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GG+A Quarterly Review

GG+A
Grenzebach Glier and Associates

Philanthropic News & Analysis

Public Charities in the Public Eye: Serving the Common Good

More than one million organizations in the U.S. hold 501(c)(3) status, ranging in size from small historical societies in nearly every town and village to large and complex research universities, medical centers, and broad-based service organizations.

Yet every not-for-profit, regardless of mission and audience, operates in the context of a complex environment of legislative oversight and regulatory guidelines – and, of course, the all-important player, public opinion. All – or nearly all – rely on philanthropy, in whole or in part, to enable them to deliver on their missions. In recent years, worrying revelations about fraudulent charities appear to have encouraged a climate of skepticism about public charities, including long-established institutions.

A wave of criticism of the **American Red Cross** for its initial reluctance to provide details about the use of the $312 million donated after Hurricane Sandy (Debra Cassens Weiss, "Red Cross claims some Hurricane Sandy spending information is a trade secret," *ABA Journal*, June 30, 2014) threatened to eclipse the significant services provided by the organization. And allegations about the possible implications of grants from foreign governments to some of the nation's most well-respected research organizations (Eric Lipton, Brooke Williams, and Nicholas Confessore, "Foreign Powers Buy Influence at Think Tanks," *New York Times*, September 6, 2014), which spurred a call for investigation from the floor of the U.S. House of Representatives,

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Anticipation as Antidote: The Role of Development Communications in Untangling Complex Issues

By Ed Sevilla

As news is created and distributed at a previously unimaginable pace, not-for-profit institutions must be prepared to respond rapidly to potential legal and reputational challenges. Some such situations go directly to the core of institutional operations – as, for example, the painful question of repatriation of artifacts held in museum collections for decades (Tom Mashberg and Ralph Blumenthal, "The Met Will Return a Pair of Statues to Cambodia," *New York Times*, May 3, 2013). Others are spurred by actions that occur far from the halls of administration, as in the recent fire storm about scholarly research that has led to challenges of illegal communication with voters in several states (Tom Bartlett, "Dartmouth and Stanford Apologize After a Political-Science Experiment Gone Wrong,"

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may have led to further charges about the influence of U.S. donors to the **Brookings Institution** (Tom Hamburger and Alexander Becker, "At fast-growing Brookings, donors may have an impact on research agenda," *Washington Post*, October 30, 2014).

> "I don't believe that donors who consider donor-advised funds are prepared to make the same gifts, immediately, to charitable organizations."
>
> Greg Dugard, University of Notre Dame

In this issue of the *Grenzebach Glier Quarterly Review*, GG+A will consider current legal and regulatory debates that may impact not-for-profit organizations, particularly with regard to fundraising, and offer practical advice about specific compliance requirements and general best practice. In addition, we will consider the role of communications in helping constituents to interpret external messages about difficult legal and regulatory matters.

Private Operations, Public Scrutiny

Much of the public discourse about charitable institutions in recent years has pertained, in one way or another, to tax-exempt status. As Andrew Watt, President and CEO of the **Association of Fundraising Professionals (AFP)**, reflects on discussions with legislators around implementation of the American Taxpayer Relief Act of 2012, he notes, "Our focus on the monetary value of the charitable deduction, while essential, removed the oxygen from the room. We are working with others to make the case for the symbolic value of that deduction, as well." It may be the case that emphasizing the benefits that the tax system affords donors and beneficiaries, rather than the benefits provided to society by the work of the charities, has contributed to a growing demand for transparency about multiple aspects of institutional finances and operations.

Cynthia Moore, Associate General Counsel of the **University of Pittsburgh**, advises development officers to review their institutional tax returns (IRS Form 990) each year; increasing numbers of donors exercise due diligence as they plan their gifts, and "fundraisers must be prepared to answer questions as they arise." The IRS collects information about fundraising and gaming activities that includes, for example, disclosure of charitable registration (see related article on p. 5), fundraising expenses, revenue and expenses associated with fundraising events, gifts applied to the operating budget, and executive/officer compensation, any or all of which may lead to inquiries. The Charity Commission of the United Kingdom, too, has announced that all registered charities will be required to answer new questions in their 2015 tax returns on subjects including grants and contracts from local and central government, compensation policy, and financial controls. It appears that additional questions about the annual cost of campaigning may be added to the 2016 tax return in the U.K.

