (Cannon, 2011). Donor records are often housed in Customer Relationship Management (CRM) software, which allows nonprofits to “track metrics about their donors and potential donors, including demographic and wealth information, communication history, and donation history” (Indiana University Lilly Family School of Philanthropy, 2020). The finalize stage involves two key processes. First, the operations team ensures that donors are credited properly, including sending thank you letters and additional acknowledgments and initiating stewardship processes (Cannon, 2011). Second, the operations team ensures that gift details are accurately “shared and reconciled with the financial statements” (Cannon, 2011, p. 73).

Crediting donors properly in the finalize stage also includes assigning “hard credit” and “soft credit”. Cannon (2011) defines hard credit as the “primary credit for a gift received”, given to the “entity that issued the payment” (p. 212), an approach typically used in financial reporting. Soft credit is defined by Cannon (2011) as “secondary (non-financial) credit for a gift received, based on the soft-credited donor’s involvement with a gift but not actual disbursement of the money” (p. 213). Indiana University Lilly Family School of Philanthropy (2020) notes that “many organizations track DAF gifts by hard crediting sponsoring organizations and soft crediting donor-advisors for all gifts from DAFs when the original donor is known” (p. 43).

Managing donor information is particularly complicated when working with DAF donors. When donors recommend grants from DAFs, they choose from four levels of information to accompany the grant. Donors can share (1) all their information, including their name(s) and contact information, along with the name of the DAF account. Alternatively, they may share (2) the name of the DAF account and their name(s), but no contact information. Another option is to provide (3) only the account name, which may or may not be identifiable to the donor, making it partially anonymous. Lastly, DAF donors can choose to be (4) completely anonymous, meaning no personally identifiable information is provided to the grantee. The sponsor then sends the selected information to the nonprofit grantee in a letter that accompanies the grant check or in the notes that accompany an EFT. Completely anonymous grants are particularly troublesome for fundraisers as they do not allow fundraisers to enter or continue the relationship management cycle. A survey by the DAFRC asked DAF sponsor managers about their default acknowledgment option and found that 36% defaulted to full information, 25% put the name of the account and donor name(s) as the default, 35% had the partially anonymous option of the account name, and 1% defaulted to complete anonymity (Heist et al., 2025).

In general, nonprofits are still adapting to the fragmented information coming from DAF sponsors. One study of 20, mostly large nonprofits concluded that “few organizations have detailed processes on DAF donor management and data tracking [for the limited data they do receive tied to DAF gifts]” (K2D Strategies & Chariot, 2024, p. 36). The report also found that many of the CRMs used by participating organizations were not well-equipped to track DAF grants, but it did not explore the ramifications of these difficulties for fundraisers.

3. Data and Methods

Qualitative methods are especially useful for exploring under-researched areas (Creswell & Poth, 2016) where theory is underdeveloped (Ravitch & Carl, 2016) or when complex processes occur (Marshall & Rossman, 1995). This project responds to the lack of research on DAFs and fundraising, and this article uses qualitative methods to explore the nuances of fundraising practices and systems.

3.1. Sample

Participants were recruited using purposive sampling, which emphasizes identifying participants who could provide particularly relevant information (Maxwell, 2013) to “purposefully inform an understanding of the research problem” (Creswell, 2013, p. 156). Recruitment occurred through email and social media communications from the authors, participants, and especially via The Fund Raising School in the Indiana University Lilly Family School of Philanthropy and its network of professional development participants and others.

Once recruited, volunteers completed a screening survey about their professional fundraising experience, DAF exposure and familiarity, and demographics. The interview selection process then foregrounded participants’ familiarity with DAFs, the percentage of DAF donors in their donor population, and a combination of demographic, sector, and fundraising role factors. All interviewees had direct experience working with DAF donors and seeking DAF grants, and a few interviewees had also worked at DAF-sponsoring organizations or organizations that offered internal DAFs.

Recruitment and interviews were ongoing until data saturation and “informational redundancy” occurred, meaning that interviewees began sharing similar comments and sentiments (Sandelowski, 2008). In total, the researchers conducted 46 interviews between June and October of 2023. (See Table 1 for an overview of the sample.)

Table 1. Demographic summary and fundraising experience of interviewee sample.

	Variable	Percent		Variable	Percent
Race [^]	White or Caucasian	76.1%	Gender [^]	Female	54.3%
	Black or African American	6.5%		Male	41.3%
	Asian	4.3%		Prefer Not to Say	4.3%
	Other	4.3%	Ethnicity	Not Spanish, Hispanic, Latine Origin	91.3%
	Prefer Not to Say	2.2%		Spanish, Hispanic, Latine Origin	6.5%
	No Response	6.5%		No Response	2.2%
Familiarity with DAFs [^]	Very Familiar	65.2%	Percent of Sample with Current or Previous Experience in Subsector... [*]	Animals / Animal Welfare	4.3%
	Familiar	30.4%		Arts, Culture, and Humanities	6.5%
	Slightly Familiar	4.3%		Association or Membership Foundation	2.2%
Approximate Percent of DAF Donors in Fundraiser’s Portfolio [*]	Less than 10%	11.1%	Education: Higher Education	Civic or Public Affairs	2.2%
	10% to 19%	33.3%		Community / Economic Development	4.3%
	20% to 29%	24.4%		Education: Not Higher Education	32.6%
	30% to 89%	20.0%		Environment	10.9%
	90% or more	11.1%		Health	2.2%
Years of Professional Fundraising Experience	Less than 10	20.0%	Other	Human Services	19.6%
	10 to 19	40.0%		International	19.6%
	20 to 29	28.8%		Religion	4.3%
	30 or more	11.1%		Other	10.9%
					4.3%
Current Role [^]	Chief Development Officer, Assistant / Associate Vice President for Development / Advancement	43.5%			
	Major Gifts Officer, Individual Giving Officer	23.9%			
	President, Agency CEO, or Executive Director	8.7%			
	Associate Vice Chancellor, Deputy Director, Associate Director	4.3%			
	Fundraising / Development Generalist	4.3%			
	Consultant	2.2%			
	Other	13.0%			

Note: ^{*} Not all percentages add up to 100% due to rounding or the selection of multiple responses. [^] These variables exclude unselected response options (Not at all familiar; Non-binary / Third Gender; American Indian / Native American or Alaska Native, Hawaiian or Other Pacific Islander; Dean, CIO, CTO, Grants Manager, Annual Giving Manager).

There is no nationally representative dataset available for the US fundraising profession. The project sample, however, was similar to the [Association of Fundraising Professionals \(2021\)](#) and [Data USA's \(n.d.\)](#) information on fundraisers regarding the average time in fundraising (17 years for the sample compared to 15 years in other studies), representation of sectors (44% with experience in education compared to 33% and 45%, respectively), as well as racial and ethnic diversity (15% people of color compared to 14% and 15%, respectively; 7% of Spanish, Hispanic, or Latine origin compared to 4% and 6%, respectively). Balancing these factors and others related to DAF familiarity and fundraising position contributed to an overrepresentation of male fundraisers compared to the other US fundraising studies (41% compared to 18% and 29%, respectively).

3.2. Procedure

Interviews were semi-structured and conducted via Zoom by one of the two principal investigators (PIs). The interview protocol (see Text S2 in Supplemental Materials) covered a range of topics, including participants' fundraising backgrounds, typical experiences with DAFs, sentiments towards DAFs, and strategies when working with DAF donors. The study was approved by the Institutional Review Board of both PIs' universities, and participants were treated in accordance with these ethical standards.

Interviews averaged 51 min and were recorded and transcribed. Each transcript was checked for accuracy, all identifiable information was removed, and pseudonyms were assigned to protect participant confidentiality. The transcripts were then uploaded to MAXQDA 24, a qualitative analysis software.

