



FUNDING NONPROFIT ENDOWMENTS:

Foundation Perspectives and Practices



THE CENTER FOR
EFFECTIVE PHILANTHROPY

FUNDING NONPROFIT ENDOWMENTS: Foundation Perspectives and Practices

AUTHORS

Elisha Smith Arrillaga, Ph.D.; Christina Im; and Emily Yang

PROJECT TEAM

Elisha Smith Arrillaga, Ph.D.; Ellie Buteau, Ph.D.; Seara Grundhoefer; Christina Im; and Emily Yang

FOR MORE INFORMATION, CONTACT

Emily Yang
Analyst, Research
(415) 645-5354
emilyy@cep.org

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INTRODUCTION

Traditionally, endowment funding has been received by wealthy and well-established nonprofit institutions. This can often be in recognition of a donor's relationship with an organization — for example, an alumnus and an institution of higher education.¹ Recent advocacy by Bridgespan² and others in the philanthropic space³ highlights ways for foundations to give to nonprofit endowments as part of an equity advancement strategy. This advocacy also recognizes endowments as opportunities to build financial stability for nonprofit organizations, especially for those that may not have been endowment candidates in the past. Through research, we at the Center for Effective Philanthropy (CEP) aim to gain a better understanding of how common it is for foundations to support nonprofit endowments, how decisions about endowment grantmaking are made, and what implications there may be for advancing equity through this type of grantmaking.

Endowment funds are most often used to establish a long-term, steady source of funding for nonprofit organizations.⁴ In this study, we define endowments as funds to be kept permanently and invested to provide continued support to the nonprofit organization or support for a designated purpose. Research has found that nonprofit organizations with endowments are shown to grow more quickly in assets, revenues, contributions, and expenses, and tend to be significantly larger, older, employ more people, and have more volunteers.⁵ While endowments are seen as a tool to build financial diversity and organizational resilience, there are some critiques of the approach, including that endowments often restrict the bulk of funds so they can't be used for immediate needs⁶ and that endowments can be a complex grantmaking tool to understand and implement.⁷

In recent years, the conversation about endowments as an equity approach has received more attention in philanthropy.⁸ Endowments for nonprofit organizations led by people of color are nearly four times smaller than those of white-led organizations, and their average percentage of revenue is less than half.⁹ “An endowment is not just a gift of money; it's also a transfer of power,” argue Bridgespan's William Foster and Darren Isom, “that makes endowments the ultimate form of trust-based philanthropy.”¹⁰ Similarly, the Schott Foundation for Public

¹ Liam Knox, “Higher Ed Charitable Giving Up by Double Digits,” *Inside Higher Ed*, February 14, 2023, <https://www.insidehighered.com/news/2023/02/15/donations-higher-ed-had-biggest-boost-20-years>.

² William Foster and Darren Isom, “Endow Black-Led Nonprofits,” *Stanford Social Innovation Review*, Winter 2022, https://ssir.org/articles/entry/endow_black_led_nonprofits.

³ John H. Jackson, “Evolving Trust-Based Philanthropy for Racial Justice,” *Stanford Social Innovation Review*, August 16, 2022, https://ssir.org/articles/entry/evolving_trustbased_philanthropy_for_racial_justice.

⁴ Thad Calabrese and Todd Ely, “Understanding and Measuring Endowment in Public Charities,” *Nonprofit and Voluntary Sector Quarterly* 46, no. 4 (2017): 859–873, <https://journals.sagepub.com/doi/10.1177/0899764017703712>.

⁵ Andrew W. Lo, Egor Matveyev, and Stefan Zeume, “The Risk, Reward, and Asset Allocation of Nonprofit Endowment Funds,” MIT Sloan Research Paper No. 6163-20, November 1, 2019, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3560240.

⁶ Sloan Smith, “Is an Endowment the Right Solution for a Non-Profit Organization?” LinkedIn, May 16, 2023, <https://www.linkedin.com/pulse/endowment-right-solution-non-profit-organization/>.

⁷ Dione Alexander, “The Truth About Endowments,” *The Chronicle of Philanthropy*, May 1, 2012, <https://www.philanthropy.com/article/the-truth-about-endowments>; Kristine Ensor, “Understanding Nonprofit Endowment: All You Need to Know,” Donorbox, December 5, 2023, <https://donorbox.org/nonprofit-blog/nonprofit-endowment>.

⁸ One example is Bridgespan's newly published case study on the Robert Wood Johnson Foundation's approach of funding nonprofit endowments to advance equity. Darren Isom, Jasmine Reliford, Cora Daniels, and Lyell Sakaue, “Endowment Funding as a Grantmaking Tool: The Robert Wood Johnson Foundation Approach,” The Bridgespan Group, March 26, 2024, <https://www.bridgespan.org/insights/endowment-funding-as-a-grantmaking-tool>.

⁹ William Foster and Darren Isom, “Endow Black-Led Nonprofits,” *Stanford Social Innovation Review*, Winter, 2022, https://ssir.org/articles/entry/endow_black_led_nonprofits.

¹⁰ Ibid.

Education’s president and CEO, John Jackson, draws attention to the fact that while “most institutional foundations are funded through endowments,” when it comes to the nonprofits they work with, foundations “haven’t taken the strategic step to provide them with the same level of sustainable funding — the same level of power.”¹¹

Although some organizations in philanthropy have detailed the strengths and drawbacks of endowment funding, little is currently known about the degree to which foundations are funding nonprofit endowments, particularly those not at larger institutions, such as colleges and universities, hospitals, and museums. We hope that this study can help build an understanding of how prevalent endowment grants to nonprofits are and attitudes on their use, including the role endowments can play in promoting equity and how endowments fit within the broader array of grantmaking tools available to funders.

This research was designed to answer the following questions:

- ▶ How common is it for foundations to award grants to nonprofit endowments?
- ▶ What are foundations that make endowment grants to nonprofits trying to accomplish with their funding, and what are the criteria used to determine whom to grant to in this manner?
- ▶ What do foundation leaders see as the barriers to contributing to nonprofit endowments?
- ▶ Are grants to nonprofit endowments considered to be part of a strategy to promote racial equity (and other forms of equity related to gender, LGBTQ identity, and disability status)? Why or why not?

The findings in this report are based on:

- ▶ Responses from 283 foundations to our survey fielded from September to November 2023 (see Table 1), resulting in a 34 percent response rate. See Appendix A for survey methodology and Appendix B for demographic information about survey respondents.
- ▶ Interviews with 17 foundation leaders who volunteered to be interviewed while taking the survey. See Appendix A for interview methodology and Appendix C for demographic information about interviewees.

Table 1. Survey and Interview Data Collection

Data Source	Timing	Number of Foundations
Survey of foundations	September – November 2023	283
Interviews with foundation leaders	October 2023	17

TERMINOLOGY

After reviewing available literature and seeking input from the Robert Wood Johnson Foundation, we have chosen to use the following definitions for endowments and reserves in the survey and interviews for this research.

Endowments: Funds to be kept permanently and invested to provide continued support to the nonprofit organization or support for a designated purpose.

Reserves: Funds that the nonprofit organization’s board may spend down under certain circumstances.

¹¹ John H. Jackson, “Evolving Trust-Based Philanthropy for Racial Justice,” *Stanford Social Innovation Review*, August 16, 2022, https://ssir.org/articles/entry/evolving_trustbased_philanthropy_for_racial_justice.

