





Donor Advised Funds

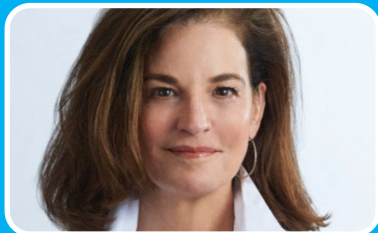
**What They Are and How Impact Investors
Use Them to Amplify Social Impact**



AGENDA

- Introductions - **Colleen**
- Overview of a Donor Advised Fund (DAF) – **Julie**
- SVP Member DAF Overview - **Andy**
- SVP Overview / Intro to SIIG / Intro to WLP – **Andy**
- Overview of WorkLife Partnership and why they sought out DAF investment - **Liddy**
- Q&A – **Colleen**

Introducing our Speakers



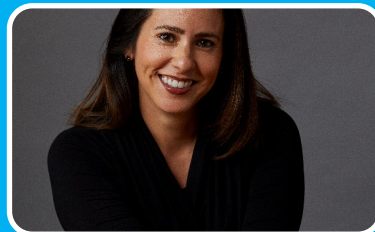
Julie Davitz
Head of Impact
Solutions
Bank of the West



Colleen Kazemi
Executive Director
SVP Denver



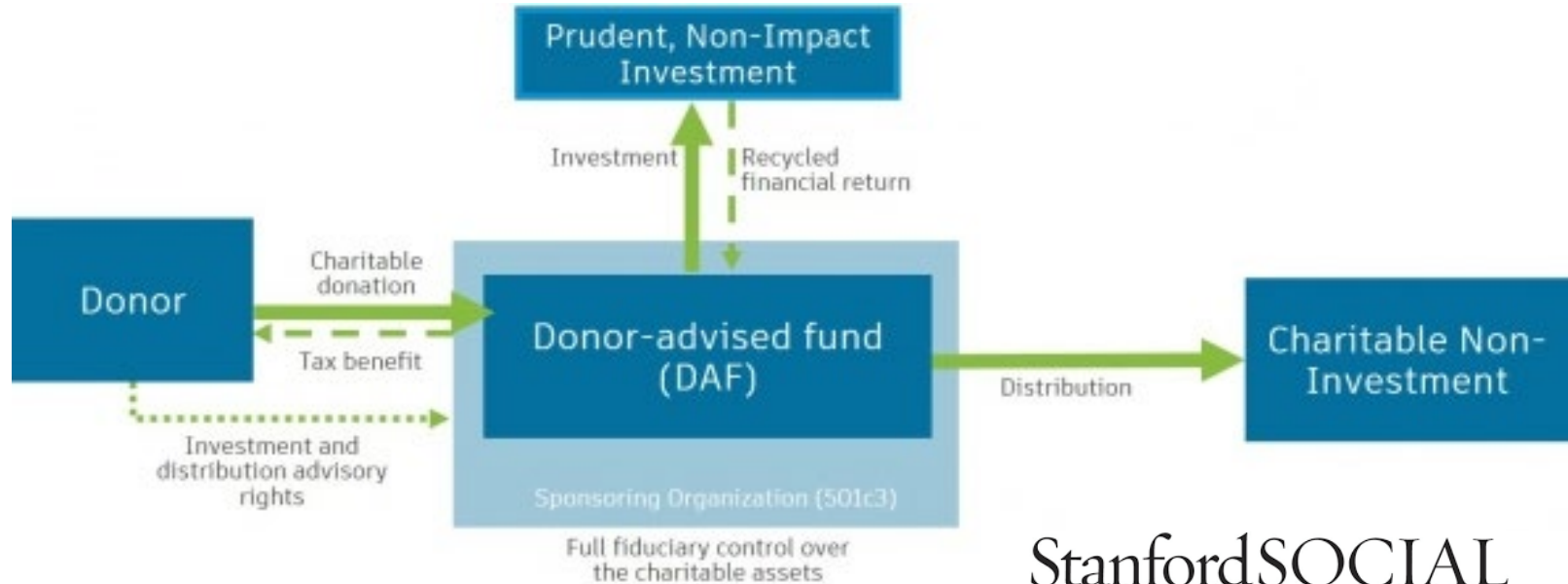
Andrew Marshall
Board Member and
SIIG Co-Chair
SVP Denver



Liddy Romero
Executive Director
WorkLife Partnership



What is a Donor Advised Fund (DAF)?