3.3. Analysis

The analysis for this article focused specifically on the way that DAFs affect standard relationship fundraising and donor information processes. The analysis followed a thematic approach, a flexible method that aims to identify patterns and both manifest (explicit) and latent (underlying) meanings within data ([Braun & Clarke, 2006](#); [Finlay, 2021](#)). In this study, the codebook thematic analysis approach was applied, which is a blend of the reflexive and coding reliability approaches ([Braun et al., 2019](#); [Morgan, 2022](#)). Reflexive approaches recognize that coding is an inherently individualized process, whereas reliability approaches adopt a more structured approach ([Braun et al., 2019](#)). To apply this hybrid method, the team used a six-step process for thematic analysis ([Braun & Clarke, 2006](#)), involving 1. Familiarization, 2. Generation of Initial Codes, 3. Search for Themes, 4. Review of Themes, 5. Definition and Naming of Themes, and 6. Report Production.

After becoming familiar with the data through post-interview memo-writing and then interview transcription (1), the researchers collaboratively developed an initial coding scheme (2), including deductive and, later, inductive codes that emerged throughout the coding process. For this article, the thematic analysis centered on responses that related to the stages in the "Eight-Step Major Gift Management Cycle" and the underlying donor information management activities necessary to facilitate the cycle. Once an initial consensus on the scheme was reached, multiple researchers began independently coding each transcript using MAXQDA.

To build trustworthiness, the researchers recorded the reflexive memos immediately after conducting interviews as well as while coding the transcripts, including thoughts, impressions, and suggestions for coding adjustments. The coding memos were reviewed during weekly research team meetings and led to multiple adjustments to the coding scheme, including the creation, combination, and deletion of certain codes. The final codebook is provided in the accompanying Supplemental Materials (see Supplementary Table S1).

At the beginning of the process, several transcripts were coded by the entire research team to ensure fidelity to the codebook. Each transcript was independently reviewed by a PI and an additional researcher. The PI then reviewed the additional researcher's coding and made a final version. This process addressed analysts' blind spots, eventually leading to consensus among multiple coders (Braun & Clarke, 2021). This consensus coding process aligned findings and provided the basis for a singular, shared analysis of the data (Braun et al., 2019). At this point, the researchers reviewed coded segments and began searching for themes in the data (3), capturing them in a document that included quotes, memos, summaries, and personal insights. Care was taken to acknowledge and account for "the effect that [the PI's personal experience] may have [had] on the setting and people being studied, questions being asked, data being collected, and its interpretation" (4) (Berger, 2015, p. 220; Dodgson, 2019). As the analysis progressed, some of the researchers' initial reactions were modified or expanded, highlighting the iterative nature of this thematic identification process (Teh & Lek, 2018). Identified themes were individually and collectively discussed, defined, and iterated upon in various conceptual models (5). Some of these themes are evident in the DAF Cycle.

During this stage, the authors recognized a pattern in the data wherein fundraisers naturally identified challenges and opportunities related to working with DAFs. These emergent themes were integrated by borrowing the distinctive analysis of opportunities and challenges from the common organizational evaluation method known as the SWOC (Strengths, Weaknesses, Opportunities, Challenges) assessment (Aithal & Kumar, 2015). In this technique, strengths and weaknesses relate to an organization's internal assessment, whereas opportunities and challenges arise from an analysis of the external environment. The researchers considered conceptualizing findings as opportunities and challenges to be fitting, given that DAFs are part of the external environment in which professional fundraisers and nonprofit administrators operate. These challenges and opportunities were then associated with points in the fundraising relationship cycle. Given that several challenges and opportunities did not fit into the traditional Eight-Step Major Gift Management Cycle, the researchers added stages to the cycle and made other adjustments, creating a new model to more accurately and thoroughly depict relationship and donor information management with DAF donors. Finally, the team engaged in discrepant or negative case analysis by searching for and discussing elements of the data that did not support or appeared to contradict observed patterns (Patton, 1999; Creswell & Poth, 2016). The final themes were reviewed as the researchers began writing this report (6).

An external audit of the research process and report was conducted by a qualitative methods specialist to evaluate the trustworthiness and rigor of these methods and ensure that the findings were supported by the data (Creswell & Poth, 2016).

4. Findings

The findings of this study emerged through thematic analysis and represent the ways DAFs change fundraising. Our findings are built upon the Eight-Step Major Gift Management Cycle, which we took as generally representative of established models of major gift fundraising management.

4.1. The DAF Donor Relationship Management Cycle

The DAF Donor Relationship Management Cycle is a revision and expansion of Eight-Step Major Gift Management Cycle (The Fund Raising School, 2001). The changes to the traditional model are summarized in Table 2, and a diagram of the new cycle is presented in Figure 3. The model shows how DAFs affect fundraising practices and structures for front-line fundraisers as well as gift administration teams and provides a structure for the

findings presented in this article. The new model includes potential interactions fundraisers may have with DAF donors. Notably, not every stage of the cycle may be necessary in every DAF donor interaction. For instance, after an initial DAF gift is made and the donor is identified, some of the stages of the cycle may no longer apply for subsequent gifts. The DAF model makes several changes to traditional fundraising cycles as it integrates some of the complexities of managing relationships with donors who give through an intermediary. The new model shows that a donor must recommend a grant from the DAF to donate. It includes gift processing as a distinct stage because of the importance of accurate data entry with DAF donors. The new model also indicates two different types of donor identification, reactively and proactively, because finding DAF donors does not always occur through standard identification strategies. Finally, the new model denotes a set of six challenges and four opportunities that DAFs present to professional fundraisers.

Table 2. Eight-Step Major Gift Management Cycle as adapted and revised in the DAF Donor Relationship Management Cycle.

Eight-Step Major Gift Management Cycle	DAF Donor Relationship Management Cycle Changes, Adaptions, and Additions
*	The new cycle now starts and ends with <i>Donor Recommends DAF Grant</i> because receiving a DAF grant is often the first interaction with a newly identified DAF donor.
<i>Identify</i>	Removes <i>Identify</i> and adds <i>Identify Reactively</i> toward the beginning of the cycle, and <i>Identify Proactively</i> later in the cycle, during the <i>Qualify</i> , <i>Cultivate</i> , <i>Develop Strategy</i> , and <i>Solicit</i> stages.
*	Adds <i>Process Grant</i> as a formal part of the cycle; recognizes “Investigating DAF Donations” as an activity related to anonymous or partially anonymous grants; and highlights the importance of “Entering DAF Grants” into the CRM database.
<i>Qualify</i>	DAFs are relevant for “Signaling Intent and Capacity”.
<i>Develop Strategy</i>	Moves <i>Develop Strategy</i> after <i>Cultivate</i> and focuses on “Gathering Strategic Information” about a donor’s DAF giving.
<i>Cultivate</i>	Adds “Engaging in Deeper Conversations” with DAF donors.
<i>Solicit and Negotiate</i>	Adds “Experiencing Confidence in Solicitation” and emphasizes “Exchanging Information”.
<i>Acknowledge/Recognize</i>	Note that <i>Acknowledge/Recognize</i> is placed before <i>Qualify</i> and specifies “Thanking the Donor” and not the DAF sponsor.
<i>Steward</i>	Recognizes regulatory consideration and points to the importance of “Understanding DAF Regulations”.
<i>Renew</i>	The <i>Renew</i> step is removed from the new cycle. Instead, the cycle begins and ends with the organization receiving a <i>DAF Grant</i> at which point “Verifying the Organization” may be required.

Note: * Indicates stages added to the Eight-Step Major Gift Management Cycle. Stages in the cycle are presented in italic font, and challenges and opportunities are presented in quotation marks.

The discussion of the cycle begins at the point where a donor recommends a DAF grant. Fundraising cycles are typically presented as beginning with fundraisers identifying potential major donors. However, when a DAF grant itself is the first sign that a known or unknown donor uses a DAF, this order of events is often disrupted and not necessarily fundraiser-initiated.