Watt is deeply committed to the need to shift the conversation back to "the value of the work we do, and a commitment to the public interest." He adds that the regulators – states' attorneys general and the Internal Revenue Service – seem to have a deeper understanding of this value than U.S. legislators, whose interests are often sparked by national disaster, or by the appearance of political bias, as in the 2013 investigation of the IRS' response to certain requests for 501(c)(3) status. Watt advises that individuals who serve on the governing boards of not-for-profit organizations may be best prepared "to help explain [to legislators] how change in policy can affect the lives of voters." He adds, however, that "Board members seldom see it as part of their responsibility to communicate broadly and persuasively about the issues that affect the ability to deliver mission well."

Rapid Growth in "New" Form of Giving Sparks Interesting Debate

Recent reports about the rapid growth in gifts to donor-advised funds (DAFs), which reached nearly $54 billion in assets in 2013, bolstered by the news that three of the top ten recipients in philanthropy in 2013 were the donor-advised funds managed by financial services firms Fidelity, Schwab, and Vanguard (*Chronicle of Philanthropy*, November 19, 2014), have inspired much interest in this "new" form of charitable giving. In fact, DAFs have existed since the 1930s, when they were first introduced at certain community foundations, but have increased rapidly in number since 1991, when the Fidelity Charitable Gift Fund was established. The National Philanthropic Trust now collects information on more than 1,000 funds (with over 200,000 individual donor accounts), representing a substantial portion of the American philanthropic landscape in terms of dollars, but a small component, still, in terms of number of donors.

A group of philanthropists (Lewis B. Cullman, "Stop the Misuse of Philanthropy!," *New York Review of Books*, September 2, 2014) and legal scholars, including Professor Ray D. Madoff at Boston College, have recently raised questions about the extent to which contributions to donor-advised funds should be fully deductible. Their argument is clear: that "indirect" gifts for charitable purposes, such as those made to DAFs, should not receive the same treatment under the U.S. tax code as do gifts made directly to museums, homeless shelters, colleges, or other charitable institutions. Others disagree, noting that endowment gifts, a consistent and much-sought form of philanthropic support, could fall subject to some of the same logic, as institutions manage their endowments intentionally to preserve assets while providing annual income for designated purposes.

Additionally, some have expressed concern that DAFs are not required legally to distribute a specific percentage of assets annually, in contrast to the rules that govern private foundations, which must distribute an average of 5% of assets each year to charitable recipients, a requirement established by the Tax Reform Act of 1969. The unsuccessful Tax Reform Act of 2014, sponsored by Representative Dave Camp (Michigan), Chairman of the House Ways and Means Committee, in February 2014, proposed that DAFs be required to distribute assets within five years of receipt.

Benjamin R. Pierce, President, **Vanguard Charitable**, describes a few of the situations for which a donor-advised fund provides the best giving vehicle – a wish to consolidate giving to a number of recipients, without saddling each with the administrative costs of contributed appreciated securities; an interest in engaging children and grandchildren in decision-making about charitable giving; or an opportunity to build up funds over time in order to enable a significant transaction to a chosen institution.

Administrative structure varies widely among donor-advised funds, in terms of minimum intial contributions, grant distribution requirements, and administrative costs, and investment fees. Vanguard Charitable has a minimum for establishment of a DAF of $25,000, with a minimum grant of $500 to charitable recipients. Accounts vary widely in size, with some as large as $250 million, and the fund overall distributes an average of 20% of total assets, consistent with DAFs

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as a whole. Pierce emphasizes that "we encourage our donors to make grants;" nearly $5 billion has been granted to charity by Vanguard Charitable since its establishment in 1997, and assets stand at about $4.8 billion today. He believes that the questions raised by Professor Madoff and others about the management of donor-advised funds may lead to considerations about distributions from endowments and private foundations; "this is the tip of the iceberg" in an important conversation about the future shape of charitable giving in the U.S. The aim, he believes, should be to encourage growth in charitable giving as a percentage of GDP, a figure that has hovered at +/- 2% for at least forty years. "Why not use tax policy to encourage increased giving for the social good?"