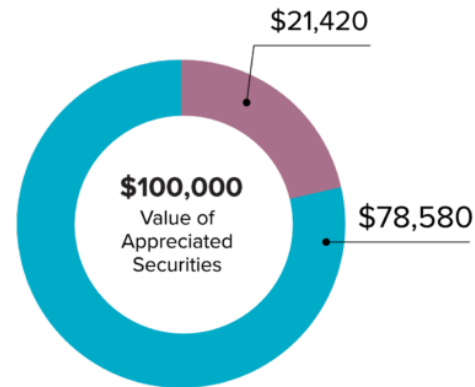


Stanford SOCIAL
INNOVATION Review
Informing and inspiring leaders of social change

Tax Benefits of a DAF

DONOR SELLS SECURITIES AND DONATES AFTER-TAX PROCEEDS TO CHARITY

Pays Capital Gains Tax: \$21,420
Net Available to Charity: \$78,580



DONOR CONTRIBUTES APPRECIATED SECURITIES DIRECTLY TO CHARITY

Capital Gains Tax: \$0
Net Available to Charity: \$100,000



SOURCE: <https://www.nptrust.org/what-is-a-donor-advised-fund/daf-tax-consideration>



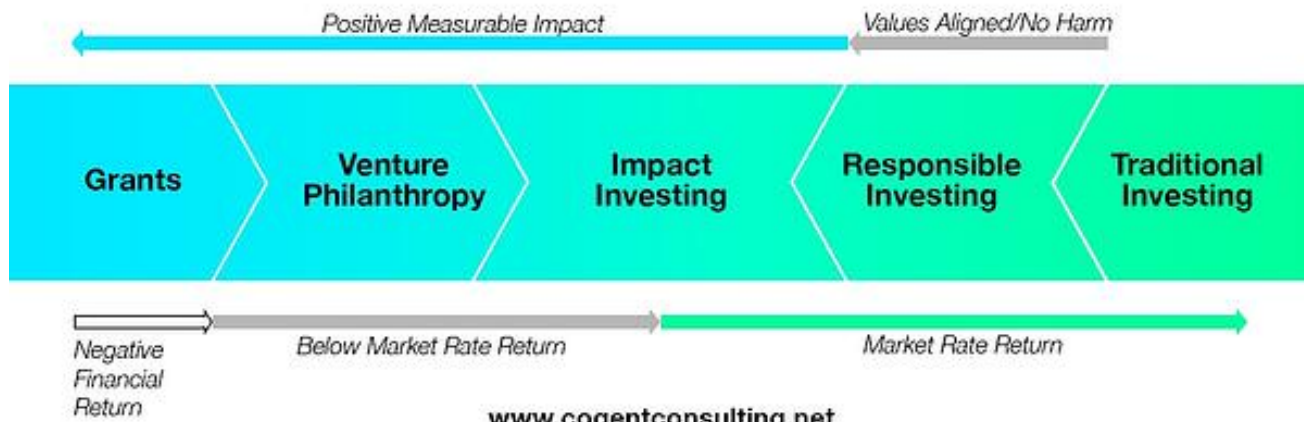
Investing Spectrum

Philanthropic Activities

Program Related Investments

Investment Activities

Mission Related Investments



www.cogentconsulting.net

Considerations for a DAF Sponsor

- Donor ability to advise impact investments. Does the sponsoring organization allow its donors to bring forward impact investing opportunities?
- Availability and quantity of impact investing options. Does the sponsoring organization provide pre-vetted impact investing options to its donors? Do these options align with your short-term and long-term charitable goals?
- Extensiveness of impact investing options across asset classes. What does the sponsor offer today and what can you expect to see in the future?
- Ability to recommend additional managers. Does the sponsoring organization allow you to recommend additional fund managers? Is there a minimum fund size, and if so, how significant is it?