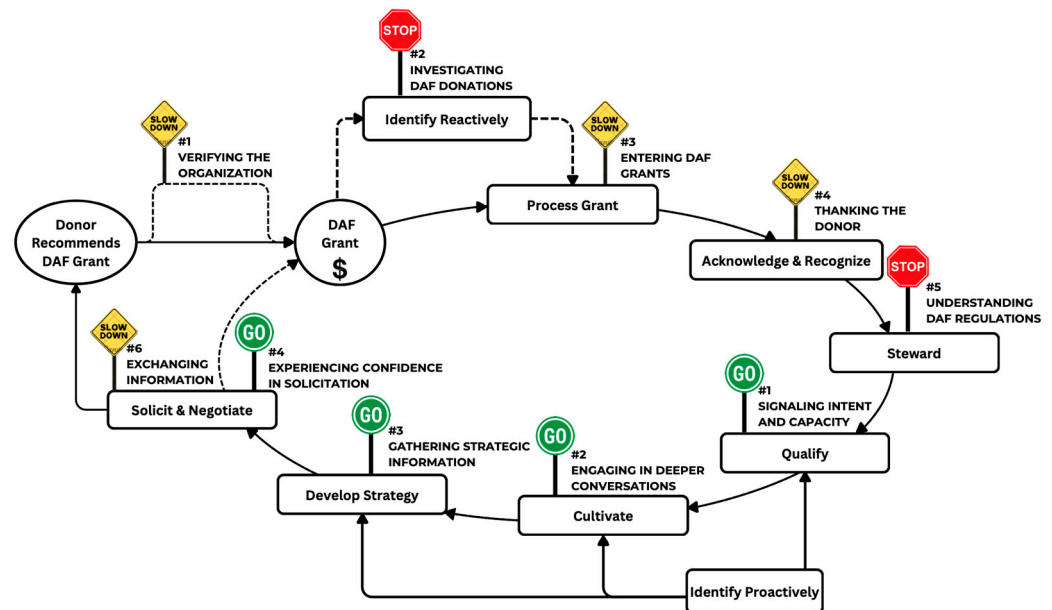


Figure 3. DAF Donor Relationship Management Cycle. Note: figure modified from the “Eight-Step Major Gift Management Cycle”, used with permission from The Fund Raising School.

The stage *Process Grant* is added as a critical stage in the fundraising cycle following the receipt of the DAF grant and preceding the acknowledgment of the grant. While fundraising relationship models typically assume that donor data are being handled properly, the nuances that accompany DAF donor data management disrupt this assumption. When asked about the processes that followed the receipt of DAF grants, many fundraisers said that their efforts to identify and interact with DAF donors were contingent upon how grants were recorded and handled. The importance of gift/grant processing in working with DAF donors has been addressed in other venues (e.g., [K2D Strategies & Chariot, 2024](#); [Anonymous Member, 2024](#)). This new addition in the DAF model delineates the importance of the fundraising team—beyond the frontline fundraisers—in developing an effective process for interfacing with DAF donors.

The Fund Raising School’s (2001) Eight-Step Major Gift Management Cycle places *Develop Strategy* before *Cultivate* and is related to shaping the overall strategy. In the DAF Cycle, this stage now appears after *Cultivate*, with a focus on developing a strategy specifically for solicitation. This is because DAFs allow fundraisers to gain more strategic information about how donors are approaching philanthropy. Therefore, the information gained from DAF donors during *Qualify* and *Cultivate* allows for the development of a more strategic solicitation.

The DAF Cycle distinguishes between two forms of identifying donors: *Reactively* and *Proactively*. Donor identification is defined in our codebook as “How the fundraiser finds out if their current donors are using a DAF or finds other donors that use DAFs” (see Table S1 in Supplemental Materials). When asked about identifying donors who were using DAFs, most participants referred to gift processing and reports notifying them of donations, including DAF grants. We call this stage *Identify Reactively* because the fundraisers—whether they already knew the donor or not—often recognized DAF donors as the result of a grant. Briana, a higher education fundraiser, said, “I think probably 90% of the people that I have figured out they’re using a DAF is because they have sent [a grant] from a DAF, not because they’ve shared, ‘I have a donor advised fund’”. Some fundraisers, however, also talked about intentionally seeking out DAF donors, which we call *Identify Proactively*. These methods included asking donors if they use a DAF during the *Qualify*, *Cultivate*, *Develop Strategy*, and *Solicit* stages, seeking donor referrals from community

foundations and other DAF sponsors, and communicating with financial advisors to find interested DAF donors. For instance, Koa, a fundraiser at a religious organization, asked donors in his portfolio, “What’s the best method for you to make a contribution to us?” He shared that after asking directly, “many [DAF donors] will self-identify [by saying], ‘I have a DAF at [sponsor]’”. Ryan, a fundraiser at an arts and culture organization, approached the topic from a “curiosity angle” during *Cultivate* by asking donors about how they like to fund their philanthropy.

Because *Identify Reactively* and *Identify Proactively* do not take place during the typical *Identify* stage of the fundraising cycle, we do not include *Identify* in its traditional form. Instead, *Identify Reactively* and *Identify Proactively* are presented at the relevant points of the DAF Cycle. *Identify Proactively* occurs as part of the *Process Grant* stage. *Identify Proactively* occurs primarily during the *Qualify* and *Cultivate* stages and informs the *Develop Strategy* stage; it may also occur during the *Solicit* stage when exchanging information, but identification at this stage does not help develop strategy. Notably, none of these DAF donor identification activities is the same as identifying potential donors through research methods like wealth screening since DAF accounts are not public information.

The illustration of the DAF Cycle (Figure 3) includes challenges and opportunities presented by DAFs and represents them with figurative US traffic signs. The signs symbolize how professional fundraisers may approach the associated stage of the cycle, with consideration of donor and organization nuances. Yellow SLOW signs indicate challenges that require careful attention and take some extra time to appropriately address. Red STOP signs indicate challenges that also need careful attention and that may, at least temporarily, halt the fundraising cycle due to issues that may be unresolvable. The challenges included in the cycle are “Verifying the Organization”, “Investigating DAF Donations”, “Entering DAF Grants”, “Thanking the Donor”, “Understanding DAF Regulations”, and “Exchanging Information”. Green GO signs indicate instances where DAFs can enhance fundraisers’ relationships with donors and are “Signaling Intent and Capacity”, “Engaging in Deeper Conversations”, “Gathering Strategic Information”, and “Experiencing Confidence in Solicitation”. Note that the challenges mainly appear during the early stages of the cycle. When challenges have been properly addressed, DAFs facilitate opportunities that arise in later cycle stages.

4.2. Challenge 1: Verifying the Organization (SLOW)

Many interviewees discussed how DAFs complicate gift processing procedures; this can include the requirement of verifying organizations’ eligibility to receive DAF grants. If a grantee is a registered 501(c)(3) public charity with the IRS, it is generally considered eligible for a grant. Other qualified entities include religious organizations and municipalities. Some sponsors apply additional criteria in determining an organization’s eligibility for their DAF program. These criteria may exclude organizations that have been charged with illegal activity, are not in compliance with the IRS, and/or are listed as “hate groups” by a third party or internal list (Stein, 2024; Heist et al., 2025). When questions of compliance arise, sponsors contact organizations’ administrators to ascertain more information, check IRS compliance, and obtain other documentation. This additional verification process appears between *Donor Recommends DAF Grant* and *DAF Grant* in the DAF Cycle as a SLOW challenge because it is not always necessary and can be overcome for eligible organizations.