As the appeal of DAFs has grown, some institutions have entered new territory by establishing their own donor-advised funds, each of which takes shape in a way consistent with institutional culture. **Cornell University** was among the first to move in this direction, with the creation of the Cornell University Foundation in 1995. Chip Bryce, Director of Trusts, Estates, and Gift Planning for the University, comments that "our Foundation donors are charitable beyond any tax advantage. Many have exhausted their five-year carry-forward option, and are simply interested in doing the right thing with their philanthropy." Nearly all are already major outright donors to the University, and many are dealing with "capital in motion" issues – individuals who experience a "windfall," such as an unexpected large bequest or a major sale of property or a private business, but wish to distribute those assets to personal philanthropic interests in a thoughtful way. Cornell markets its DAF broadly to alumni and friends, sets a minimum of $100,000 for contributions to the Foundation, and uses a sliding scale to prescribe the portion of assets that must be designated to Cornell: funds of less than $500,000 must designate 50+% to Cornell, but the requirement diminishes as funds grow larger. Nonetheless, more than two-thirds of distributions have come to the University thus far.

The **University of Notre Dame's** DAF was established in 2008 in order, according to Gregory G. Dugard, Senior Director, Office of Gift Planning, "to enable our donors to provide for other charitable interests, as well as Notre Dame, while benefiting from Notre Dame's extraordinary endowment management performance." Dugard reports that Notre Dame "has no interest in competing with community foundations or commercial entities." With a minimum entry point of $500,000, the Notre Dame fund is marketed to a select audience of loyal University donors. Reflecting upon the debate about the tax status of DAFs, Dugard comments, "I don't believe that donors who consider donor-advised funds are prepared to make the same gifts, immediately, to charitable organizations." Donors to the Notre Dame DAF must accept certain constraints in their choice of charitable recipients; for example, gifts to organizations whose missions are inconsistent with those of the University are not possible, nor are gifts to any private independent schools, which might come into conflict with NCAA athletic recruitment guidelines.

GG+A believes that the public interest will be best served by public policy, including taxation, that is structured to encourage higher levels of giving overall, and that DAFs provide an appealing opportunity for donors who are fully committed to transferring assets to charitable institutions, but unprepared for various reasons to designate their support immediately. We will follow closely the debate that has been launched about giving to DAFs as it progresses in the months and years to come. ❖

Charitable Solicitation Registration: The Fifty-State Puzzle

By Joseph F. Calger

According to the Urban Institute's report *The Nonprofit Sector in Brief - 2014*, the million-plus registered not-for-profits in the United States represent 5.4% of the Gross Domestic Product (GPD) and hold nearly $5 trillion in assets. After fees for services, charitable giving is the largest source of revenue for these organizations, exceeding $335 billion in 2013, as reported by *Giving USA*. The charitable solicitations that generate this extraordinary level of philanthropy are regulated by a complex web of individual state laws, presenting a compliance challenge for not-for-profits that operate nationally.

In addition to IRS regulations, each charity must comply with the requirements of the state in which it is organized. Beyond that, however, "there are many traps for the unwary," warns Cindy Moore of the **University of Pittsburgh**. Forty states and the District of Columbia have requirements for registration of charitable organizations, and in many cases registration is required before any solicitation takes place within their borders. Although most mature development programs are well aware of the complexities of charitable gift annuity registration requirements, not all have been well informed about the state-by-state solicitation registration requirements that cover all aspects of fundraising. The states have an important role: protecting the public from fraudulent charities and serving the public interest by ensuring that the charitable purposes for which tax-exempt status has been granted are fulfilled. State regulators also provide access to key information about the effectiveness of not-for-profits and the share of funds raised that are used for charitable purposes.

Which organizations are required to register? The exact requirements vary from state to state, but in most the term "charitable organization" is broadly defined to include a wide range of 501(c)(3) organizations, including educational institutions. Some types of organizations are exempt from registration in certain states, but institutions will do well to verify whether each state's requirements apply. Depending on the jurisdiction, the registration requirement may also extend to individuals and organizations that act as paid solicitors, manage fundraising events, and/or provide fundraising counsel.

The risks of noncompliance can be significant, and some fines have exceeded $1 million. ("Fundraiser is Fined $1.054 Million by South Carolina," *The Not-for-profit Times*, October 27, 2014). But beyond the obvious legal requirement and wish to avoid fines and other penalties, there are reputational considerations. More and more, donors and potential donors are aware of registration requirements and check to be sure that organizations are in compliance. While most of these statutes are structured with civil penalties, criminal penalties are also a possibility in a few states, including Alaska, Florida, Maryland, and Pennsylvania.