THE DENVER FOUNDATION



BANK OF THE WEST
BNP PARIBAS



IMPACT
CHARITABLE



DAFs Today

- 86% increase contributions to DAFs over the last five years
 - \$23.4B granted
 - \$37.2B contributed
 - \$121.4B in assets
 - Payout from community foundations decreased \$16.6B from \$20B
- 728,000 DAFs, 80,000 foundations
 - 2019 foundation assets topped \$1T
 - \$54B granted
- Tax Cuts & Jobs Act 2017 effect
 - Contributions to DAFs rose more than 20%

Donor Advised Fund Trends

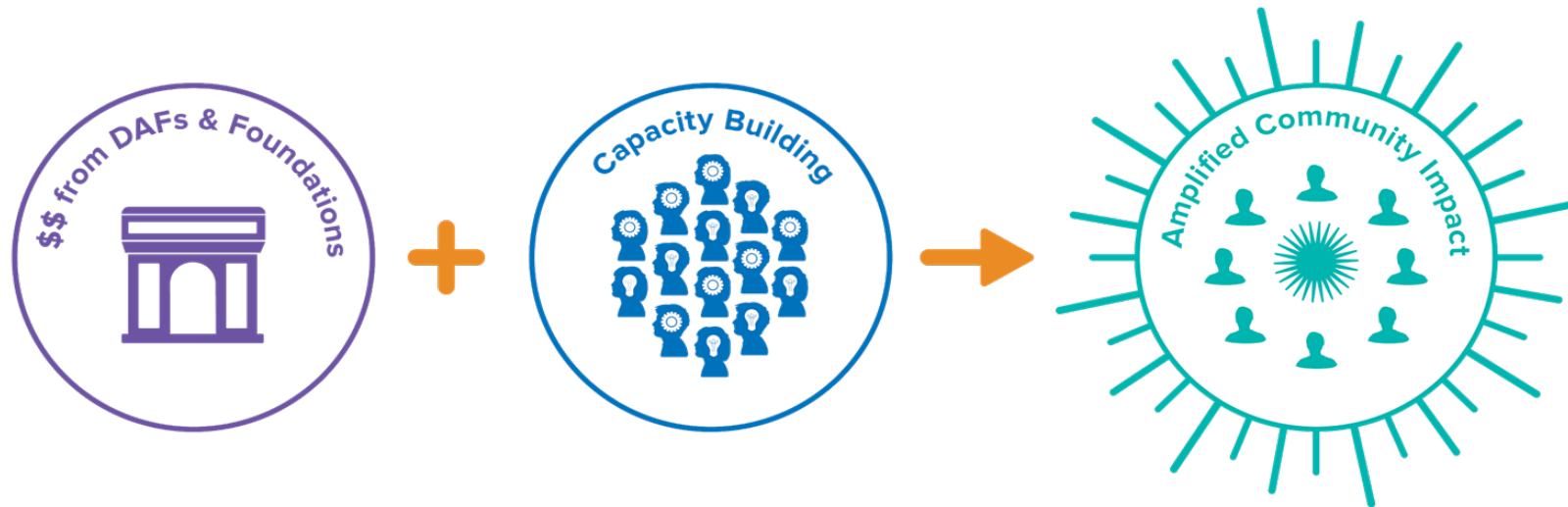
- Employee-sponsored DAFs
- Online tools, apps, transactions, credit card processing
- Increased accessibility with lower minimums
- Increased impulse donations
- #HalfMyDAF campaign David Risher
- **Program-Related Investments (PRI) / Mission-Related Investments (MRI)**

SVP Denver

A community of engaged philanthropists at the epicenter of **nonprofits, individuals, foundations, and businesses** who want to give back to the Greater Denver Community.



Social Impact Investor Group (SIIG)



Interested in Funding?

Learn more >> www.svpdenver.org/siig

Engaged Philanthropy Membership Model



Nonprofit Capacity Building

Matching engaged philanthropists with deep experience in a variety of specialized skill sets to projects with nonprofits that need support to increase impact.