KEY FINDINGS

1 Just under a third of foundations provide endowment grants, and these grants represent a small fraction of their giving.

2 The majority of foundations that fund nonprofit endowments make those grants to arts or direct service organizations, and most use an existing relationship with the organization as a criterion for funding. Advancing equity is not the primary consideration for most foundations that fund nonprofit endowments.

3 Among foundations that are not currently funding nonprofit endowments, few plan to do so in the future, most often because they do not see endowment grantmaking as aligned with their mission, funding strategy, or size.

1

FINDING ONE: PREVALENCE OF NONPROFIT ENDOWMENT FUNDING

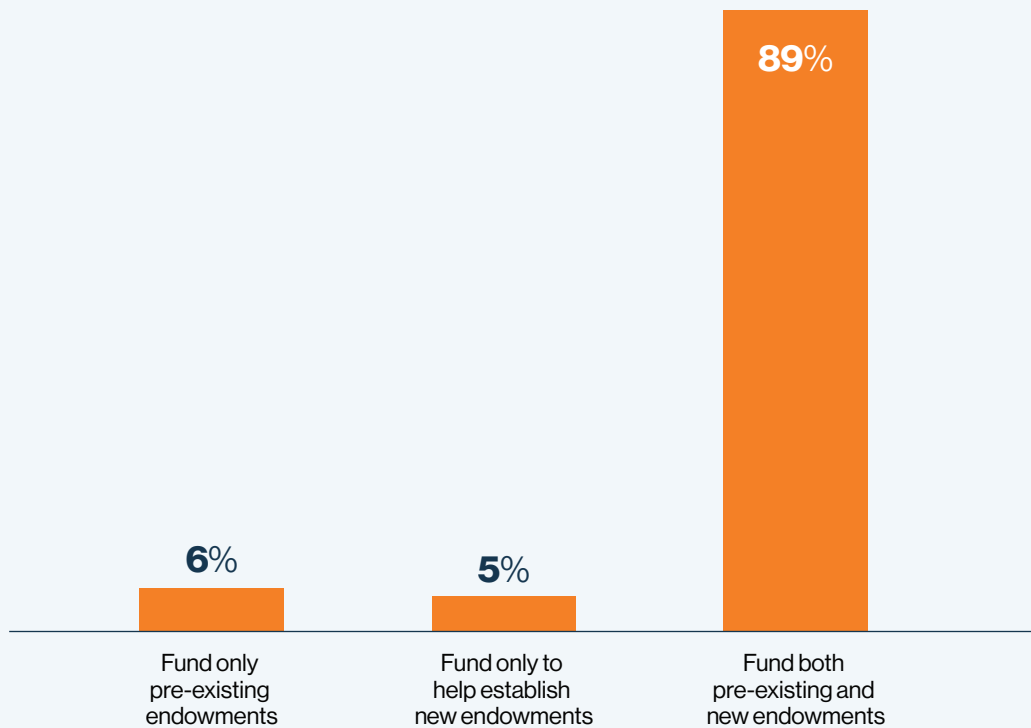
Just under a third of foundations provide endowment grants, and these grants represent a small fraction of their giving.

Fewer than a third of foundations report funding nonprofit endowments (see Table 2).¹² Among foundations that fund nonprofit endowments, most report funding both existing and new endowments (see Figure 1). “We can keep funding nonprofit organizations year by year, but if you really also believe and want to set up an institution for the long term such that no matter who comes next, they are just anchors in the community, for us there’s no other way than the endowment,” explains one foundation leader.

Table 2. Percent of Foundations That Fund Nonprofit Endowments (N=283)

Funding Nonprofit Endowments	Percent of Foundations
Foundations funding nonprofit endowments	31%
Foundations not funding nonprofit endowments	69%

FIGURE 1. Foundations Funding New or Established Endowments (N=83)



There are no meaningful differences between foundations that fund nonprofit endowments and those that do not by foundation asset size, foundation annual giving, foundation location, or geographic focus of grantmaking. There are also no differences between these two groups in terms of respondents’ personal characteristics, such as tenure, prior experience as a grantee, person of color identity, or gender.¹³

¹² Among the foundations in this study that fund nonprofit endowments, 3 percent report that they fund endowments only at colleges or universities.

¹³ None of these analyses met our threshold for statistical significance (p-value ≤ 0.05). See Table 5 in Appendix A for more information.

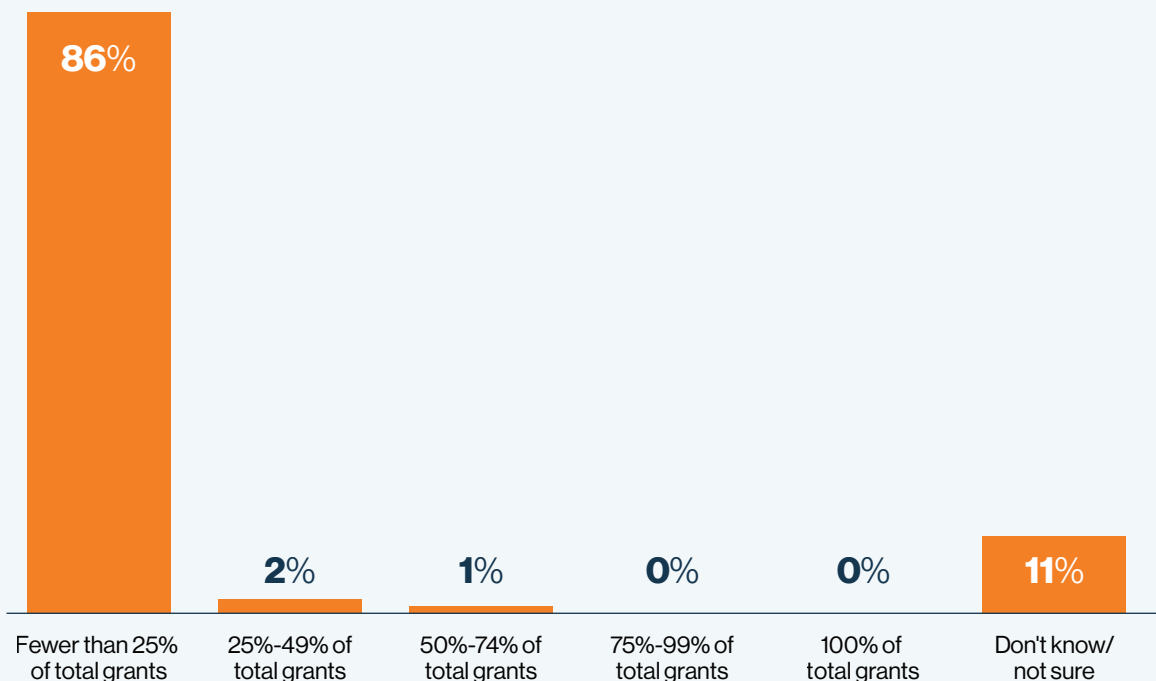
In interviews, leaders of foundations that currently fund nonprofit endowments shared stories of successes and challenges they have experienced with endowment giving. One example of a perceived challenge is investing in the knowledge needed to understand endowments. “When you’re dealing with attorneys, accountants, and financial advisers, there can be a mismatch between the level of sophistication of their planning techniques and that of our foundation or beneficiary charities,” one funder remarks. “It’s required us to invest in some additional training for our foundation team and other resources.” Foundations also reference the great potential of endowment grantmaking. “It’s about allowing folks to shoot a little higher, go a little bigger, because they’re not so worried about — what if this isn’t there tomorrow,” one leader describes. “One example is a free clinic. Several years ago, they provided primary care; now they provide primary care, oral health care, women’s care, mental health care, and have expanded to be a medical home for the population.”