What constitutes a charitable solicitation? "In essence, anything you can think of that seeks to generate public support to a charity," according to Greg Lam, Managing Partner at Copilevitz and Canter. Direct mail, phone, and email solicitations for the annual fund, in-person visits by a fundraiser, donation envelopes

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REAL-TIME ANALYTICS: WHO'S COMING THROUGH OUR DOORS TODAY?

GG+A was recently approached by a cultural institution rich with data, but limited in analytical and research capacity. Our client needed a simple, reliable way to review new ticket-buyers, members, event attendees, and referrals – simply put, to determine which new constituents appeared to have the most promise as potential donors. Above and beyond basic wealth screening, which offers no assessment of likely philanthropic behavior, the institution sought our assistance in helping to assess first-time constituents and update the records of existing prospects. GG+A developed a tool that considered level of giving and demonstrated relationship to provide an affinity score to these new constituents.

This affinity score differs from GG+A Analytics' hallmark predictive modeling, in that it does not provide a rank order; assessment of potential for annual, major, and planned gifts; or consultation on approach with prospects. Instead, the affinity score provides a way for institutions to triage new constituents continually – to identify which new constituents should be considered for further research and qualification, but not to provide a comprehensive strategy for fundraising segmentation.

Our starting point was a version of the Recency, Frequency, and Monetary Value (RFM) model used frequently in retail direct marketing, which scores customers on the basis of timing, frequency, and total dollars spent. We adapted this model to consider gifts and membership transactions to the client institution, as well as relationship to and involvement in the institution (e.g., participation in special events, board/volunteer activities, response to market research surveys). The following behavioral and participation factors were considered:

- Total Giving (points weighted for total contributions, including membership, and recency of contributions)
- Years of Giving (frequency)
- Gifts per Year (frequency)
- Relationship Factors

Direct marketing RFM models are often criticized for being entirely descriptive, defining affinity solely on the basis of financial transactions; for ignoring life stage and other demographic factors, such as marital status and presence or absence of children in the household; and for ignoring

"FIRST IS OUR CORE CONSTITUENCY, NEXT COMES FRIENDS AND FINALLY PEOPLE SIX DEGREES OF SEPARATION FROM KEVIN BACON."

potential but yet unidentified prospects. Adding "Relationship" to the formula strengthens the analysis by considering affinity factors that change as a new constituent becomes more or less involved in an organization. For our client, service on the Board and other volunteer activities correlated with higher levels of past giving, for example. Other organizations with which GG+A has worked have considered point of treatment within a medical center, family relationships of various types, and event attendance among their relationship factors.

