

CLIENT PHILANTHROPY SURVEY

In October, 2013, we asked Foundation Source clients to take a survey focused on some philanthropy topics that have been receiving a lot of media attention. We've compiled the responses and are pleased to present the results.

The complete survey results follow, but here are some of the highlights:

In the News: Strategic Philanthropy

Context: There is ongoing debate about how foundations should work with nonprofits to solve social problems and effect change. Some experts, like William Schambra of the Hudson Institute in Washington, DC, argue that foundations "[should just write checks](#)" and let the nonprofits do what they're good at. Others, like Paul Brest, former president of the Hewlett Foundation and co-author of *Money Well Spent: A Strategic Plan for Smart Philanthropy*, believe that foundations should drive the agenda, asking nonprofits to carry out their vision.

What our survey found: Most of our clients trust their nonprofit grantees to take the lead. Just 22.5% said they opted for a more entrepreneurial approach, agreeing that *"Foundations should direct nonprofits to carry out the foundation's own vision and ideas."* An overwhelming majority of survey respondents (77.5%) agreed with this statement: *"Foundations should support nonprofits without telling them what to do because it negates the value of nonprofits' 'on the ground' knowledge."*

In the News: Funder Collaboration

Context: In philanthropy circles, collaboration among foundations for greater impact is viewed to be a "[transformative trend](#)." But to what extent do private foundations currently collaborate?

What our survey found: Funder interest in collaboration is currently mixed. When asked, *"Over the past year, did you collaborate with other foundations on your philanthropy?"* 24.9% indicated that they had, and 20.8% said they had not, but *"planned on doing so in the near future."* Over half of survey respondents (54.3%) indicated that they have not collaborated with other foundations, nor did they have plans to do so in the future. Interestingly, no respondents said that they had worked with other foundations in the past year, but would never collaborate again, indicating that those who partner with other funders find the experience worthwhile.

In the News: Evidence-Based Philanthropy

Context: Many in the philanthropic sector believe that if nonprofits could provide hard evidence of results, donors would give more to the best performing organizations, thereby increasing impact in the sector. Indeed, this assumption is the basis for Charity Navigator's [new direction](#), which enjoins nonprofits to report their results. However, there's been [considerable debate](#) in the media as to whether reporting results is likely to influence donor behavior.

What our survey found: Evidence of results is important to donors, but they put more faith in their own experience. When asked, *"What is the most important factor in determining whether to grant to a nonprofit?"* 37.4% of respondents said *"personal knowledge of/previous experience with the organization."* *"Clear evidence of demonstrable impact"* (25.6%) was the second most popular response.

In the News: General Operating Support

Context: One criticism of foundations is that they too often support specific programs only, and don't offer much-needed general operating support to grantees. In fact, one commentator went so far as to call the dearth of operating support from foundations "[a breach of trust](#)."

What our survey found: Nearly half of the foundations responding to our survey said they provide unrestricted, general operating grants. 48.7% of survey respondents *"typically provide general support to nonprofits without restrictions."*

OTHER FINDINGS

Investments Aren't Just About Financial Returns

It's no surprise that [impact investing](#), the practice of investing a foundation's assets to generate a positive social or environmental impact in addition to providing financial returns, is a hot topic. What *is* surprising is how highly the "social dividends" are valued. **Nearly half of our survey sample said the social impact of their investments mattered more to them than the financial returns.** Although the majority (53.9%) said "*getting the greatest returns on our investment*" was of prime importance, 46.1% said "*choosing investments that further our foundation's mission*" was even more important.

Foundations Find Their Own Grantees and Are Loyal To Them

Foundations prefer to find grantees themselves rather than solicit grant requests. When asked, "How do you typically identify organizations for potential grants?" 85.6% said, "We mostly find and choose organizations ourselves." Just 7.9% said, "We mostly fund organizations that submit proposals/requests to our foundation" (6.4% provided other responses). **And once they've found nonprofits that they trust, donors tend to repeat their grants.** Almost two thirds of respondents estimated that at least 75% of their annual grantmaking went to the organizations they had supported in the prior year.