“If you really also believe and want to set up an institution for the long term such that no matter who comes next, they are just anchors in the community, for us there’s no other way than the endowment.”

FOUNDATION RESOURCES DEDICATED TO NONPROFIT ENDOWMENT GRANTMAKING

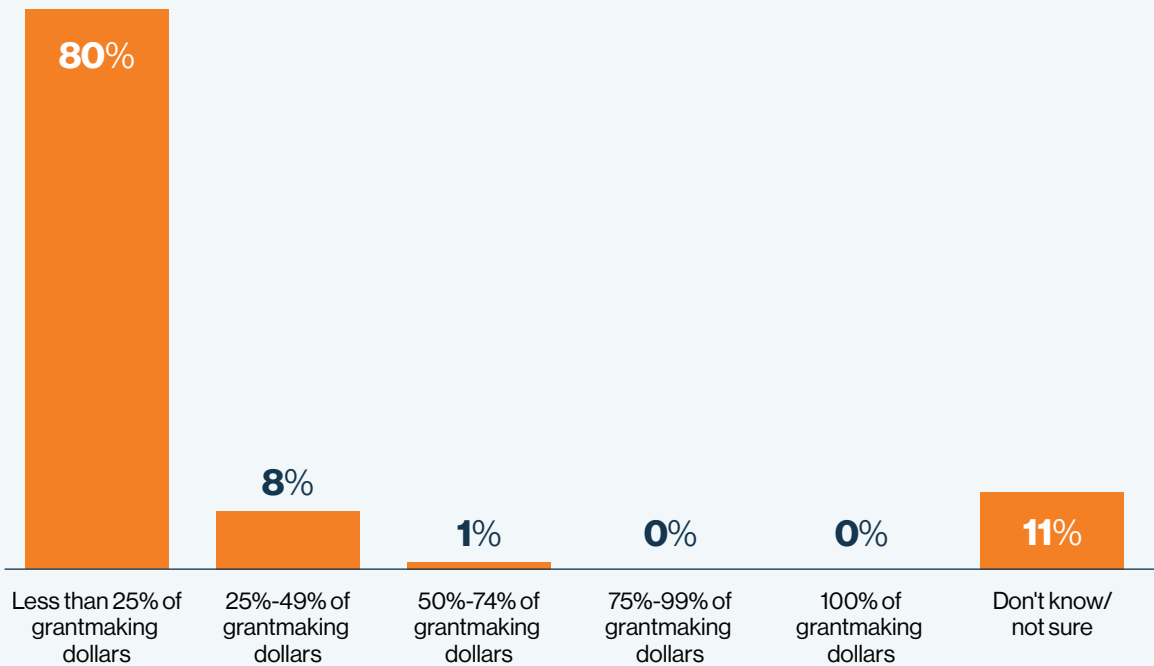
For most foundations that fund nonprofit endowments, endowment grants represent a relatively small percentage of the total number of grants the foundation makes. In fact, 86 percent of foundations that fund nonprofit endowments dedicate less than a quarter of the total number of their grants to this strategy (see Figure 2).

FIGURE 2. Percent of Foundation Grants Made to Endowments (N=86)



A similar pattern emerges when looking at foundations’ annual grantmaking dollars. Of foundations that make nonprofit endowment grants, 80 percent dedicate less than a quarter of their grantmaking dollars to this type of grantmaking (see Figure 3), another indication that nonprofit endowment funding makes up a small proportion of foundations’ overall grantmaking.

FIGURE 3. Percent of Annual Grantmaking Dollars Foundations Spend on Nonprofit Endowments (N=86)



RELATIONSHIP BETWEEN NONPROFIT ENDOWMENT FUNDING AND OTHER TYPES OF FOUNDATION SUPPORT

Leaders whose foundations provide nonprofit endowment funding typically report that recipients of endowment grants also receive other types of support. “In my experience, we don’t look for endowment investments or for social venture investments,” one leader said. “We look for good organizations, serving a population of folks that we’re interested in helping support, with really strong leadership. The last thing we probably think about during our conversation is what kind of funding we’re going to give them.”

Foundations that fund nonprofit endowments are also more likely to fund nonprofit reserves. While just under a third of respondents overall report funding nonprofit reserves, that percentage increases to just over half among foundations that also fund nonprofit endowments. “We’ve done reserve funding for organizations that we think need cushion during times of transition,” one foundation leader explained. “Endowments tend to be for the more financially strong organizations that require ongoing, consistent funding.”

COMMUNITY FOUNDATIONS AND NONPROFIT ENDOWMENTS

Community foundations are slightly more likely than private foundations to fund nonprofit endowments.¹⁴ The following are excerpts from interviews with community foundation leaders about their nonprofit endowment funding practices.

One leader describes how their community foundation gives funding to establish new endowments at nonprofits.

We decided that we would create an endowment partners program, where we would initially pay for some kind of planning work for the organizations, and then teach them how to start and grow a nonprofit agency endowment fund that we would hold and manage and invest for their benefit, and to do it through outright and planned gifts. Now we have a number of organizations that have gone through that program, and their endowment portfolios are growing, which helps them have a sense of how close they are to sustainability or not.

Another community foundation leader describes how nonprofit endowment funding represents an opportunity to deepen donors' engagement with grantees.

We try to tie things like donors' planned giving into nonprofit endowments. The misnomer we hear a lot is we don't want to cannibalize our donors, but research has shown that those who make a planned gift thinking about the long term actually give more money in the future, because you're more engaged in the mission of the organization. So, there's a lot of fear out there when you start talking about long-term endowments and planned gifts, but the bottom line is, you're actually getting a more loyal donor when you get them to commit to that.

¹⁴ This statistically significant difference (p -value ≤ 0.05) is of a small effect size. Community foundations were slightly more likely than private foundations to respond to the survey (p -value ≤ 0.05 , small effect size). Examining why this difference exists represents an area for future research.



2

FINDING TWO: WHO RECEIVES NONPROFIT ENDOWMENT FUNDING

The majority of foundations that fund nonprofit endowments make those grants to arts or direct service organizations, and most use an existing relationship with the organization as a criterion for funding. Advancing equity is not the primary consideration for most foundations that fund nonprofit endowments.

More than half of foundations that fund nonprofit endowments do so for museums and performing arts organizations (see Figure 4). A similar proportion make endowment grants to direct service organizations. Thirty-nine percent report making endowment grants to colleges or universities. “Arts and culture organizations are the easiest to talk about for why we do endowments, since they are larger, significant institutions,” says one foundation leader about the recipients of their endowment funds. “We also helped a nonprofit start an endowment for a hospice house for the homeless. That organization has evolved to a multi-service organization that treats homeless folks with extraordinary dignity, and it’s something that we are very proud of.”