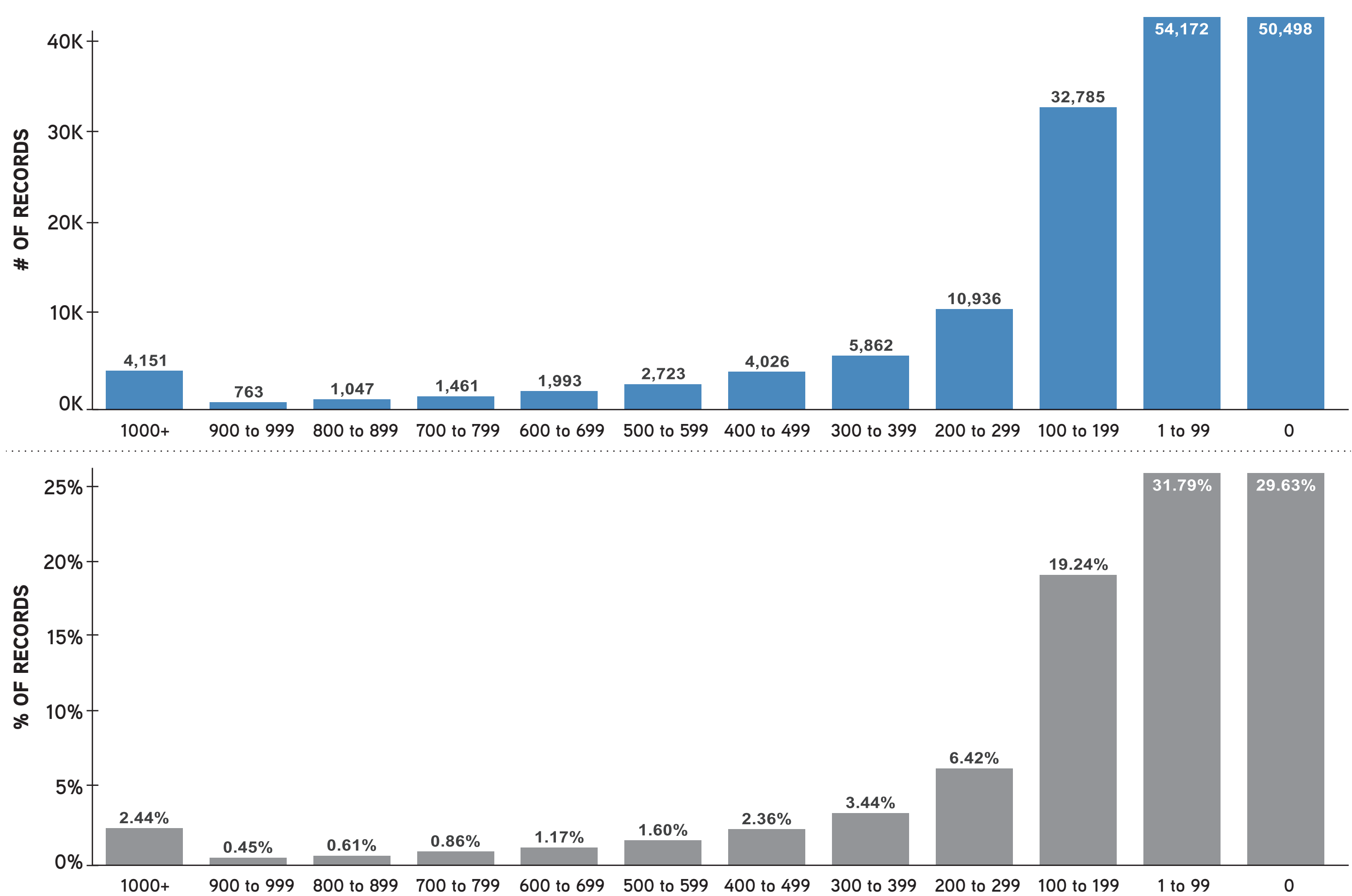
The resulting distribution of prospects by RRFM, which adds Relationship to the commercial RFM model score, narrowed our client's total population of over 170,000 potential prospects to 4,151 with top affinity scores, with a pipeline of another 5,264 prospects with slightly lower RRFM scores.

Based on our initial work, GG+A built a simple program that provides an initial score for all new records and an updated score for all changed records in the prospect database. The tool may be built into the donor database, or operated as a stand-alone. Prospect Management and Research staff are able to see easily, and immediately, which prospects score high in the RRFM model, as well as each individual's basic capacity score. This enables gift officers to identify prospects with high potential quickly, a highly useful approach in an environment with many events and a steady stream of new constituents. Those who score high on capacity, but low on RRFM, require more planning and careful attention, as the time to build a relationship may take longer than with a prospect of equal philanthropic capacity with a high RRFM score.

As with most analysis, the application and impact of the tool rests with talented staff members who are prepared to consider wealth and affinity ratings and apply those insights to specific initiatives and communications segmentation. After all, no matter how strong the analytics strategy, the data doesn't ask for money. That's the job of good development officers.

For further information, contact Kat Banakis, Director, Strategic Implementation, GG+A Analytics, at kbanakis@grenzglier.com or 312.372.4040.

Using RRFM to Filter the Prospect Pool: One Institution's Distribution of Scores



Source: GG+A Philanthropic Analytics

Charitable Solicitation Registration: The Fifty-State Puzzle

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in the annual report, or even communications designed to recruit volunteers may trigger the registration requirement.

Online giving presents a special challenge and area of concern, because the "Donate Now" button on the web page could be interpreted as a solicitation that potentially triggers registration requirements in every state. Fortunately, the National Association of Attorneys General (NAAG) and National Association of State Charity Officials (NASCO) adopted the "Charleston Principles" in 2001, which assert that registration is triggered by online activity only if the activity specifically targets persons located in the state, or the organization receives repeated or substantial contributions.

The biggest challenge in the registration puzzle? "Keeping on top of the requirements," says Greg Lam. "States regularly change deadlines, forms, fees, and documentation requirements, and they don't always notify registrants of those changes." These changing requirements also apply to the not-for-profit's partners, whether professional fundraisers, consultants, or commercial co-ventures: all have reporting requirements and noncompliance by any party can present difficulties for the others.

