Spotlight on Small and Growing Community Foundations: Challenges, Trends, and Opportunities
the IDEA BEHIND cf INSIGHTS IS SIMPLE

What if **EACH** community foundation could know what **ALL** community foundations collectively know?
A Look at Small and Growing Community Foundations

151 CFs w/ assets <$70M reported 2015 data to CF Insights

$3.5 BILLION in Assets

$383 MILLION in Gifts Received

$217 MILLION in Grants to the Community

54% of all community foundations with 2015 data

4.8% representation of reported 2015 assets

4.9% representation of reported 2015 gifts

3.4% representation of reported 2015 grants
Small and Growing Community Foundation Asset Breakdown

<table>
<thead>
<tr>
<th>Asset Range</th>
<th># of Foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;$50M</td>
<td>17</td>
</tr>
<tr>
<td>$30-50M</td>
<td>26</td>
</tr>
<tr>
<td>$20-30M</td>
<td>24</td>
</tr>
<tr>
<td>$10-20M</td>
<td>44</td>
</tr>
<tr>
<td>$5-10M</td>
<td>27</td>
</tr>
<tr>
<td>$1-5M</td>
<td>10</td>
</tr>
<tr>
<td>&lt;$1M</td>
<td>3</td>
</tr>
</tbody>
</table>
2015 Columbus Survey Participants, CFs under $70M in assets

Where are you located?

59,582
Median size of population served

26M
Total population served
Urban and Rural Areas Served

Small and Growing CFs

- Urban: 9%
- Rural: 62%
- Both: 30%

The Field

- Urban: 21%
- Rural: 36%
- Both: 43%
Change in Assets, 2014-2015

Small CFs

- 2014: 0.5%
- 2015: 0.5%

median change in assets

The Field

- 2014: 0.8%
- 2015: 0.8%

median change in assets
Per Capita Gifts and Grants

**Small CFs**
- Gifts: $21.12
- Grants: $13.04

**The Field**
- Gifts: $23.77
- Grants: $17.60

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Endowed Assets and Distribution Rates

Median percentage of endowed assets for smaller CFs: 55%

Median percentage of endowed assets for the field: 87%

Distribution Rate: 4.8%

Distribution Rate: 5.9%
23

Median age in years for small community foundations
We surveyed the field to learn…

- Challenges
- Opportunities
- Obstacles
- Near future developments
70 Survey responses

$23M Median assets

4 Median FTEs
Multiple choice questions

- Not a challenge/strength
- Slight challenge
- Large/persistent challenge

Open-ended questions
Multiple choice questions

1. To what extent do the following statements regarding financial sustainability pose a challenge to your foundation’s overall effectiveness?

2. To what extent do the following statements regarding organizational capacity pose a challenge to your foundation’s overall effectiveness?

3. To what extent do the following statements regarding community leadership and impact pose a challenge to your foundation’s overall effectiveness?
Financial Sustainability
Financial Sustainability – My Foundation…

…faces competition from a larger/more established local donor-driven entity:
- 37% Not a challenge/This is a strength
- 41% Slight challenge
- 13% Large/persistent challenge
- 9% N/A

…needs to enhance its fundraising efforts to bring in more gifts:
- 6% Not a challenge/This is a strength
- 48% Slight challenge
- 46% Large/persistent challenge

…needs to diversify its revenue streams:
- 20% Not a challenge/This is a strength
- 52% Slight challenge
- 28% Large/persistent challenge

…operating costs are high relative to our size:
- 49% Not a challenge/This is a strength
- 36% Slight challenge
- 9% Large/persistent challenge
- 6% N/A
Nearly half identified fundraising as a persistent challenge, and 94% identified this as a challenge in general.

- Are prospective donors aware of your work and are they engaged?
- Is competition for those gift dollars an issue?
- Is a lack of capacity an issue among your staff and board, affecting their ability to engage in fundraising?
Changes in Gifts, 2014-2015

Median gift increase from 2014-2015

Small CFs

4%

The Field

Median gift increase from 2014-2015

7%

Changes in gift totals tend to vary significantly from foundation to foundation, and from year to year
Changes in Gifts, 2014-2015

Small CFs

- Dramatic Decrease: 8%
- Moderate Decrease: 15%
- Neutral: 27%
- Moderate Increase: 18%
- Dramatic Increase: 32%

The Field

- Dramatic Decrease: 7%
- Moderate Decrease: 20%
- Neutral: 18%
- Moderate Increase: 25%
- Dramatic Increase: 30%

Degree of change: Dramatic decrease = -50% or greater; Moderate decrease = -49% - -11%; Neutral = -10% - +10%; Moderate increase = +11% - +49%; Dramatic increase = +50% or greater
Revenue Mix