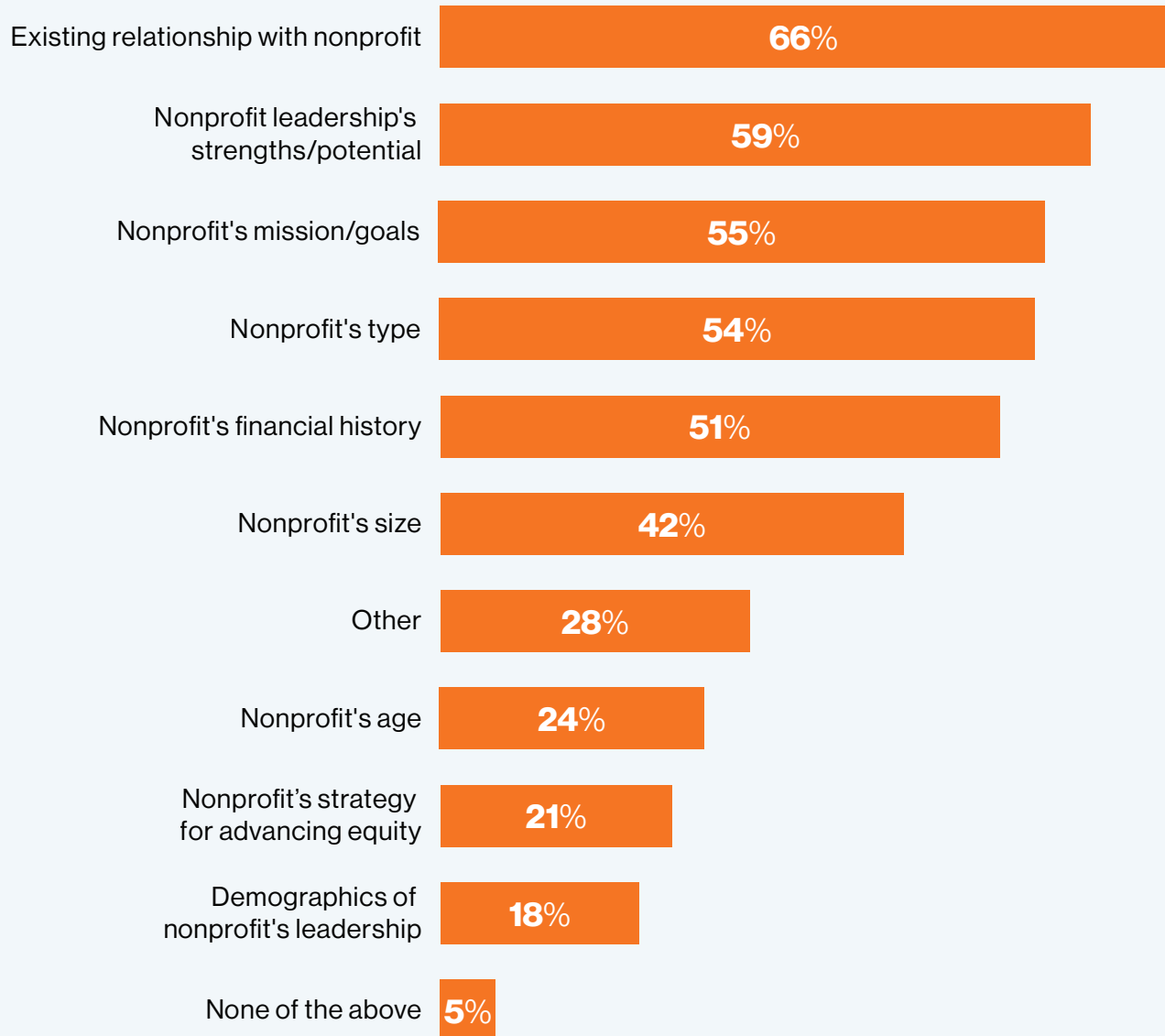
FIGURE 4. Types of Organizations That Receive Endowment Funding (N=80)



HOW FOUNDATIONS ALLOCATE NONPROFIT ENDOWMENT FUNDING

Two-thirds of foundations that fund nonprofit endowments use their existing relationship with the nonprofit organization as a criterion for funding. The majority of foundations also consider the strengths and potential of the organization's leadership, the organization's mission and goals, the type of organization, and the organization's financial history (see Figure 5).

FIGURE 5. Criteria Used by Foundations To Select Grantees for Endowment Funding (N=82)



One leader encourages foundation peers to reflect on potential biases when selecting nonprofit organizations to receive endowment funding: “What’s important is putting thought into which organizations philanthropy deem to be ready for endowments, and who we exclude from that. We should be really careful about how we

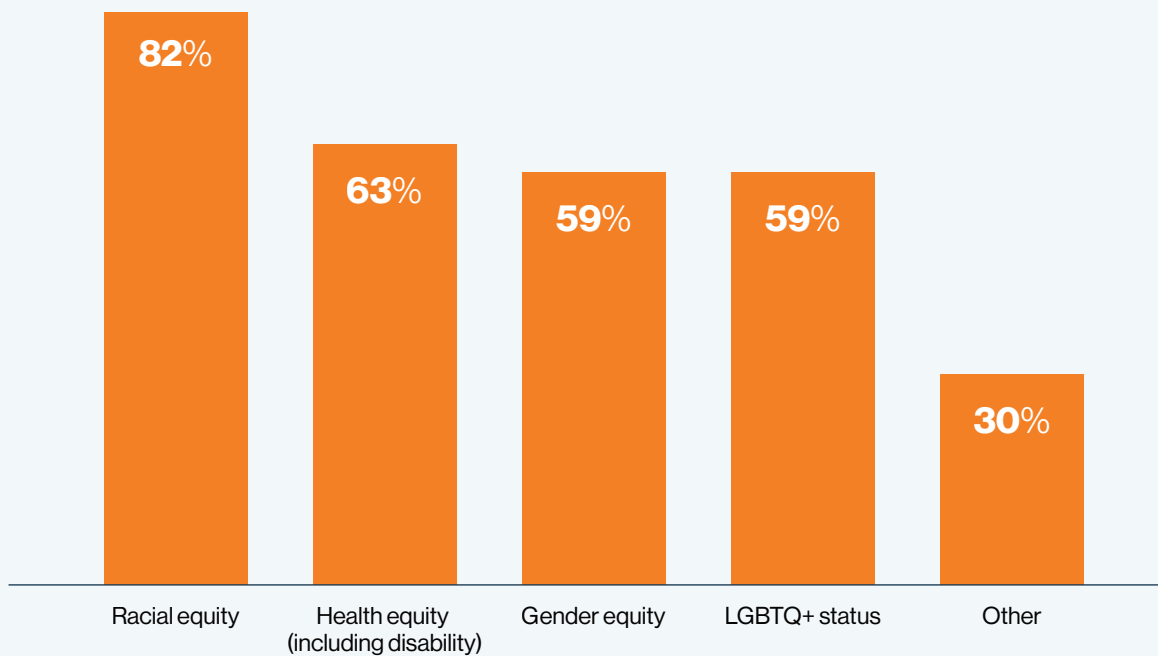
assign risk, deservedness, and worth, and the proxies for who's best equipped to handle this money. Just because an organization has staff with Ph.D.s or business degrees doesn't mean that they are going to be any better at managing an endowment than an organization that has less of those qualifications."

"We should be really careful about how we assign risk, deservedness, and worth, and the proxies for who's best equipped to handle this money."

FUNDING NONPROFIT ENDOWMENTS TO ADVANCE EQUITY

Among foundations that fund nonprofit endowments, only a third identify advancing equity as a primary consideration. Leaders who see nonprofit endowment funding as an equity strategy most often report considering racial equity when making decisions about endowment grants (see Figure 6).