Charitable organizations may take advantage of several opportunities to reduce the administrative costs and complexity in the process such as the Unified Registration Statement (URS), a resource managed by the Multi-State Filer Project (multistatefiling.org). (URS filings are accepted by every state except Colorado, Florida, and Oklahoma.) And a number of not-for-profit alliances are collaborating to construct an online registration system for participating states to eliminate the paper-based systems and accept online initial and annual filings. Ten states have agreed to participate in the pilot program, with the goal of full participation by 2020.

Joseph F. Calger, Senior Vice President for Advancement Services, joined GG+A in 2011 with over 30 years in senior management experience at University Hospitals of Cleveland, the Cleveland Clinic, Case Western Reserve University, the University of California, Davis, and the University of California, San Diego. Joseph leads the firm's practice in advancement services, advising clients on such matters as the organization and implementation of gift processing, database management, analytics, and donor relations and stewardship. ❖

IMPORTANT REMINDER

As multiple reports of invasive attacks on major institutional databases increase the public's awareness of the risks involved in providing personal and financial information, the security of credit and debit card information demands a higher level of vigilance by charitable institutions. Compliance deadlines for the latest Payment Card Industry Data Security Standards (PCI DSS 3.0) are fast approaching. While the new standard took effect January 1, 2014, vendors, including online giving options, were given the option to recertify under the older standard until the final effective date of January 1, 2015 (https://www.pcisecuritystandards.org/documents/PCI_DSS_v3.pdf).

Anticipation as Antidote: The Role of Development Communications in Untangling Complex Issues

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The Chronicle of Higher Education, October 29, 2014). Such situations quicken the pulse of development communications leaders. Institutions' responses may leave donors disappointed – or even angry – yet may rise to the level of an institutional crisis if left unaddressed.

Such problems may result in becoming the institutional narrative, masking the full, positive story that institutions strive to tell. This narrative should ideally be organized to answer an essential question for donors, prospects and stakeholders: why does this institution need and deserve philanthropic support? It's clear that perception has the potential to impact fundraising results.

Some of these complex issues are predictable, such as:

- Annual disclosure of top executive salaries in the IRS Form 990, a matter that has drawn attention to specific medical centers and social welfare organizations

- State and local government allocations to hospitals, cultural institutions, or educational institutions

- Number of Pell Grant recipients as a proxy for a commitment to access on the part of colleges and universities

Others are unpredictable, such as:

- Challenges from the Office of Civil Rights of the Department of Justice that focus on the institution's student support systems, yet call for careful, sometimes incomplete responses because of significant privacy requirements

- Museums' response to the recent U.S. Fish and Wildlife Service ban on importing ivory, and on holding recently acquired ivory ("New rules will ban import and export of ivory, and make it harder than ever to sell," *The Washington Post*, February 11, 2014)

- Issues around public health (e.g., the Ebola crisis) that may involve employees and students

- Extraordinary athletics scandals that go beyond isolated cases of misconduct

Either may lend itself to negative interpretation without helpful communication in response from the institution. Development communications professionals may choose to take a reactive or a

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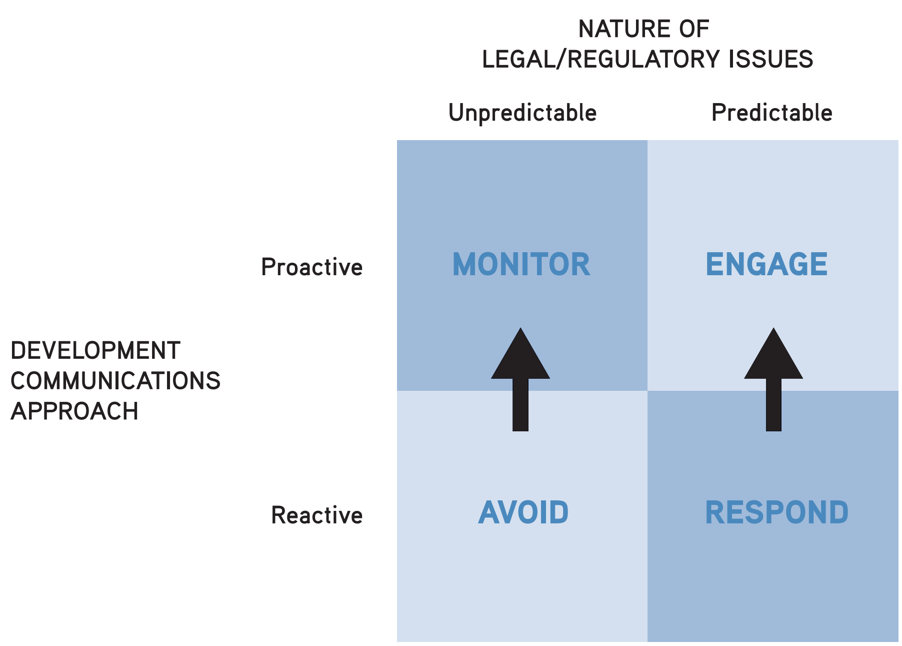
A FRAMEWORK FOR COMMUNICATIONS RESPONSE