Foundations Think Nonprofits Are Well-Run

Findings: Although some have charged that charities are "where business-like efficiency goes to die," **respondents told us that they think well of nonprofit leadership.** When asked, "*How well-run are nonprofits?*" 96.4% of respondents ranked them between "fair" and "excellent."

We thank our clients who participated in this survey and hope you find these results both interesting and informative.

1. What is the most important factor in determining whether to grant to a nonprofit?

		Response Percent
Personal knowledge of/previous experience with the organization		37.4%
Recommendations from people I know and trust		3.4%
Knowing that my support is mostly devoted to programs rather than overhead		13.8%
Clear evidence of demonstrable impact		25.6%
Emotional connection with the nonprofit's issue or cause		11.3%
Other		8.4%

2. Which is more important when making foundation investment decisions?

		Response Percent
Getting the greatest return on our foundation's investments		53.9%
Choosing investments that further our foundation's mission		46.1%

3. Over the past year, did you collaborate with other foundations on your philanthropy?

		Response Percent
Yes, and I will continue to do so		24.9%
Yes, but I do not plan to do so again		0.0%
No, but I plan on doing so in the near future		20.8%
No, and I have no plans to do so		54.3%

4. If forced to choose, which of the following sentiments best describes your perspective as a grantmaker?

		Response Percent
Foundations should support nonprofits without telling them what to do because it negates the value of nonprofits' "on the ground" knowledge		77.5%
Foundations should direct nonprofits to carry out the foundations' own vision and ideas		22.5%

5. Do you typically provide general support to nonprofits without restrictions, or fund specific programs/projects?

		Response Percent
General support		48.7%
Specific programs/projects		50.8%
I wasn't aware that there was a distinction		0.5%

6. In your experience, how well-run are nonprofits?

Poor	—	Fair	—	Excellent
0.5%	3.1%	43.6%	45.6%	7.2%

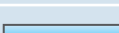
7. How do you typically identify organizations for potential grants?

		Response Percent
We mostly find and choose organizations ourselves		85.6%
We mostly fund organizations that submit proposals/requests to our foundation		7.9%
Other		6.4%

8. Approximately what percentage of your annual donations are repeat grants to the same organizations from one year to the next?

	0%	25%	50%	75%	100%
	3.1%	9.2%	25.6%	52.8%	9.2%

9. In your opinion, what should be the primary role of private foundations? (Please select top choice.)

		Response Percent
Improve the local community		33.5%
Alleviate suffering (e.g., housing the homeless, responding to natural disasters)		13.7%
Fix root causes of suffering (e.g., preventing homelessness, curing diseases)		19.8%
Provide risk capital for new, untried, and promising ideas		6.1%
Fill gaps in funding for ideas that are considered too controversial or benefit only a small minority		3.5%
Identify and support exceptional individuals who can advance their field		4.1%
Other		19.3%

10. On a scale of 1 to 5, with 5 being “high impact,” to what extent do you think that philanthropy makes a difference?

No Impact	—	Moderate Impact	—	High Impact
0.0%	0.5%	18.4%	39.8%	41.3%

About Foundation Source (www.foundationsource.com)

Foundation Source is the nation's largest provider of comprehensive support services for private foundations, bringing unparalleled knowledge and expertise to clients across the country. The company's administrative services, online foundation management tools and philanthropic advisory services provide a total outsourced solution for private foundations. The result: better-run, more effective foundations and more enjoyable philanthropy. Our clients supply the funds, the vision and the philanthropic goals; we provide everything else.

Today, Foundation Source provides its services to more than 1,100 family, corporate, and professionally staffed foundations, of all sizes, nationwide. The company provides its services directly to philanthropically focused families and institutions as well as in partnership with the nation's leading private wealth management firms, law firms, and accounting firms. Foundation Source is headquartered in Fairfield, Connecticut, with offices in Denver, Los Angeles, New York City, Philadelphia, San Francisco, South Florida, Washington, D.C., and Winston-Salem.



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