Verification interactions with DAF sponsors can be cumbersome for fundraisers, particularly for newly established nonprofits and organizations that are not 501(c)(3) entities but still qualify for DAF grants, and/or when the DAF sponsors have additional vetting requirements. Susan worked as a fundraiser for a municipal entity, which could legally receive DAF grants but did not appear in nonprofit databases. She was frequently asked by

DAF sponsors to verify the organization's ability to receive grants. She expressed frustration with the process, stating, "We're jumping through hoops and hurdles, and we can't even get a direct phone number to contact someone, and you're calling an 800 number, and you talk to . . . a different person every time". She continued to explain that some sponsors require verification "every few years". Some nonprofits in the study had overcome these difficulties by streamlining verification through precertification with large DAF sponsors, allowing funds to be wired directly without repeated verification calls. Julie, a higher education fundraiser, advocated for this approach: "If you pre-certify yourself, all they do is send you the wire . . . So, you're not sitting there on the phone, having to take . . . the calls and verify it every time they come along".

It was also difficult for fundraisers when verification-related misunderstandings were passed back to donors, leading to incorrect perceptions about organizations' DAF eligibility. Additionally, some sponsors look at ratings on GuideStar or other third-party vetting sources, which collect and organize information about IRS-registered nonprofits in their vetting processes. After being told that her donor's financial advisor said, "Maybe you shouldn't give to this group because it's not even a silver [on GuideStar]", Shannon reported that she felt pressure to help her membership organization "jump through GuideStar's hoops" to get a more favorable ranking.

Another issue for fundraisers was the time involved in awaiting sponsor verification, which, according to Stein (2024), "can be anywhere from a few weeks to a few months". While a one- or two-week delay may seem insignificant, it can lead to missed deadlines for "giving days" or other time-sensitive organizational program needs. Liam, a fundraiser for a religious organization, suspected some verification delays when he stated, "If [the donor] doesn't have that gift in by the 30th of the month, [the sponsor is] going to wait another 30 days to make a gift". All told, verification can disrupt or delay the fundraising relationship management cycle in some cases.

4.3. Challenge 2: Investigating DAF Donations (STOP)

A key theme of the interviews was the fundraisers' difficulties in knowing and connecting directly with donors advising the grants. When donors request DAF grants, they choose how much personal contact information to include. Eric, an education fundraiser, explained, "We've received some gifts from DAFs, and we didn't know who was behind them and couldn't find who it was and couldn't steward them well and engage them or thank them". Eric continued, "The hard part is when [the grant] is not named, and it doesn't follow any historical trends. Then we're kind of in the dark". Thus, fundraisers were inclined to do "detective work" to try to discover the donors' names and contact information. Kayla, a director of development, said that sometimes she felt "like [she] was sending [her] development coordinator on a wild goose chase to try to figure out who had made the donation".

Being unable to identify a donor breaks the fundraising cycle by hindering relationship development. This STOP in the fundraising relationship cycle noted between the *Identify Reactively* and *Process Grant* stages was the most common challenge for fundraisers in this study. Other research has reported that less than 4% of DAF grants are fully anonymous (Heist et al., 2024), so this was an unexpected finding. Anonymity was not a common occurrence in this study—most fundraisers reported it as relatively rare. But the prominence of this concern reveals just how much fully and partially anonymous grants can complicate how fundraisers are able to interact with their supporters.

When DAF grants were completely anonymous, many of the participants did not seek further information, respecting donors' preference for anonymity. At times, however, fundraisers questioned whether anonymity was actually donors' preference. Fundraisers

reported incidents when donors did not intend for their grants to be anonymous (or partially anonymous). Donors made mistakes filling out the DAF grant forms or incorrectly assumed that the nonprofit would know they had initiated the donation. For these cases, Tammy, a fundraiser at a large, well-established organization, explained, “There [are] times where we can look back at historical [data] and we know that [donor] always gives on 1 December, and she gives through [foundation]. We can sort of figure out, you know, that [it’s] probably [donor]’s gift”. While sometimes fruitful, detective work on anonymous (or partially anonymous) grants required time and effort and still generated uncertainty even when a possible donor was identified. For instance, a human services fundraiser, Alisha, recalled a casual conversation with a donor at an event that revealed them as the source of a particular anonymous DAF grant. But she was uncertain about proceeding with acknowledging the grant and thanking the person because she was unsure whether the donor wanted to be formally anonymous or not.

Fundraisers were more likely to try to track down partially anonymous grants. Ryan explained that “nine times out of ten, the name of their donor advised fund actually has their first and last name or . . . [at least] their last name, so we can pretty well figure out who the DAF belongs to”. Even if a fund name was the only information provided, Shannon said that “we work our way through . . . no matter how the name comes, if we can, we find the person” and that her organization was “pretty successful” in these endeavors. Shannon worked at a large membership organization with an expansive database of individuals connected to the organization. For fundraisers at organizations with less comprehensive databases, similar efforts were neither feasible nor productive.

Some fundraisers’ detective work also included contacting the DAF sponsors. They undertook this in the hope there might have been a mistake or lost documentation and/or that the sponsor might occasionally serve as a conduit to pass along information or an acknowledgment letter to the donor. Ryan explained the following:

“Sometimes, it’s great because [the sponsor will] go, ‘Oh, by the way, we forgot to print that on the check, here’s the information’. Other times, it’s a little more complicated, and they have to take my contact information down so that way they can share it with the donor, and then [the donor] can choose or not choose to identify”. On the other hand, Eric believed that some sponsors were “very intentional about not sharing donor information” and DAFs were “designed as a black box”. He was not alone in saying that contacting sponsors (especially large national organizations) was a dead end and recognizing that sponsors are, of course, obligated to respect DAF donors’ wishes.

The fundraisers explained that, at times, investigations were required within their organizations’ donor and donation information processes. For example, Megan, an education fundraiser, explained that her gift processing team “would enter the gifts from [the DAF sponsor] but not actually track who the donor was”. Weston, a deputy director, shared that when insufficient donor information was provided, his gift processing team “does their best to try to connect dots or starts asking around, ‘Were you expecting something to come in? Who’s expecting this?’” This indicates that gift processing is a critical part of properly identifying DAF donors.

4.4. Challenge 3: Entering DAF Grants (SLOW)

Fundraisers recognized that some DAF donor identification problems could be solved by proper data entry. This finding led to the addition of the SLOW emphasis on the *Process Grant* stage of the fundraising cycle. Most interviewees were either chief development officers or major gift officers (see Table 2) and were not directly involved in processing donations but were hampered when there were related difficulties. In some cases, fundraisers reported that gift processing staff were underprepared for the intricacies of DAFs. The

standard gift entry process focused on information found on the paper check itself, leading information on the check stub or accompanying correspondence to be disregarded. At times, fundraisers reported that staff failed to document all relevant information from the DAF grant or assigned hard credit to sponsors but did not assign soft credit to donors. Consequently, fundraisers found themselves explaining DAFs' structure to colleagues in gift processing. When grants were not entered completely, fundraisers and gift processing personnel sometimes collaborated to try to recapture missing information and ensure data integrity.

Fundraisers reported various approaches to entering DAF grant data in CRM software. Ryan's arts organization input the grant "both as a soft credit on the gift line . . . but also as an additional attribute on their record that they have a donor advised fund". Kristin's health organization input the grant in a DAF subcategory, then flagged DAF donors with an interest flag. Kayla created a specific group in her database for those using DAFs. These methods allowed for the complete recording of grants and tracking of DAF donors. Unfortunately, not all CRMs were configured with attributes or interest fields to enable coding DAF donors in this way, and/or some organizations simply had not made this a part of their data architecture. Michelle, a highly experienced fundraiser, said she "always kept a running list in [her] head" of DAF donors—not the ideal, but a start, she noted. Clearly, there is room for improvement in the processing of DAF grants.

4.5. Challenge 4: Thanking the Donor (SLOW)

After a DAF grant has been properly recorded, it needs to be acknowledged. Fundraisers in the study recognized the importance of adjusting standard receipting and acknowledgment processes for DAF grants. This SLOW down challenge appears in the *Acknowledge/Recognize* stage of the DAF Cycle.