Source: GG+A Strategic Communications

proactive stance. A reactive stance is a choice to address both predictable and unpredictable issues on an "as-needed" basis.

While this approach may be common among time-constrained development communications professionals, it may leave unaddressed issues that can ultimately undermine the institution's story.

Rather, we recommend a proactive stance: engaging with institutional leadership and with legal colleagues or outside professionals to develop standard communications methods to address predictable issues, and monitoring the need for responses to unpredictable issues. One outcome is the establishment of effective working relationships. These will be essential when unpredictable issues arise – some of which could become communications crises to manage.

When confronting challenging issues that involve legal or regulatory considerations, development communications professionals seek two desired outcomes: first, sustain confidence among donors in the institution and its leadership; and second, maintain public trust on issues that may have a high degree of visibility. We believe the proactive approach provides a stronger foundation for achieving these outcomes.

Certainly, development communications leaders are constrained by the amount of time and budget available to apply to legal and regulatory issues. The reactive stance is not uncommon. But by actively considering predictable issues for which a proactive approach is possible, you can position yourselves for success if and when your institutions navigate the tricky waters of unexpected communications challenges.

GG+A Vice President Ed Sevilla has over 25 years of marketing communications experience in the not-for-profit and for-profit sectors, working with major brands across traditional, digital, and social media channels. Before joining the firm in 2012, he worked at Harvard University in Alumni Affairs and Development as Executive Director of Strategic Communications. He has provided GG+A clients of all types with strategic advice, organizational consulting, messaging platforms, and case statements designed to inspire greater levels of donor support. ❖

RECOMMENDATIONS FROM GG+A

GG+A offers the following advice to communications professionals, which applies equally to smaller, resource-constrained shops and to larger organizations that benefit from having colleagues in legal counsel and government relations with whom to consult.

- Adopt a proactive stance towards approaching legal and regulatory issues.
- Anticipate problems by following the news and thinking about possible implications, direct or indirect, for your institution.
- Assess your current approach and make changes to strengthen preparedness to respond quickly. Questions to consider include:
  - What was the nature of your most recent interactions among development communications, institutional communications, and senior leadership around a legal or regulatory issue?
  - Was your work reactive and crisis-oriented?
  - If so, can you convert the working relationships built through the shared experience into a more thoughtful, well-planned approach?
  - If the most recent interactions were proactive, have you established the framework of an ongoing dialogue around potential unpredictable issues that could emerge into crises so that the institution can anticipate issues and manage them appropriately?

The final step will be to use the lessons learned during your review of recent experience to build a communications plan that is sufficiently rigorous to anticipate future challenges and develop a response that is swift, well considered, and structured to ensure that institutional constituents benefit from the institution's considered point of view, rather than relying excessively on external reporting and interpretation of the events in question.

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An international leader in philanthropic management consulting, Grenzebach Glier and Associates (GG+A) has more than 50 years of experience with educational, cultural, medical, and other not-for-profit institutions. The goal of the *Review* is to provide timely information about issues and events that are relevant to philanthropy.

The *Review* is available for download at www.grenzebachglier.com and via e-mail upon request. Comments, questions, suggestions, and topics of interest are welcome. E-mail us at contactus@grenzglier.com.

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Donor-Advised Funds: Charting the Growth

Despite the sharp increase in visibility and appeal of donor-advised funds as a philanthropic vehicle, a relatively small share of wealthy Americans have chosen to set up DAFs thus far. According to *The 2014 U.S. Trust Study of High Net Worth Philanthropy*, only 14.5% of wealthy households have established donor-advised funds; another 1.2% plan to establish a fund within the next three years.