Small and Growing CFs

- Administrative fees from fund assets: 62%
- Transaction Fees: <1%
- Fees for service for consultation: 1%
- Gifts/Grants for operations: 15%
- Gifts/Grants for programmatic work: 3%
- Real estate revenue: 4%
- Distributions from funds, endowments, or reserves for operations: <1%
- Other Revenue: 1%

The Field

- Administrative fees from fund assets: 68%
- Transaction Fees: <1%
- Fees for service for consultation: 10%
- Gifts/Grants for operations: 4%
- Gifts/Grants for programmatic work: 11%
- Real estate revenue: 4%
- Distributions from funds, endowments, or reserves for operations: <1%
- Other Revenue: 1%

Administrative fees are the main driver of community foundation revenues
Median Operating Expenses as a % of Assets

1.73% Small CFs

Personnel 64%
Non-Personnel 36%

1.34% The Field

Personnel 66%
Non-Personnel 34%

The median operating expense to asset ratio dips below 1% for foundations with more than $250M in assets
Organizational Capacity
Organizational Capacity – My Foundation...

...needs to increase staff or board capacity to meet its goals:

- 13% Not a challenge/
- 60% This is a strength
- 24% Slight challenge
- 3% Large/persistent challenge

...is unable to access/fund the research it needs to make informed grant making decisions:

- 43% Not a challenge/
- 37% This is a strength
- 9% Slight challenge
- 11% Large/persistent challenge

...needs to make better, more efficient use of available capacity building resources:

- 26% Not a challenge/
- 56% This is a strength
- 11% Slight challenge
- 7% Large/persistent challenge

...software technology (accounting, grants management) is out of date:

- 47% Not a challenge/
- 34% This is a strength
- 10% Slight challenge
- 9% Large/persistent challenge

...N/A
## Staffing & Funds per FTE

<table>
<thead>
<tr>
<th>Median FTEs</th>
<th>&lt;$5M</th>
<th>$5-10M</th>
<th>$10-20M</th>
<th>$20-30M</th>
<th>$30-50M</th>
<th>$50-$75M</th>
<th>$75M-$100M</th>
<th>$100-$250M</th>
<th>$250-$500M</th>
<th>&gt;$500M</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>64</td>
<td>53</td>
<td>51</td>
<td>61</td>
<td>75</td>
<td>40</td>
<td>40</td>
<td>43</td>
<td>39</td>
<td>33</td>
</tr>
</tbody>
</table>

- **Funds per FTE**
  - **Median Total FTEs, Small CFs**

- **x 3.5**

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Community Leadership and Impact
Community Leadership & Impact – My Foundation...

…needs to increase its overall visibility in the community:

- 14% Not a challenge/This is a strength
- 36% Slight challenge
- 50% Large/persistent challenge

…needs to increase its role in community leadership:

- 29% Not a challenge/This is a strength
- 37% Slight challenge
- 34% Large/persistent challenge

…needs to cultivate stronger relationships with orgs working directly in the community:

- 34% Not a challenge/This is a strength
- 41% Slight challenge
- 24% Large/persistent challenge

…needs to raise funding (internal/external) to sustain community leadership efforts:

- 10% N/A
- 30% Not a challenge/This is a strength
- 58% Slight challenge
- 3% Large/persistent challenge
• The need to raise funding to support leadership work is persistent across the field. Foundations want to take on a larger role in leadership but also want it to be sustainable. Examples of funding to support this work include:

• A Civic Leadership Fund (or CLF) helps engage donors in new ways or engages new donors
• Funded initiatives based on partnerships with other organizations who bring funding to the table and are interested in same cause
• Fiscal sponsorships/pass-through funds where the foundation might make surplus revenue
• Encouraging existing donors to support these efforts out of their current funds (through grants)
Community Leadership

Percentage of Community Foundations engaging in leadership

- Field-Building: 60%
- Convening and Facilitating: 92%
- Educating legislators/Advocating Policy: 47%
- Nonprofit Capacity Development: 81%
- Philanthropic Advising/Research on Nonprofits: 75%
- Research on Community Needs: 86%
Open-ended questions

1. Please list any other challenges your foundation faces and note their magnitude.

2. What growth opportunities are your foundation most actively looking to pursue?

3. What obstacles to growth have you experienced or do you foresee manifesting?

4. When you think about the next 5-10 years, what do you perceive to be the single greatest opportunity for your foundation?