A well-known expectation of organizational accountability is that nonprofits will provide donors with a "gift receipt", verifying their 501(c)(3) public charity status. With DAF grants, however, donors have already received their gift receipt from the DAF sponsor and can use that in seeking a tax deduction. The fundraisers explained that even though providing a tax receipt is not necessary and is, in fact, incorrect, grants should still be acknowledged and donors thanked. Anna, a fundraiser in the health sector, explained, "Our non-DAF donors would receive a receipt. [However, the DAF donors] would just need to receive an acknowledgment letter because they don't get receipts". Most interviewees noted this difference and had a separate acknowledgment process for DAF donors—though some CRM systems required this to be a manual effort. Intentional separation of acknowledgment and receipting was especially important for organizations with tiered processes. At Anna's organization, donors who gave less than USD 250 usually only received a receipt, and at Elizabeth's health organization, this threshold was USD 10,000. Since DAF donors do not require receipts, Anna began questioning, "What are we doing for [DAF donors] under \$250?" Elizabeth recognized that even though DAF grants do not require tax receipts, receiving this type of gift shouldn't "be a barrier to our gratitude".

Bradley, a major gifts officer, shared, "I have a fear that some nonprofits . . . take that literal language from the donor advised fund financial institution that says [fundraisers] do not have to receipt the grant because it's already been done by [the sponsor] . . . And are not doing anything". This would run counter to fundraising ethics and the belief in an organizational responsibility to inform donors upon receiving their contribution, affirming it has been processed correctly (Dwyer & Perry, 2022). A few organizations did not acknowledge DAF grants at all. Clara recognized this as a mistake: "We do not send acknowledgments for outright gifts that are funded by using a DAF. And I don't think anybody else at [the university] is doing that either, which is not good. So, that's definitely

a deficit”. The principles of relationship fundraising recognize the importance of expressing gratitude within the fundraising cycle (Bout & Hodge, 2022).

Recognizing an acknowledgment gap, some fundraisers at small organizations took it upon themselves to send personal thanks to DAF donors. Others, recognizing potential delays in system-generated thanks, sent quick notes to donors when grants arrived. Emily said, “So, one of the things I’ll do is when we get [the DAF gift is] sometimes I’ll say, ‘Hey, I just want to let you know we received your gift today! Thank you so much’”. Curtis, a human services fundraiser, explained:

I’ll usually give them a little bit more care and more personalized communications just because I know that they probably have a propensity to give more. . . They’ll usually get either a handwritten note or phone call from myself or a volunteer or someone within the organization, a board member, to make sure that initial connection [is made].

Note that Curtis recognized DAF donors as having the “propensity to give more”, which affected his responsiveness and is discussed in more depth in Section 4.8. Opportunity 1: Signaling Intent and Capacity.

Most fundraisers did not send post-grant correspondence to DAF sponsoring organizations, but a few discussed whether there was value in acknowledging sponsors. Emily differentiated among DAF providers in making this decision:

Having worked for a foundation that provides donor advised funds, we always just threw those [thank you notes] away. We didn’t need one because we were a nonprofit. So, it depends on who the foundation is. If it’s a huge [DAF sponsor], we don’t even send a receipt to the charity because they’re a nonprofit, so they don’t need one. If it’s our local community foundation, I do send those because they are more hands-on, and it’s just a way of saying thank you to them as well.

Her comments hint at the possibility of forming relationships and cultivating some DAF sponsors.

4.6. Challenge 5: Understanding DAF Regulations (STOP)

A source of confusion and occasional difficulty for the professional fundraisers was the IRS rules regarding DAF grants. This STOP challenge appears in the *Steward* stage of the fundraising cycle because the IRS places some restrictions on how DAF grants may be used, and this was a source of misunderstandings with donors (see Figure 3).

4.6.1. Personal Benefit

IRS restrictions prevent DAF donors from receiving personal benefits, which can come as a surprise to some donors, leading to complications. Liam explained his experience with these restrictions:

One downside I have with DAF donors is athletics; because of the benefits, it gets very messy with things like [booster club membership], and tickets. . . It’s very frustrating to a donor if you don’t tell them right upfront, and so I’ve made the practice of saying, ‘Look, this [DAF giving] works for almost everything but athletics, you can still make gifts to athletics but you cannot expect to get any kind of [benefit]’.

Specifically, DAFs cannot be used to make a donation where the donor receives a “tangible” personal benefit (more than “incidental” benefit) in exchange for their donation (National Philanthropic Trust, n.d.-a). Furthermore, DAFs cannot be used to bifurcate donations associated with tangible benefits. Here, bifurcation means to split a donation in which the

portion associated with a tangible benefit is paid directly by the donor, such as the cost of the dinner of a gala, and the remaining charitable donation is paid through a DAF.

A few interviewees prevented errant DAF grants during the *Solicit* stage by explaining the rules to donors before the grant was requested. However, if an organization received a DAF grant that was inappropriately designated, the fundraiser had to STOP the cycle, correct the grant processing, and have a potentially difficult conversation with the donor about DAF regulations. Julie's organization had a written policy specifically about bifurcation, so when issues arose, they could "give it to the donor . . . [and tell them] 'You already got the charitable deduction. . . . [The] IRS is trying to say you can't buy something now with it.'" While almost all sponsors have checks in their verification process related to personal benefit (Heist et al., 2025), such grants are sometimes still distributed, stressing how important it is for fundraisers to know the regulations.

4.6.2. DAFs and Pledges

Historically, the IRS interpreted the fulfillment of pledges as a personal benefit to the DAF donor because the grant released the donor from a financial obligation. But in 2017, the IRS changed its stance on this issue. According to Nusbaum (2019), "Section 4 of IRS Notice 2017-73 addresses personal pledges, which effectively allows DAFs to make grants that satisfy pledges so long as the DAF sponsor does not reference the pledge in the grant letter or check".

Interviewees' understanding of DAFs and pledges was mixed. Many fundraisers reported that DAFs could not be used to make or fulfill pledges in their organizations, a practice that does not reflect the 2017 IRS changes as they are frequently interpreted. Some fundraisers were familiar with the possibilities introduced by the 2017 legislation for alternative language for multi-year arrangements. Avoiding the word "pledge" altogether was one strategy fundraisers and their organizations used to provide donors with the option of multi-year commitments through DAFs. Shannon explained that "if the donor tells me she wants to make a multi-year gift and she has a donor advised fund, then I change the language from 'pledge' to 'intention'. . . and make a gift agreement instead of a pledge form". At Clara's university, a non-binding gift intention template was used instead of a pledge agreement for DAF donors. Another university fundraiser, Michelle, coordinated with her local DAF sponsor to craft a gift intention document that worked well for both parties. She explained, "I would openly say, 'We know that you cannot make a pledge from a donor advised fund. We and the [community foundation] have solutions for that'". Although many nonprofits and fundraisers in the study were gaining understanding and finding solutions related to pledges, the lack of clarity on IRS regulations around pledges disrupted the fundraising cycle.

4.7. Challenge 6: Exchanging Information (SLOW)

Several interviewees indicated the importance of exchanging information with DAF donors to prevent potential problems. This SLOW down challenge occurs in the DAF Cycle during the *Solicit* stage. Administrative burdens often arose from missing information and details about grants. To alleviate these burdens, fundraisers recognized that they must ask donors the right questions and provide them with appropriate information.

4.7.1. Obtaining DAF Information from the Donor

While some fundraisers reported that a few donors told them they used a DAF, many donors never mentioned it. Some of Weston's donors "sign off on [a gift] agreement, [but] never tell us it's coming from a DAF, and so like three months later we'll get the first gift, and it's a DAF grant". He went on to explain the issue this introduced as his "gift accounting team [started] scrambling, trying to figure out who's behind this and how [they

should handle it because] the grant wasn't designated appropriately". Some fundraisers, like Alan, carefully sought this information as part of the gift solicitation. As an experienced vice president working with the organization's largest donors, Alan wanted clarity before any paperwork was signed so his team "[didn't] have to go and do all this administrative stuff on the back end". Jennifer, a fairly new fundraiser, noted that upon discovering a donor has a DAF, she "collect[s] their fund name or other information like that [to] just help the gift entry person". Kristin started telling her gift officers to ask donors how they plan to make their gift and put "a little footnote in [her nonprofit's communications] that says, 'Please notify us of your gift so we can . . . be on the lookout for it'". These fundraisers realized the value of being proactive in their efforts to collect DAF information to facilitate solicitation efforts.

