

HOW-TO INSTRUCTIONS & USER INSTRUCTIONS

Community Foundation Source of Funds Calculator

How the Calculator is Structured

The “Community Foundation” tab has two parts. The input section is where you describe how your foundation actually operates today. The scenario section shows what happens when you activate different impact-investing mechanisms over a 10-year horizon. Please note that the inputs section may not fully reflect every community foundation’s structure, as operating models vary widely across the field of community philanthropy. The inputs are designed to capture the basics that apply broadly - how your assets are held, the amount of annual fundraising and donor engagement bringing in new money, the current breakdown of restricted and unrestricted sources, and a general fee rate. Get close on the numbers, and the model will tell you something useful, even if your structure does not match the defaults perfectly.

Grounding the Model in Your Current Reality

The inputs are grouped to mirror how a community foundation actually thinks about its asset base.

How Assets are Held

- **Starting AUM:** Your current total under management in millions.
- **Asset Composition:** The three sliders must add to 100%. Board-designated and undesignated funds (e.g., community leadership field-of-interest funds) are the unrestricted side. Donor restricted captures DAFs, designated funds, agency funds, and scholarship funds.

Fundraising & Donor Engagement

- **New Gifts to Discretionary Funds.** How much fresh, unrestricted money you bring in each year through annual fundraising, bequests, and field of interest gifts that flow to the board's discretion.
- **New Gifts to Donor Restricted Funds.** The much larger flow into DAFs and similar vehicles. This is usually the bulk of new money landing at a CF.
- **Annual Grant Payout from Donor Restricted Funds.** How fast donors push money back out as grants.

The Main Pool & Fees

- **Percent of Total AUM in the Main Pool:** How much of your asset base sits inside the foundation's internally managed pool? Separately managed accounts externally advised DAFs, and other carve-outs sit outside the reach of the main pool decision.
- **Average Fund Fee on Donor Restricted Funds.** Your general fee rate, expressed as a percentage or basis points. This drives operating revenue and shapes how fast the foundation can build out its discretionary capacity.

The Scenario Modeling

The two checkboxes at the bottom of the input section enable impact-investing mechanism scenario modeling. They turn on different source of funds mechanisms and show what each one does to capital mobilization, fee income, and discretionary capital growth. It’s important to note that these mechanisms are not mutually exclusive. Community foundations can and do create both local impact investing asset allocations and opt-in donor investment pools. For community foundations with a challenging asset base,

limited staff capacity, or a community leadership culture still finding its footing in local impact investing, it can be useful to consider an optimal starting point rather than launching everything at once.

Impact Allocation in the Main Pool

The board reallocates a slice of the main pool to local impact-first investments. Because the main pool holds the bulk of foundation AUM, this is the broadest lever in the model. One board-level policy decision touches every fund participating in the pool. No individual donor conversations are required to capitalize this strategy.

Separate Opt-In Pool

The foundation establishes a parallel pool that fundholders can join voluntarily. For scenario modeling, you will determine the 10-year target size, such as the amount of donor-directed investment capital expected to flow into this pool, as well as any additional donor fee charged for this service. To keep things simple, the calculator assumes that 20% of the total target pool is deployed each year over five years, and the principal is recycled after initial full deployment for another five-year period. This mechanism can be effective for community foundations with large separately managed funds but capitalization depends on effective outreach, clear value-proposition messaging, and willful fundholder participation.

Interpreting the Outputs

Hard-Coded Calculator Assumptions: Investment returns are set at 7% annually, in line with the Council on Foundations' 10-year average for community foundations through 2024. Discretionary grants run at 5% of the board-designated capital each year. Main pool local allocations are deployed over 5 years and recycled on a rolling basis. The opt-in pool ramps at 20% of the target annually and recycles after a 5-year hold.

Portfolio Trajectory

This calculates the foundation's AUM growth over 10 years with 7% returns layered on top of your fundraising and payout flows. This figure can serve as a useful "sanity check" for community foundations trying to persuade skeptical finance staff, board members, or investment committee members.

Mission Capital Deployed

- **Discretionary Grants:** 5% of the board-designated capital is paid out annually.
- **Local Investing from the Main Pool:** The percent of AUM reallocated to the local investing asset class, deployed over 5 years, and recycled on a rolling basis.
- **Local Investing from the Opt-In Pool:** The target pool amount, deployed annually at a rate of 20% for five years, and recycled after initial full deployment for another five-year period.
- **Total Mission Capital Mobilized:** The headline number. Discretionary grants plus all local investing.

Operating Context

Annual percent of assets working for local impact, the cumulative additional fee income from the opt-in pool, and the growth rate of your discretionary capital tools. Together, they show whether the strategy is also building staff capacity and a stronger discretionary base over time.

Choosing a Starting Point & Considering Each Mechanism's Merits

A simple sequence works well when you are preparing for a board or investment committee conversation.

- **Baseline:** Run the model with no impact strategies enabled. Note the Total Mission Capital Mobilized number and what share of AUM it represents.

Disclaimer: The Source of Funds Calculator is an open-source visualization tool developed by the Georgia Social Impact Collaborative (GSIC) for educational purposes only. It does not constitute legal or investment advice. Calculator logic and assumptions are noted below, and community foundation boards should consult appropriate legal and investment advisory resources when modifying Investment Policy Statements (IPS).

- **Main Pool Asset Allocation Only:** Move the allocation from 1-10 % and see how the headline number scales with a single policy decision. Many community foundations are allocating 3-5% of the main investment pool.
- **Opt-In Pool Only:** Test target sizes and the additional donor fee. Find where the fee income starts to cover additional resources, whether new staff positions or external consultants and advisors, needed to run an effective local investing program.
- **Both Together:** Enable both an asset allocation strategy and a donor opt-in pool. Usually, this is the most ambitious reflection of a long-term, whole-foundation approach to activating more investment capital for mission and community impact.
- **Shift the Asset Composition:** Try a higher board-designated share to see how a stronger discretionary base affects long-term capacity.