FIGURE 6. Types of Equity Foundations Consider When Funding Endowments (N=27)



Over a third of foundations that see advancing equity as a primary consideration in their endowment grantmaking provide this funding to grassroots organizations.¹⁵ In comparison, among endowment-granting foundations as a whole, fewer than a quarter fund endowments at grassroots organizations (see Figure 7). These funds to grassroots organizations may go on to support people taking collective action to address issues directly affecting them and their communities.¹⁶

FIGURE 7. Proportion of Foundations That Fund Endowments at Grassroots Organizations



Foundations with some diversity among board members are more likely to point to advancing equity as a primary consideration in the foundation’s decision to fund nonprofit endowments. They are also more likely to say that the nonprofit organization’s strategy for advancing equity is used to decide whether to fund the organization’s endowment.¹⁷ Similarly, foundations led by people of color are more likely to name a nonprofit organization’s strategy for advancing equity as a criterion for endowment grantmaking decisions.¹⁸ “Equity is the fundamental, the unifying thing, but I think it also should be tailored to the needs of the particular region and the communities that you’re really serving,” said one leader about funding nonprofit endowments.

¹⁵ A definition of a grassroots organization was not provided in the survey.

¹⁶ Hilal Baykara, “Funding the Frontlines: The Value of Supporting Grassroots Organizing,” *Philanthropy News Digest*, August 25, 2016, <https://philanthropynewsdigest.org/features/commentary-and-opinion/funding-the-frontlines-the-value-of-supporting-grassroots-organizing>.

¹⁷ Statistically significant differences (p-value ≤ 0.05) are found when at least one member of the foundation’s board identifies as LGBTQ+ or as a person of color. Additionally, foundations for which at least one board member has a disability or at least one board member identifies as a person of color are more likely to name the demographics of a nonprofit organization’s leadership as a criterion for endowment funding, another statistically significant difference (p-value ≤ 0.05).

¹⁸ Result is statistically significant (p-value ≤ 0.01).

THE PROCESS OF FUNDING NONPROFIT ENDOWMENTS

One foundation leverages existing relationships with nonprofit leaders to engage the foundation's board on endowment grantmaking decisions.

If we're talking about a substantial investment in endowment or long-sustaining funding for an organization, that is a relationship that's built over time, one where we are talking with them about what it is that they're trying to accomplish, and it's a strategic conversation about how we're going to work together. So, for a nonprofit endowment that we just recently contributed to, that was a meeting with the leadership of the organization, and we've had a partnership with them for eight years. After talking with them about what they were trying to accomplish, I talked with my board, and that was a pretty easy decision for them to make.

Another endowment-granting foundation provides additional funding support during periods when grantees are undertaking endowment fundraising.

When we see momentum, we get super excited about helping grantee organizations gain traction. If they're going to launch an endowment campaign, we give additional grant funding to help offset some of their programmatic costs. When you're launching a big endowment campaign, you want your major donors to embrace that campaign, because that's where you're going to get the fastest return on investment, but that means that some people may decrease some of their annual giving for a while after that major gift. And so you have to supplement so that the nonprofit can sustain their programming and attract these other funds. I think the most successful endowments that we've really helped and the ones that have grown the fastest and had the most impact, it's a partnership. It's a partnership between understanding what they're going to ask, what the impact might be to some of those long programs, and then helping: Can we grant to those other programs while they're doing this work?

INTERVIEWS WITH FOUNDATION LEADERS

Based on CEP's interviews, no two foundations are alike in their approach to endowment grantmaking. Leaders cite an array of characteristics for what makes a nonprofit an ideal endowment candidate, how their foundation began funding nonprofit endowments, and how they consider endowments in relation to the foundation's other grantmaking. Out of ten interviews conducted with leaders of foundations that fund nonprofit endowments, the following topics were mentioned by six or more interviewees:

- ▶ Part of the foundation's rationale for funding nonprofit endowments is supporting the sustainability of grantee organizations.
- ▶ Nonprofit organizations that receive endowment funding are not excluded from receiving other types of support from the foundation.
- ▶ The foundation's board supports the foundation's nonprofit endowment funding strategy.
- ▶ After setting up or contributing to nonprofit endowments, the foundation collects information about how the nonprofit's endowment funds are invested.



A hand with dark nail polish is shown placing a large, smooth, light-colored rock onto a stack of other similar rocks. The background is a blurred, natural setting with more rocks and a sandy or gravelly ground.

3

FINDING THREE: FOUNDATIONS THAT FOCUS ON OTHER APPROACHES

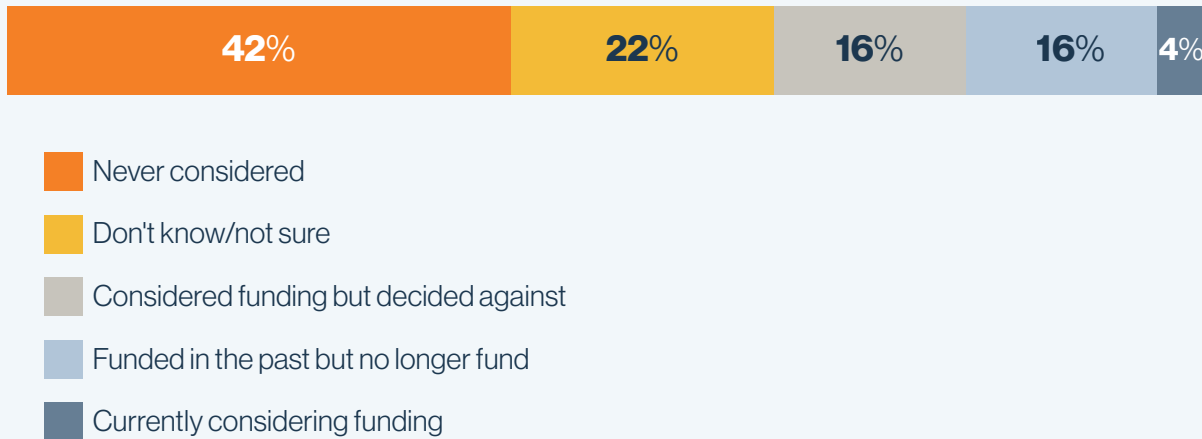
Among foundations that are not currently funding nonprofit endowments, few plan to do so in the future, most often because they do not see endowment grantmaking as aligned with their mission, funding strategy, or size.

Among the 69 percent of foundations that do not fund nonprofit endowments, a majority have not considered or attempted endowment grantmaking. No one reason emerges as a clear barrier; instead, foundations describe specific circumstances under which funding nonprofit endowments does not fit their needs.

DECIDING NOT TO FUND NONPROFIT ENDOWMENTS

More than 40 percent of foundations that do not fund nonprofit endowments have never considered doing so. An additional 32 percent have either considered funding or have funded nonprofit endowments in the past but ultimately decided against funding nonprofit endowments currently (see Figure 8).

FIGURE 8. Whether Foundations That Don't Fund Endowments Ever Considered It
(N=195)



Reasons for not funding nonprofit endowments vary by foundation. Of the foundations that specify their rationale for not funding nonprofit endowments, just over half provide one of the following four reasons: misalignment with the foundation's mission or strategy; preference for funding general operating support; lack of sufficient funds to make endowment grants; or a preference for making grants for urgent issues and immediate impact (see Figure 9).¹⁹ "We received a considerable gift from a family estate, and there is a sense of duty and obligation to steward those resources, as was the wish of the donor," one leader explains. "A big shift for us would be to move away from more immediate impact, recognizing the value of long-term sustainability."