5. Do you have any other thoughts/comments/insights on the challenges and opportunities that small and growing community foundations experience?
Open-ended questions

1. Please list any other challenges your foundation faces and note their magnitude.
Additional Challenges Faced

Top 5 Mentions

1. Staffing
2. Operating Budget
3. Sustainability; Technology
4. Endowment; Unrestricted Dollars; Visibility; Capacity; Community Leadership; Board and Staff Alignment
“Finding experienced staff”

“Lean staff”

“Adequate staff time”

“Competition for talent”

“Attracting and retaining good employees is a significant, ongoing challenge”
Calculated as revenues divided by expenses: Significant surplus > 125%; Modest surplus = 105% - 124%; Breakeven = 95% - 104%; Modest subsidy = 75% - 94%; Significant subsidy < 75%
Open-ended questions

2. What **growth opportunities** are your foundation most actively looking to pursue?
Growth Opportunities

Top 5 Mentions

1. Planned Giving
2. Professional Advisors; Endowment
3. Unrestricted Dollars; Collaboration
“Relationships with professional advisors to increase awareness for estate gifts”

“Showing value to professional advisors”

“Work with other foundations”

“Growing professional advisor network relationships”

“Build endowment”

“Developing unrestricted assets through legacy giving”

“Increase planned giving awareness”

“People leaving insurance and other bequests”
## Planned Giving Can Be Transformative

**$150,000,000**

**Bequest in 2012**

<table>
<thead>
<tr>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$45M</strong></td>
<td><strong>$236M</strong></td>
</tr>
<tr>
<td>Asset Size</td>
<td></td>
</tr>
<tr>
<td><strong>166</strong></td>
<td><strong>69</strong></td>
</tr>
<tr>
<td>National Rank (by asset size)</td>
<td></td>
</tr>
<tr>
<td><strong>$12M</strong></td>
<td><strong>$162M</strong></td>
</tr>
<tr>
<td>Discretionary Assets</td>
<td></td>
</tr>
<tr>
<td><strong>$141k</strong></td>
<td><strong>$3.3M</strong></td>
</tr>
<tr>
<td>Annual Discretionary Grant Making</td>
<td></td>
</tr>
</tbody>
</table>
Open-ended questions

3. What **obstacles to growth** have you experienced or do you foresee manifesting?
Growth Obstacles

Top 5 Mentions

1. Staffing
2. Competition; Board Engagement
3. Capacity; Visibility
“Keeping professional staff well paid”

“Hiring the right staff for specific roles”

“Limited board capacity to fully engage”

“Perceived competition from nonprofits”

“Competition from family foundations”

“Competition from commercial DAFs”

“Competition from faith-based foundations”

“Competition from statewide foundations”
Open-ended questions

4. When you think about the next 5-10 years, what do you perceive to be the **single greatest opportunity** for your foundation?
Top 5 Mentions

1. Community Leadership
2. Planned Giving
3. Next Gen Donors
4. Establishment of the CF’s “Central Role”
5. Impactful Grantmaking; Collaboration; Asset Growth
Single Greatest Opportunities

“Being a trusted source for donors and nonprofits”

“Addressing community-wide challenges”

“Identifying trends”

“Next generation donors”

“Transfer of wealth – and keeping it in the community”

“Positive relationships with donors and community partners”

“Proactive”

*Related reading on transfer of wealth: http://philanthropynewsdigest.org/news/wealth-transfer-to-boost-charitable-giving-through-2061-study-finds

IMPACT
Do you have any other thoughts/comments/insights on the challenges and opportunities that small and growing community foundations experience?
Examples of other thoughts/comments/insights shared

• It is obviously important to maintain your sustainability, but that sustainability can also be converted into action. To remain relevant as an organization, you might need to take on some risk in the name of impactful change. A well-sustained community foundation can take on the additional risk necessary to do that, and will allow you to effectively balance that risk with sustainability.

• Visibility is key and raising community awareness is essential -- this happens best through personal contacts, individual stories, visible grants. Showcasing impactful grants in a variety of ways - digital, presentations, annual reports are all examples of ways to build a solid reputation of community betterment.
  • How can that increased visibility positively affect the community? Is this reputation carrying all the way through to increased impact?
Participate in the Columbus Survey

- **Be counted!** Log on and share your data to help CF Insights make trends available to the field
- All participants gain access to a selection of benchmarking reports

Remember CF Insights for your Data Needs

- Use CF Insights’ database to develop comparative reports and discover your own insights
- Visit [cfinsights.org](http://cfinsights.org) to learn more about the resources available to the field

Connect with us

- Contact David Rosado, Member Services Manager at dar@foundationcenter.org to set up an overview and online demonstration of CF Insights’ resources, or to create a free login account to access the database
… and generate live, on-demand peer benchmarking reports. Examples of reports available to CF Insights members include:

**Assets**
- Average fund size among peers
- Assets by product among peers
- Asset growth/historical assets among peers
- Percent of assets endowed and non-endowed vs. peers

**Gifts & Grants**
- Average gift/grant size among peers
- Average DAF/discretionary gift size vs. peers
- Annual payout rate among peers
- Gifts/Grants per capita among peers

**Operating Efficiency**
- Expense to asset ratio among peers
- Revenues among peers

**Staffing**
- Funds per FTE among peers
- FTEs by Functional Area Among Peers

Members can request peer benchmarking dashboards on an annual basis…
Recommended Reading

Located at cfinsights.org/knowledge