4.7.2. Providing Information to the Donor

Another best practice fundraisers spoke about was to "make it as easy as possible for the supporter to make the gift" (Victor) by ensuring donors had all the information necessary to designate the grant correctly. While Curtis noted that every sponsor is "a little different in what they require to make that first distribution", donors need information, such as the Employer Identification Number (EIN), to identify their grantee of choice when recommending DAF grants. Unfortunately, this information is not always easily accessible or up to date on many nonprofit websites (Kirchoff, 2022; K2D Strategies & Chariot, 2024). To provide donors with the necessary information, Jennifer said, "I give them our address, our title, our EIN, and then encourage them to connect with their advisor". Curtis gave donors his card so they or their financial planner could "reach out to [him] directly", and Emily offered to "walk [donors] through the process". Victor, a major gifts officer, told his donors that once they put in the nonprofit's EIN and address, they would "see something that says [scholarship name] of [geographic area]". Victor talked his donors through making the grant to the point where he could eventually say, "That's the one [to] click".

The level of detailed information fundraisers provided to their donors in this process depended on the donor's DAF familiarity and the fundraiser's familiarity with DAF gift portals. A small subset of participating fundraisers who had their own DAFs believed this shared experience was beneficial for helping donors navigate DAF logistics (see also Schneider, 2024). For instance, Kristin said, "If I'm going to speak about donor advised funds, I like to be able to speak intelligently from the donor seat". Because Kristin had set up a DAF, she could walk donors through the same process and tell them "how easy it is to make a grant".

4.8. Opportunity 1: Signaling Intent and Capacity (GO)

A major opportunity that DAFs created for fundraisers occurred when seeking to determine donors' financial wherewithal and their likelihood of donating. This opportunity is presented in the *Qualify* stage. Many fundraisers took a special interest and responded with a sense of urgency when they discovered a donor had a DAF so as not to let them "fall through the cracks" (Erika). This was because many of the fundraisers thought DAFs signaled philanthropic intent and financial capacity.

4.8.1. DAFs Signaling Philanthropic Intent

Since DAF donors have set aside funds for philanthropic purposes, many fundraisers recognized that "they've already committed to give" (Veronica) and saw them as more "serious about philanthropy" (Nic). Elizabeth, a major gifts officer at a large health organization, stated: "I am always checking to see if someone's making a gift via a donor advised fund. . . I reach out to these people right away because they've shown they're

philanthropic". Similarly, Lori, an experienced fundraiser, shared that she felt encouraged when her organization received a DAF gift "because it means [the donor is] philanthropic and . . . that they care enough to put money aside in this specialty fund to make gifts. . . [their charitable giving] is not just a knee-jerk reaction to a year-end appeal . . . [it] is an integral part of their well-being and of who they are". With this knowledge, a fundraiser can expedite the process of the fundraising cycle. The time that fundraisers may have otherwise spent gauging a potential donor's interest in philanthropy can instead be dedicated to "matching them with the right project" (Nic). Veronica, the executive director of a human services organization, stated, "DAF donors are people who have already committed to giving in some form. We just want to be one of the ones that they choose". Qualifying philanthropic interest is difficult. Many fundraisers used DAFs as an important clue indicating donors' commitment to giving.

4.8.2. DAFs Signaling Financial Capacity

Most fundraisers also saw DAFs as an indication of wealth. Susan said, "They're capable of making a larger gift because they have a DAF". Many interviewees assumed that donors used DAFs, at least in part, for tax reasons. The standard deduction is USD 14,600 for single filers and USD 29,200 for married joint filers (IRS, 2024); thus, DAF donors must have "some [high] level of income that would behoove [them] to do that for tax purposes" (Alisha). In line with these assumptions, some fundraisers viewed DAF accounts as a proxy for formal wealth screening. Ryan said, "If [donors] have a DAF, generally, that's an indicator of capacity".

Jamie, a fundraiser with 17 years of experience, had a different perspective about DAFs and these donors' capacity to give. She noted, "[DAFs] have evolved from like a real wealth indicator. I think today they're much more accessible to a larger audience". Hailey pointed out how beneficial this new level of accessibility is for expanding this charitable vehicle to a larger population of people. Indeed, although DAFs have long been considered a tool used by high-net-worth households, these ideas fit with the research showing that almost half of DAFs have USD 50,000 in assets (Heist et al., 2024) and the fact that some DAFs can be opened with very limited initial investments (Schneider, 2024).

The participants noted that they received DAF grants of all sizes and anticipated receiving more in the future. Several fundraisers noted that donors are not legally required to disclose their DAF account balances. While having a DAF does not automatically guarantee a donor's major gift potential and fundraisers "don't know if [a donor has] \$2 or \$200 million" in their DAF (Tammy), having a DAF was certainly seen as "a piece of the [qualification] puzzle" (Alisha) that could help determine financial capacity.

4.9. Opportunity 2: Engaging in Deeper Conversations (GO)

Multiple fundraisers' DAF donor stories showed how DAFs enabled strategic and holistic conversations with donors. Fundraisers who shared these insights tended to have substantial DAF knowledge and experience. The opportunity to have deeper conversations is presented in the *Cultivate* stage of the DAF Cycle. Fundraisers used DAFs as a talking point while cultivating relationships to have meaningful interactions with donors about their giving.

Many interviewees perceived DAF donors to be savvy, sophisticated, and strategic, allowing them to pursue deeper conversations. Eric said, "Having a DAF is one data point that would signify that there's a little more sophistication there. . . . It tells me they are more serious about their giving". Nic said that when he discovers a donor has a DAF, then he knows "they're further along in . . . their understanding of financial stuff and where philanthropy fits in" and "the conversation starts here [indicating a high level with his

hand], it doesn't start down here [moves his hand down]". Some fundraisers thought that the savviness of DAF donors was more of a reflection of their use of financial advisors or their own professional experience (in investments, banking, or other related fields) than anything else. Speaking to this, Alisha said DAFs "[suggest a] level of savviness too. Now, whether it's them or whether it's their financial person, they are at least savvy enough to have a financial person". Knowing this, some fundraisers sought to "build a really credible relationship with the [financial] advisors" (Anthony).

DAF donors were also perceived to be more direct than other donors and especially concerned about impact and reporting. For instance, Savannah, a health fundraiser, found her DAF donors to be "more ready to speak more directly about things, like their budget, or . . . dollar numbers". According to Charles, who had worked at animal welfare and human services nonprofits, "[DAF donors] want to know what's going on. . . . They don't want a lot of warm and fuzzy . . . They want to be sure that their [money is] being put to good use". When reflecting on the differences between DAF donors and other donors, Seth expanded on this idea by saying, "I've got a good chance of talking with them (DAF donors) . . . about a different way of giving that is a little more complex". Nyla, a higher-education fundraiser, shared that she used "different types of language with [DAF] donors. . . .because they have invested the time and effort into using a particular stream of donation . . . [and] have a bigger picture in mind". The perception that DAF donors were savvy and concerned about impact allowed fundraisers to engage in deeper conversations as a means to learn about their philanthropic priorities and advance relationships.

4.10. Opportunity 3: Gathering Strategic Information (GO)

Some fundraisers observed their donors' actions to discover DAF-specific giving strategies. These interviewees described patterns in how donors used their DAFs as related to timing and capacity, which provided valuable insights for forming a solicitation. This opportunity is associated with the *Develop Strategy* stage of the DAF Cycle.