"A big shift for us would be to move away from more immediate impact, recognizing the value of long-term sustainability."

Another leader describes that, "given where the current board is and our current grantmaking strategy, we are

¹⁹ We received 88 responses from foundations to the following two survey questions: "Please describe the reasons your foundation decided against funding nonprofit endowments" and "Please explain why your foundation would not consider funding nonprofit endowments." The four most frequently mentioned reasons for not funding endowments were referenced between 9 and 23 times each.

FIGURE 9. Most Common Reasons for Not Funding Endowments (N=46)

very focused on direct services and program grants in specific areas of interest.”

A smaller number of foundations list other reasons for not funding nonprofit endowments, such as being prohibited from funding nonprofit endowments; the idea that funding nonprofit endowments would be too complex or difficult for the foundation; and the idea that family foundations, spend-down foundations, large foundations, or individual donors are better suited to fund nonprofit endowments. Other rationales include negative past experiences funding nonprofit endowments or the idea that there is more opportunity for money to grow with the foundation than with a nonprofit. “I’d like to see the conversation broadened to more than just, ‘Why don’t foundations fund nonprofit endowments?’” one interviewed leader said. “I think a better way of coming at it is, ‘Why don’t foundations do a better job of funding sustainability?’”

FUNDING NONPROFIT ENDOWMENTS IN THE FUTURE

Of the foundations that have never considered funding nonprofit endowments, only 4 percent report they would consider doing so in the future. Those that would not consider funding nonprofit endowments in the future cite a broad range of reasons, including that the foundation “prefers to support ongoing programs,” “prefers to provide general operating support,” or that “it is not in the foundation’s strategic direction at this time.”

CONCLUSION

Funding nonprofit endowments is not widespread in philanthropy and represents a small fraction of foundations' overall grantmaking efforts. Although a variety of nonprofits receive endowments, organizations focused on arts and education are among the most frequently selected. The majority of foundations that fund endowments use existing relationships with those nonprofits as a selection criterion for endowment grantmaking. Few foundations reported equity as a primary consideration in their decision to fund nonprofit endowments, indicating that currently the use of endowment grantmaking to advance racial equity is not a common approach. Whether its prevalence changes moving forward is a potential area for future research. Among foundations not engaging in endowment grantmaking at this time, few plan to do so in the future. The reasons for this vary, with some foundations citing misalignment with their mission, funding strategy, or size as barriers.

To our knowledge, this research is one of the only attempts to measure the prevalence of — and approaches to — endowment grantmaking among foundations. We hope this work can help inform discussions about endowment grantmaking among foundation staff, leaders, and boards by building understanding about the motivations for, approaches to, and challenges of funding nonprofit endowments. In the words of two foundation leaders:

“If we’re going to be able to do meaningful, lasting change, but nonprofits are worried about how to make payroll next month, you can’t focus your energies in a strategic way. And that’s where an endowment really comes into play.”

“How people communicate about endowments has always been associated with finances and operations. It’s missing that ultimately an endowment is about opportunity. What we’re all trying to do is level the playing field and truly give opportunity and access to more and to all.”

Appendix A: Methodology

The findings presented in this report are based on data collected, analyzed, and interpreted by the Center for Effective Philanthropy. Leaders of 283 foundations completed a survey, and 17 participated in interviews. Information detailing the process for collecting and analyzing the data is below.

Survey Methodology

SURVEY POPULATION

Foundation leaders were invited to participate in a survey examining their current practices and perspectives on funding nonprofit endowments.²⁰ They were eligible for inclusion in this research study if the foundation they worked at:

- ▶ Was based in the United States.
- ▶ Was categorized by Candid's online Foundation Directory or CEP's internal contact management software as an independent, health conversion, corporate, or community foundation.
- ▶ Provided \$5 million or more in annual giving,²¹ according to Candid's online Foundation Directory or CEP's internal contact management software.

Furthermore, to be eligible for inclusion, leaders of eligible foundations must have had:

- ▶ A title of president, CEO, executive director, or equivalent, as identified through the foundation's website, Form 990, or internal CEP staff knowledge.
- ▶ An email address that could be accessed online, such as on the foundation's website, or through internal CEP records.

SURVEY RESPONSE RATE

In September 2023, CEP invited 832 foundation leaders via email to participate in the survey.²² Completed surveys, defined as having at least 80 percent of the core questions answered, were received from 283 foundation leaders (see Table 3). No partially completed surveys, defined as having at least 50 percent of the core questions answered, were received. We did not provide any incentives, financial or otherwise, in exchange for the completion of the survey.

Table 3. Response Rate

Survey Period	Number of Eligible Respondents	Number of Completed Responses	Survey Response Rate
September 19 to November 2, 2023	829	283	34%

²⁰ We did not use a probability methodology to construct this sample.

²¹ According to the most recent available year of financial information in Candid's Foundation Directory or CEP's internal contact management software.

²² While the survey was being fielded, three foundations were removed from the sample, as we were not able to contact their executive directors.

SURVEY ADMINISTRATION

The survey was fielded online during a six-week period in 2023 — September 19 to November 2. Foundation leaders were sent an email a few days before the launch of the survey to introduce them to CEP and this research study.²³ On the survey launch date, participants were sent a brief email that included a description of the study's purpose, a statement of confidentiality, and an individualized link to the survey, so that respondents could complete the survey only once.²⁴ The survey was in English and was administered through Qualtrics. Participants were sent up to 12 reminder emails.

SURVEY RESPONDENT CHARACTERISTICS AND RESPONSE BIAS

Survey respondents represented foundations that varied in type, region, assets, and giving (see Table 4). In the survey, respondents were asked questions about their demographic characteristics (see Appendix B).

We analyzed survey responses to determine whether participants were more likely to answer the survey based on foundation type, asset and giving size, location, and whether they have been a client of CEP. There were no differences based on a foundation's asset size, annual giving amount, or its geographic location within the United States. However, community foundations and former CEP clients were slightly more likely to respond to the survey, and corporate foundations were slightly less likely to respond to the survey.²⁵ Therefore, the data presented here may be slightly more representative of community foundations and foundations that have been CEP clients.²⁶

²³ While foundation CEOs and executive directors were the target audience for this survey, there were cases in which a leader sent the survey to another member of their organization to fill out as their representative.

²⁴ Participants were also informed that a screen reader option was available if needed.

²⁵ These statistical relationships (p-value \leq 0.05) were of a small effect size.

²⁶ The data presented in this report have not been adjusted for response bias.

Table 4. Foundation Characteristics by Responder Status

Foundation Characteristics	Survey Sample	Nonresponders
<i>Type of foundation</i>	<i>N=277</i>	<i>N=547</i>
Private foundation	59%	63%
Community foundation	31%	24%
Corporate foundation	4%	9%
Other	6%	4%
<i>Assets</i>	<i>N=277</i>	<i>N=537</i>
Range	~\$10M to ~\$15B	~\$1M to ~\$55B
Median value	~\$208M	~\$206M
<i>Giving</i>	<i>N=282</i>	<i>N=547</i>
Range	~\$5M to ~\$771M	~\$5M to ~\$4B
Median value	~\$12M	~\$13M
<i>Geographic region</i>	<i>N=282</i>	<i>N=547</i>
Northeast	26%	23%
Midwest	21%	24%
South	27%	32%
West	26%	21%
<i>Relationship with CEP</i>	<i>N=282</i>	<i>N=547</i>
Former CEP client	44%	28%
Not a former CEP client	56%	72%

When survey respondents were compared according to whether or not they fund nonprofit endowments, the only difference identified was that community foundations are slightly more likely to engage in endowment grantmaking than private foundations.²⁷ The percentage of respondents within each variable category is presented in Table 5.