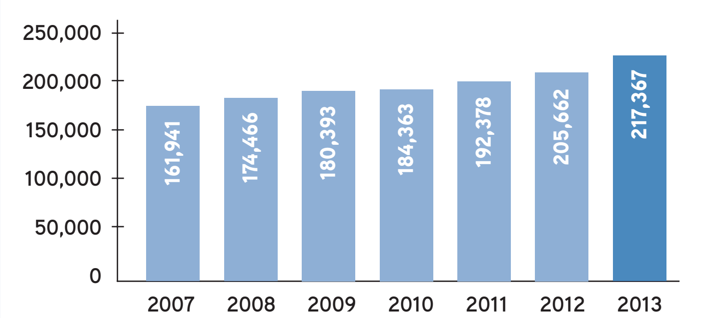
Growth in Number of DAF Accounts

The National Philanthropic Trust reports that, overall, the number of DAF accounts increased to 217,367 in 2013, 34.2% more than had been created in 2007. From 2012 to 2013, growth centered on the national charities, with a 9.1% annual increase in managed accounts.

Growth in Total Contributions to DAFs

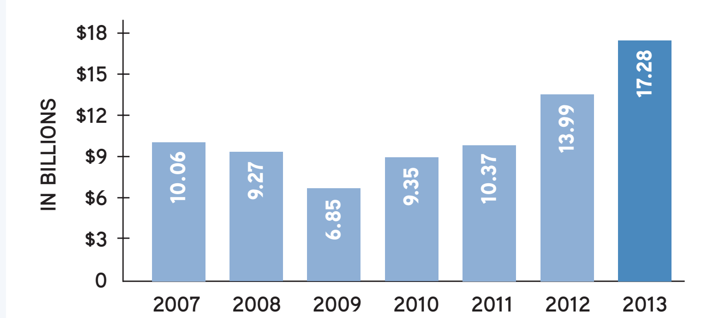
Contributions to DAF accounts reached an all-time high of $17.28 billion in 2013, a remarkable increase of 23.5% over the previous year. Gifts to DAFs represented more than 5% of total charitable giving in 2013, as compared with approximately 3% in 2007.

Total Number of Donor-Advised Fund Accounts



Source: *2014 Donor-Advised Fund Report*, National Philanthropic Trust

Contributions to Donor-Advised Funds

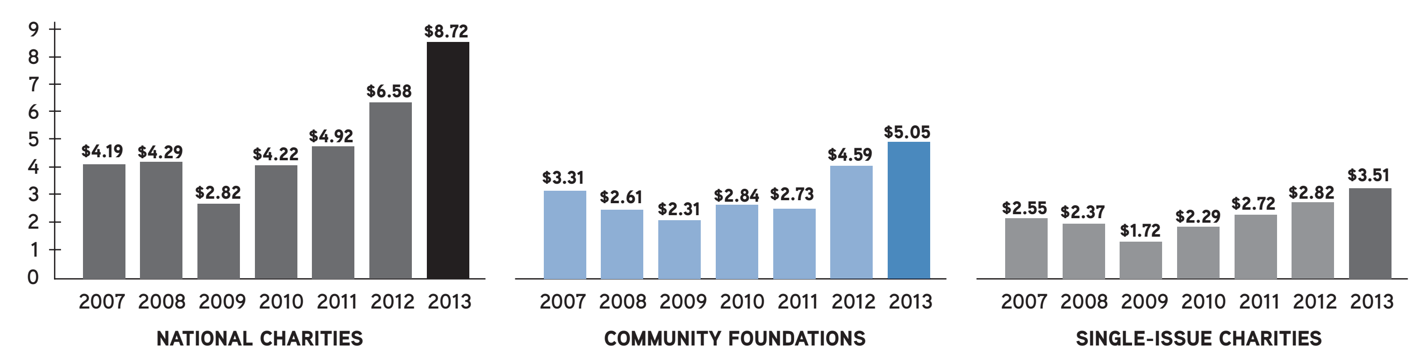


Source: *2014 Donor-Advised Fund Report*, National Philanthropic Trust

Total Value of Charitable Assets in DAFs by Sponsor Type

In 2013, total assets invested in donor-advised funds reached $53.74 billion – bolstered by extraordinary market growth year to year. National charities held 46.2% of those assets, surpassing those held by the historical base of such funds, the community foundations, at 38.6%; the remaining 15.2% was held by single-issue charities.

Total Value of Charitable Assets in Donor-Advised Funds by Charitable Sponsor Type



Source: *2014 Donor-Advised Fund Report*, National Philanthropic Trust