Fundraisers said that understanding a DAF donor's gift timing helped them understand their overall philanthropic approach. Kristin reported that some of her DAF donors "really have very little grant generation. And then we also see people that [are] granting out a tremendous amount of their DAF every single year". Eric noticed that "some donors move funds in and out of their DAFs quickly". Emily and Charles, who had both been fundraising for 15 to 20 years, made similar points. They noticed, respectively, that some donors "bundle their giving in one year [to] get the tax deduction they need" and "then distribute it amongst multiple charities over a period of time". Other interviewees observed donors using a longer-term approach. Ryan saw that some DAF donors were "basically setting up their own private endowment". Taking it a step further, Tammy explained that understanding DAF donors' timing allowed her to "develop a cadence that's customized for them". These timing patterns are somewhat aligned with the tub, tank, and tower models developed by [Heist et al. \(2022\)](#).

Some fundraisers in the study also planned solicitations using insights about their donors' philanthropic capacity and DAF budget. This went beyond assuming a donor had financial capacity, as was described in Opportunity 1 (see Section 4.8), to researching the capacity level. Nic asked his DAF donors directly, "Do you put money in [your DAF] yearly? Do you track it? Was it a large sum?" Alan admitted that "how much is in the DAF?" is a question he "often think[s] about but never ask[s]". Hailey, a fundraising consultant, recommended, "Get to know your donor. . . so you can gauge just what [their philanthropic] budget is and if it's coming from the DAF how you can be prioritized to get those funds". Some fundraisers utilized public information to approximate a fund balance. For instance, Megan approximated capacity by looking up the minimum opening

contribution amount at a donor's DAF sponsor. She explained, "I know that [they] are making gifts through [DAF sponsor], where it is \$25,000 to establish a fund". Another way Eric worked through this was by generalizing the size of grants: "I don't think we get DAF gifts for less than \$1000 bucks". These are examples of how fundraisers analyzed the information that was available and sought additional insights relevant for solicitation.

4.11. Opportunity 4: Experiencing Confidence in Solicitation (GO)

Fundraisers described being confident when seeking donations from donors with DAFs. "Experiencing Confidence in Solicitation" is an opportunity in the *Solicit* stage of the DAF Cycle.

4.11.1. Asking with Confidence

Because funds in DAFs are already set aside for charitable purposes, fundraisers expressed less worry and greater confidence when discussing their solicitation efforts with DAF donors. Nic said, "If somebody has a DAF, I know they're serious about philanthropy. When you're working with a donor on their first major gift ... [you worry], 'Are they going to get cold feet?' ... but if they've already got a DAF, it's not a matter of if it's important to them or something they want to do, it's something they've already done". Veronica told us that knowing DAF donors "are committed to giving makes it mentally easier to ask, and helps the conversation flow a little easier". Furthermore, Jacob, a fairly new fundraiser, shared that "Just knowing that they've taken the time to set up [a DAF] shows that they are perhaps philanthropic in nature, [and] that they are used to making gifts", leading to an "increased level of confidence". Melissa, a community development fundraiser, echoing sentiments also expressed by others, said that this confidence leads to an ability to ask for larger amounts of money. "I just feel more confident, I think, in being bolder, in asking for larger gifts because I know that the money's available, sitting there". Of course, a donor's linkage and interest to the organization also need to be considered while soliciting (see [Bout & Hodge, 2022](#)), but DAFs can reduce other barriers fundraisers may feel regarding solicitation.

4.11.2. Asking as Needed

Several interviewees said they could solicit DAF donors any time of the year, especially when needs "popped up" or emergencies arose, in addition to existing organizational appeals and calendars. Megan explained that for DAF donors, there is a "greater propensity to ask for renewal throughout the year ... [since] it's not just in December [that] everyone's making their disbursements. They have the money in [their] account". Emily explained it this way: Sometimes, it is easier for me to have major gift conversations earlier in the year [with DAF donors] because it's less a conversation of, you know, "Let me see what my bonus looks like", and it's more of a, "It's already there. I'm just asking you to consider directing part of it this year to us". Indeed, research confirms that grantmaking from DAFs occurs relatively consistently throughout the calendar year, and DAF grants are more likely to be made earlier in the year than other forms of donations ([Heist et al., 2024](#)).

Because she knew that DAF donors were likely to have resources ready to distribute, "during the height of COVID-19", Melissa's organization "went to [their] DAF advisors strategically and said, 'There's a lot of need right now. You have this money in your account. How can we help you put that on the street?'" Emily reported that during the pandemic, DAF donors "were some of [her] first calls". This aligns with the notion that DAF donors have more "slack" for responding to emergent causes like the pandemic and calls for racial social justice ([Vance-McMullen et al., forthcoming](#)).

4.11.3. Asking for Planned Gifts

Knowing a donor used a DAF was a benefit for having conversations about deferred gifts. Some fundraisers sensed that DAF donors were better prepared to have “robust discussions about planning giving topics” (Seth). Kristin used DAF “flags” in her CRM system “as a feeder system for planned giving and beneficiary designations”, asking those with DAFs, “Have you ever considered leaving a portion of your donor advised fund at your death to support [our charity]?” Michelle informed donors “that [they] can name [their] favorite charity the recipient of [their] donor advised fund when [they] are no longer serving as advisors”. In Anna’s experience, DAF donors wanted to “ensure their DAF giving continues” and had thought “more about what they want to accomplish” and how they would accomplish it than other donors.

Several other participants realized that they were missing this opportunity. Gaps in knowledge about DAF succession plan options—and the ability to designate a charity as a beneficiary—were often the culprit in terms of failure to speak to donors about this possibility. Despite the high percentage of donors using DAFs at his organization (approximately 25%), Weston commented, “I don’t think that our fundraisers have tapped into [planned giving with DAFs] very often”. Although soliciting DAF-based planned gifts was less common—perhaps due to the specific positions of those interviewed—it represented an additional area where DAFs could support more confident fundraising solicitations.

5. Practical Implications for Nonprofit Administrators and Professional Fundraisers

The interviews detailed how fundraisers navigated their work when donors used DAFs, including associated challenges and opportunities. Based on the fundraisers’ reports, the majority, if not all, organizations in the study—even those considered most advanced—could benefit from certain improvements in DAF practices. This section summarizes and frames the fundraisers’ comments, practices, and recommendations around the key themes. The goal is to support the application of the findings of this study while recognizing the limitations of this work and the nuances of other organizational contexts and donor populations. Organizations and fundraisers can use this article to see what resonates and to assess their own responses to DAF-related challenges and opportunities.

5.1. Solutions for Challenges Related to DAF Giving

The overarching solutions from interviewees to the challenges identified in this paper related to requesting, tracking, and sharing information. To prevent some of the challenges surrounding anonymous DAF grants, fundraisers in our study recommended proactively asking donors if they have a DAF and intend to use it for their giving. Fundraisers should then collect the DAF account name and the sponsoring organization name and associate this information with the donor in their CRM to facilitate grant processing. Interviewees who had developed solutions for this explained that they created a record for the DAF account within their donor database and then linked that account to the individual donor’s record. The entity for the DAF in the donor database is the name of the DAF account at the DAF sponsoring organization, not just the sponsoring organization. For example, the entity in the database may read “[Name of DAF account] at [Name of DAF sponsor]”. This entity is then linked to the individual donor(s) known to be associated with that account. When a grant is received from this account, the DAF account receives hard credit for the donation, and the individual donor(s) receives soft credit. In the acknowledgment of the grants, fundraisers who understood DAFs well sent an acknowledgment note to the individual donor(s) associated with the DAF but not typically to the DAF sponsoring organization. Tax receipts or tax deduction language in the acknowledgment is not appropriate to include.

Fundraisers also expressed the importance of providing all the proper information to the donor for them to make a DAF grant, including the organization's official name, EIN, and address. Intentional sharing of this information could help donors more easily recommend grants from their DAF platform and may help streamline the verification process. To further simplify the verification process, fundraisers can provide donors with their nonprofit's information through third-party vetting sources and keep profiles up to date so that the information needed to verify organizational legitimacy is easily accessible.