Strategic Planning, Legal, Board Governance, Finance/Accounting, HR, Marketing/Branding, Fundraising, Evaluation, Mergers and Acquisitions



Social Impact Investing

COVID-19 response lending:
Co-created **\$5.4M+** Left Behind Workers Fund, dedicating \$100k+ in Human Capital and making \$1000 grants to 1000's of people across Colorado.

Quarterly meetings to distribute funds to social impact ventures and nonprofits; provides opportunity to **leverage DAF dollars & provide funding to underserved populations**



Education & Leadership

Since 2010, offered **dozens of educational seminars** for SVP Denver partner-members.

In 2019, launched **year-long Service Leadership** program with 10 nonprofit executives.

Thought Leadership and Education around **Social Impact Investing** and **Nonprofit Impact Measurement**

DAF Holder Example

- Our DAF is administered through The Denver Foundation
- Family Participation
 - My three children, wife and I are all advisors on the DAF
 - Each child has an annual budget and the responsibility to donate/invest funds
- Grants
 - Annual contributions to organizations that we passionately support.
 - Colorado Donor Fund (Innovative Pay for Performance Model)
- Impact Investments
 - Funded through SVP SIIG. For example,
 - Hands of the Carpenter (loan for real estate purchase)
 - Achroma (equity stake as angel investor)
 - WorkLife Partnership (loan to fund small dollar loan program)

WorkLife believes prosperity is possible for everyone through work.



- We aim to help frontline workers overcome those challenges which threaten their ability to maintain work.
- We are a national organization.
- Our **Small Dollar Emergency Loan** program is a pilot in Colorado and a tool we use to help **frontline, lower wage workers** when they encounter an unexpected expense or experience a budget shortfall.

We saw a need in 2018

- Money is a more frequent concern than work, family, or health issues.
- Incessant worry about money is associated with poorer health, lower levels of happiness and increased social isolation.
- Financial woes have been negatively associated with cognitive function and the ability to make good decisions.
- Studies consistently demonstrate that as people become distracted by financial concerns their work performance falters putting their financial situation at further risk.

SOURCE: *The Cost of Financial Precarity*, Stanford Social Innovation Review, Spring 2019

OUR LOAN PROGRAM GOAL:

Provide a lifeline to employees for whom a small loan will help prevent a larger, compounding problem.

Help a population with more limited access to traditional lending begin to build credit.



How it works on our end

- Three different investors (Kenneth King Foundation, The Denver Foundation, SVP Denver SIIG)
- All 3%
- All 24 months payback
- A separate account where loans get written
- Devoted staff member

Unique to Colorado, EMPLOYERS PAY

- Employers invest a small fee (\$9000) to provide access to the loan product to employees
- Employees are eligible to borrow after 12 months of employment
- Loans between \$400-\$1000 to cover an emergency, unaffordable expense
- Repayment in 12 months via payroll deduction
- We charge 18% interest rate per proven success
- Wrap around support from WorkLife Resource Navigator
- Optional access to financial coaching
- Simple online applications

Making a difference without defaults!

- 91 loans
- \$88K
- 1 default- contracted COVID
- Decrease financial stress
- Improve credit score (later)

Took time, even with proven success

- Tried and failed in 2017 with partnership with a credit union (per partnership backing by Filene Research Institute)
- Back at drawing table – what worked, where, and why? How could we make this sustainable?
 - 9-month Research & Design effort
 - Found a partnership in the Community Loan Center through our mutual funder, Annie E Casey and had to negotiate terms to white label the product- took about a year
 - Used funder as leverage between us- helped push with board
- Had to think about run-way needed to get off and running- USED A GRANT
- LAUNCH was biggest inflection point

COVID-19 worsens financial precarity with a renewed focus on getting back to work

Families already teetering on the brink of financial precarity have toppled in the face of reduced hours, furloughs, and lay offs.

- Housing expenses
- Childcare needs
- Technology
- Utility Assistance
- All with a financial undercurrent



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