²⁷ This analysis was conducted with p-value threshold of 0.05 and resulted in a small effect size.

Table 5. Proportion of Foundation Respondents by Whether They Fund Nonprofit Endowments

Foundation Characteristics	Funds Nonprofit Endowments	Doesn't Fund Nonprofit Endowments
<i>Foundation type</i>		
Community foundation (N=87)	40%	60%
Private foundation (N=163)	27%	73%
<i>Foundation asset size — median of \$209M</i>		
Below median (N=139)	32%	68%
Above median (N=138)	30%	70%
<i>Foundation giving size — median of \$12M</i>		
Below median (N=141)	33%	67%
Above median (N=141)	30%	70%
<i>Geographic region</i>		
Midwest (N=58)	34%	66%
Northeast (N=74)	27%	73%
South (N=77)	36%	64%
West (N=73)	27%	73%
<i>Tenure</i>		
Less than 3 years (N=61)	34%	66%
3-5 years (N=62)	26%	74%
6-9 years (N=50)	24%	76%
10 or more years (N=102)	33%	67%
<i>Experience as a grantee</i>		
Prior experience as a grantee (N=209)	32%	68%
No prior experience as a grantee (N=66)	24%	76%
<i>Person of color identity</i>		
Identifies as a person of color (N=59)	24%	76%
Does not identify as a person of color (N=206)	31%	69%
<i>Gender</i>		
Identifies as a man (N=98)	30%	70%
Does not identify as a man (N=176)	31%	69%

SURVEY INSTRUMENT

This research was part of a larger study that included other topics. The section of the survey relevant to this report contained 33 items and asked about foundation leader perspectives and practices on funding nonprofit endowments, their foundation's characteristics, and demographic information. All organizations were asked whether they fund nonprofit endowments. For foundations indicating that they fund nonprofit endowments, we also asked about endowment grantmaking practices, grantmaking criteria, and equity considerations. A copy of the survey instrument and interview protocols can be found on our website [here](#).

QUANTITATIVE ANALYSIS OF SURVEY DATA

The unweighted quantitative survey data from foundation leaders were examined using descriptive statistics and chi-square tests. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses. Unless otherwise noted, only analyses with medium or large effect sizes are reported.

QUALITATIVE ANALYSIS OF SURVEY DATA

Thematic and content analyses were conducted on the responses to the open-ended items in the survey.

For each open-ended item with more than 30 responses, codebooks were developed by reading through all responses to identify common themes. Each coder used the codebook when categorizing responses, to ensure consistency and reliability. Using MAXQDA, a software program for qualitative and mixed methods data analysis, one coder coded all responses to the survey question, and a second coder coded 15 percent of those responses. An average interrater reliability (IRR) level of at least 80 percent was achieved for each codebook. Our IRR across items ranged from 81 percent to 98 percent. Several quotations from the open-ended survey responses were included in this report. These quotations were selected to be representative of themes in the data.

Interview Methodology

INTERVIEW POPULATION

The survey included a question asking if the respondent would be willing to participate in a confidential interview with CEP. Of the 113 foundation leaders who volunteered to be interviewed, we randomly selected 33, with a deliberate stratification in terms of whether or not the foundation funds nonprofit endowments. Of those selected, 17 leaders agreed to be interviewed — 10 leaders whose foundations fund nonprofit endowments and seven leaders whose foundations do not fund nonprofit endowments.

INTERVIEWEE FOUNDATION CHARACTERISTICS

The foundation characteristics of interview respondents are represented in Table 6. See Appendix C for respondent demographics.

Table 6. Interviewed Foundation Characteristics

Foundation Characteristics	Interview Sample
<i>Type of foundation (N=17)</i>	
Private foundation	76%
Community foundation	18%
Corporate foundation	0%
Other	6%
<i>Assets (N=17)</i>	
Range	~\$72M to ~\$746M
Median value	~\$223M
<i>Giving (N=17)</i>	
Range	~\$5M to ~\$33M
Median value	~\$10M
<i>Geographic region (N=17)</i>	
Northeast	12%
Midwest	29%
South	24%
West	35%

INTERVIEW PROTOCOL

Separate interview protocols were developed for foundations that did and did not fund nonprofit endowments. Both protocols began with an introductory script describing the purpose of the study and the confidentiality of the conversation. At the start of the conversation, interviewees were asked to provide permission for the interview to be recorded and transcribed. The section of the interview protocol relevant to this report consisted of seven questions for those who fund nonprofit endowments, asking about the interviewees’ perspectives on endowment grantmaking and foundation practices. The interview protocol for those who do not fund nonprofit endowments consisted of five questions and asked about the interviewees’ perspectives on endowment grantmaking.

INTERVIEW ADMINISTRATION

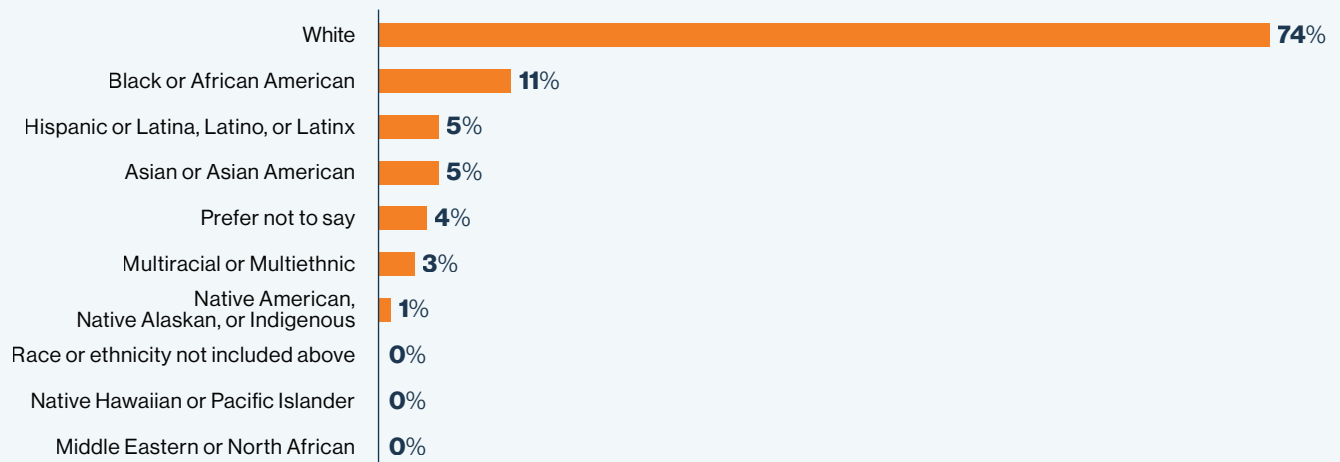
All interviews were completed in October 2023. The 17 foundation interviews were conducted by four CEP staff members. Interviewers discussed the interview process and worked together to establish consistency in style. All interviews lasted up to one hour.