Also evident in the interviews was the importance of educating frontline fundraisers and administrative teams about DAFs. To do this, organizations can provide internal education or support fundraisers to participate in professional development to learn about DAFs. Another way fundraisers can familiarize themselves with DAFs is by opening a DAF account or by utilizing the demo accounts available through several commercial DAF providers to see what donors see (see also [Schneider, 2024](#)).

An important topic of education and professional development is federal DAF regulations, particularly given the confusion in this area. Once fundraisers obtain a sufficient understanding of regulations themselves, a proactive strategy clarifying the source of a donation can be used to avoid regulatory missteps and facilitate positive conversations with donors. Organizations should undertake a formal review of their DAF processes to ensure alignment with current regulations and expert guidance. Nonprofits should have clear policies about acceptable DAF grant designations and post the policies where donors can easily access them. Nonprofits should also have processes in place to correct DAF grants intended for purposes that include personal benefit. Finally, development teams should change the language of multi-year gift agreements to use the words "commitment" or "intent" instead of "pledge" to make them compliant with DAF expectations.

5.2. Recommendations to Make the Most of DAF Opportunities

For many in the study, DAFs were opportune because they provided a strong clue about donors' philanthropic intent and capacity. When a known donor is planning a donation, proactively identifying as early as possible whether the donor has a DAF is not just an administrative benefit but also a boost for relationship development. Asking donors if they have a DAF is not something to be feared and has even been recommended by those writing from a donor's perspective ([Greer, 2024](#)). Whether discerned initially or later, DAFs' signal of philanthropic intent and likely capacity can be institutionalized by organizations within donor evaluation systems for qualification, and/or individual fundraisers can use these assumptions in an ad hoc manner. Recognizing that donors have already earmarked funds for philanthropy allows fundraisers to rethink recurring and one-off solicitation cycles. Donations addressing urgent needs, such as those arising from natural disasters, could be specifically directed to DAF donors. This knowledge can increase fundraisers' confidence leading into a solicitation potentially generating more solicitations and success in fundraising.

Some fundraisers in the study saw their knowledge of donors' DAF use as an avenue for eliciting more information through deeper conversations. More fundraisers can capitalize on this opportunity by asking DAF donors questions to discern how they use the DAF, for example, like asking donors about when they prefer to make grants from their DAF and if they have a budget for their grantmaking. They could also ask what assets they contribute to the DAF or whether they use financial advisors in their giving decisions. Most donors have a succession plan for their DAF, presenting an opportunity for fundraisers to discuss planned giving options and to ask to be included as a charitable recipient in the succession plan. Through deeper conversations, fundraisers may identify donors' DAF giving strategies and can create more informed solicitations.

6. Discussion and Concluding Thoughts

This study documented how fundraisers work with DAF donors within their organizational contexts and synthesized their experiences. We found the Eight-Step Major Gift Management Cycle to be an important tool for generally parsing aspects of the fundraising process as described in the interviews. However, it did not fully reflect the adjustments needed for the particularities of DAF grants and the potential of DAF donors. The DAF Donor Relationship Management Cycle provides a holistic perspective on how DAFs can affect every stage of fundraising and is a key contribution of this study. The new cycle is also indicative of the importance of revisiting and reimagining tools for fundraising practice and how research can facilitate this process.

The current study showed how DAFs impeded efforts in some fundraising phases and facilitated progress in others. The challenges in this study were associated with items in the cycle that typically follow the receipt of a grant. In part for this reason, the orientation of the DAF Cycle was reset from the original cycle, with *Donor Recommends DAF Grant* and receiving a *DAF Grant* added as starting points in the actual experience of working with many DAF donors. Traditional fundraising cycles do not include a stage for receiving the donation; adding this stage recognizes that the form a gift (or grant) takes is also significant for how the cycle proceeds. Gift processing is also implied but not explicitly included in past models, and proper handling of donors' data is simply inferred to occur in alignment with Cannon's (2011) process of intake, batch, entry, and finalize. However, DAFs disrupt typical gift processing patterns, and assuming accuracy is dangerous. Intake may be flawed when information is missing or not captured, and partially anonymous grants can be particularly challenging.

While most of the organizations in the study followed the "hard" and "soft" credit approach in associating individual DAF donors with grants from DAF sponsors, not all used other CRM features (if available) to denote DAF donors. DAF donors were also sometimes lost to administrative mishaps when DAF data management processes were not formalized or during staff transitions. In some of the organizations represented in this study, there was notable distance between gift processing staff/departments and the fundraisers. In other cases, the organizations were small, and the fundraisers were personally involved in sorting through donations they received. In either context, it was not uncommon for the fundraisers to raise questions or concerns about their systems during the interviews, pointing to the need for process reviews across many organizations. Integrated organizational-level strategies can be better developed to guide DAF gift adaptation, improve DAF donor engagement, and inform associated training and coordination of gift processing and frontline fundraising efforts.

The opportunities that facilitate fundraising appear in the section of the new cycle associated with preparing for and making the gift solicitation itself. The fundraisers made it evident that they generally subscribed to the principles of relationship fundraising and wanted to interact with DAF donors in a personalized manner before, during, and after grant making (Burnett, 1992, 2002; Breeze, 2017). Some reported treating DAF donors like any other individual donor, while others were stymied in attempting this when they could not identify the DAF donors. At times, organizational policies or systems that did not acknowledge DAF gifts (even when the donor was known) meant fundraisers felt compelled to take on additional responsibility to thank DAF donors manually. This is an example of how some took special measures to seek relationships with DAF donors. Many saw the DAF as an invitation to engage differently and more meaningfully with donors because of their philanthropic intent. So long as the donor wanted to be known by the organization, it appeared that they were also comfortable revealing a commitment to

philanthropy and, perhaps, embarking on a deeper relationship with the organization and the fundraiser.

Additional research is needed to test the DAF Donor Relationship Management Cycle in the US and abroad and identify the roles that fundraisers play in their interactions with DAF donors throughout the cycle, especially related to the nuances of the cycle when applied in different organizational contexts. Future studies could explore whether aspects of the new cycle, such as the addition of *Process Grant* and shift in *Develop Strategy*, help articulate contemporary fundraising practices and strategies beyond the DAF experience. Future research could also investigate how and why DAF grants are problematic for gift-entry personnel at nonprofits and whether and how CRM systems are adapting to the needs of DAFs. It would also be interesting to know more about the extent to which fundraisers' experience increased confidence in soliciting DAF donors and in what ways this confidence affects solicitations and grant making. DAF donor giving over time could be tracked at the organizational level, and factors leading to and facilitating DAF grants (and other donations from DAF donors) could be documented.

DAFs are a pivotal charitable vehicle that the nonprofit sector cannot afford to ignore, even as the constantly evolving regulatory environment may continue to shift the policies governing their utilization. While change invariably brings challenges, it also presents significant opportunities for those who are willing and able to adapt. Although the fundraisers in this study took a particular interest in DAFs, most of them had learned about DAFs through trial and error and limited professional education. Even those who had embedded DAFs into their thinking about relationship fundraising and whose organizations had sound systems for processing DAF grants craved more research, new tools, and additional insights on how to further adapt their practices to benefit from the full potential of DAFs. This research project seeks to help fill this gap and catalyze future analyses.

Supplementary Materials: The following supporting information can be downloaded at: <https://www.mdpi.com/article/10.3390/admsci15040137/s1>, Text S1: Glossary of Terms, Text S2: Interview Protocol, Table S1: Codebook.

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Notes

¹ The term “disruptive innovation” is borrowed from Christensen (1997).

² This percentage is calculated from the total 2022 DAF contributions (USD 85.53B) divided by total charitable contributions as reported by Giving USA (USD 499.33B).

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