ANALYSIS OF INTERVIEW DATA

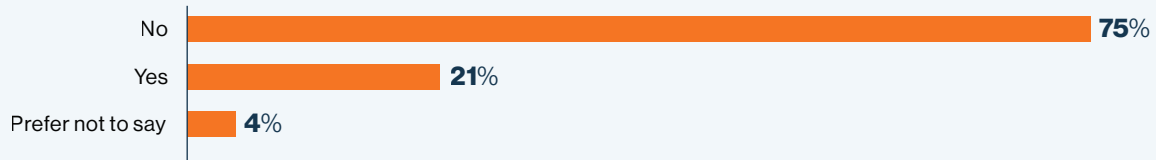
Interview recordings were professionally transcribed. CEP staff categorized and synthesized interviewee responses according to thematic categories. Within some of these themes, more specific subthemes also arose. Quotations that were representative of these themes are included throughout the report.

Appendix B: Survey Respondent Demographics

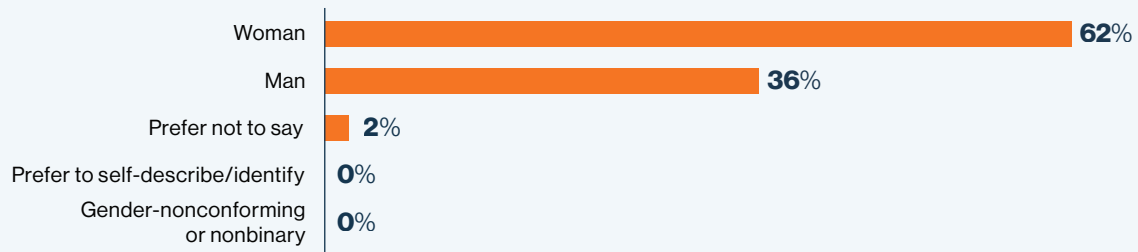
What is your race or ethnicity? (N=274)



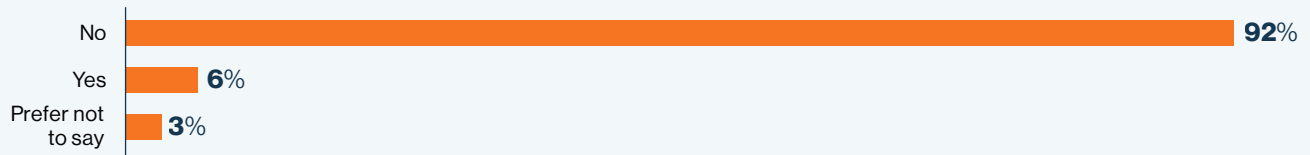
Do you identify as a person of color? (N=275)



How do you describe yourself? (N=274)

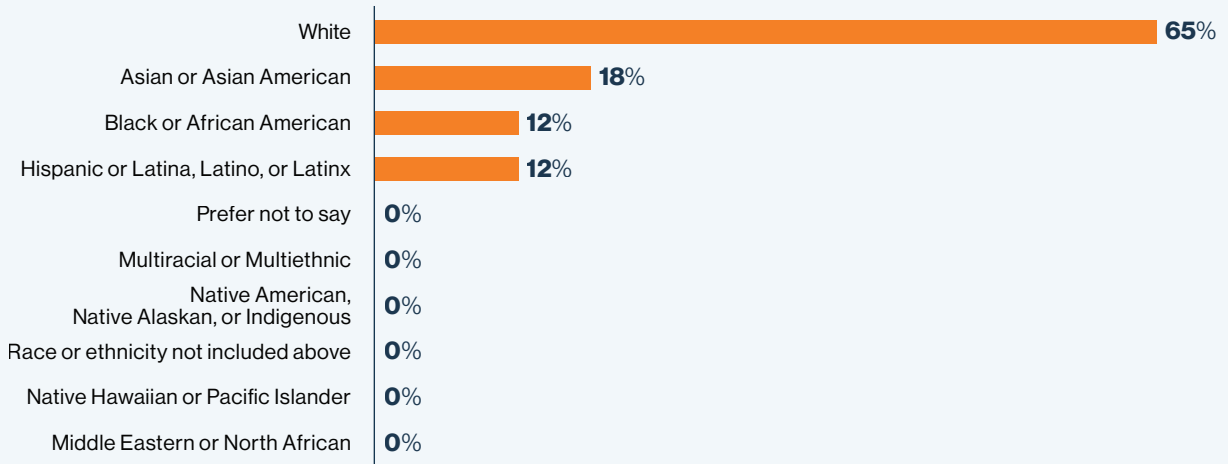


Do you identify as a member of the LGBTQ+ community? (N=273)

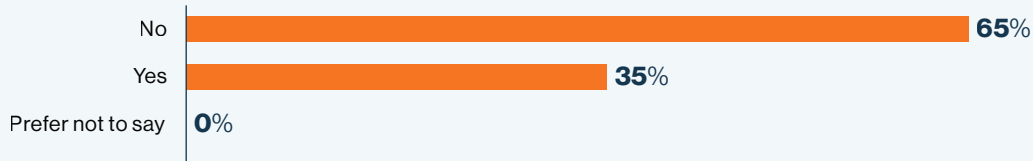


Appendix C: Interviewee Demographics

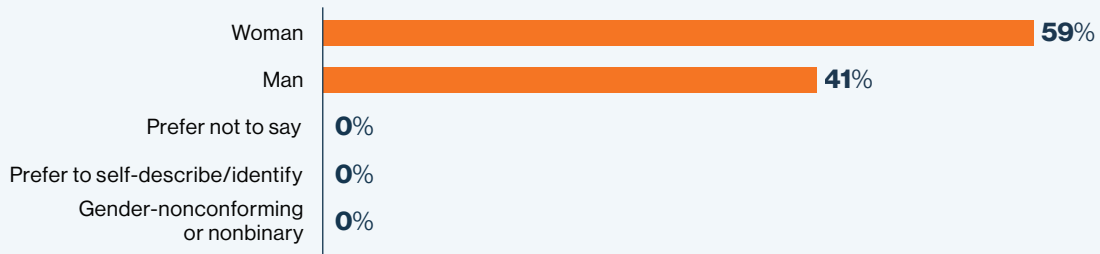
What is your race or ethnicity? (N=17)



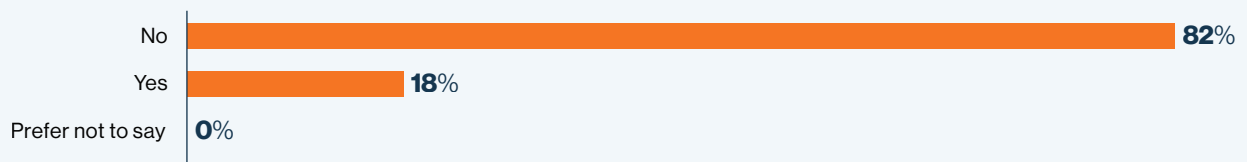
Do you identify as a person of color? (N=17)



How do you describe yourself? (N=17)



Do you identify as a member of the LGBTQ+ community? (N=17)





THE CENTER FOR
EFFECTIVE PHILANTHROPY

675 Massachusetts Avenue
11th Floor
Cambridge, MA 02139
(617) 492-0800

131 Steuart Street
Suite 501
San Francisco, CA 94105
(415) 286-9538

cep.org