



THE CENTER
FOR EFFECTIVE
PHILANTHROPY

Survey on Community Foundation Business Models

Community Foundation Landscape



Survey Design

- › Literature review
- › Iterative process with CFSC
- › Input from other CF leaders

Foundations Surveyed

- › CFs with \$100M+ in assets or \$10M+ in annual giving
- › Jewish CFs and federations with \$100M+ in assets
- › League of California Community Foundations
- › CFs with large second home owner populations

Overall Survey Population

Survey Fielded	Recipients	Responses Received	Response Rate
June – July 2017	206 Community Foundation CEOs/Presidents	93	45%

- › 25 out of 37 community foundations from California responded to the survey, for a 68% response rate

Respondent Characteristics

Characteristic	CFSC	Median Overall Respondent	Median CA Respondent
Staff Size	13	14	6.5
Operating Budget	\$2M	\$2M	\$0.9M
Asset Size	\$160M	\$130M	\$94M

Overview

- › **Products and Services**
- › **Fee Structure**
- › **Outsourcing**
- › **Professional Advisors**
- › **Community Leadership Initiatives**

Products and Services



California vs. National Data: Products & Services

- › CA community foundations provide an average of 13 products/services – the same as the national average
- › The average makeup and economic contribution of products/services currently offered by CA community foundations is largely the same as the overall set of respondents
- › Nonprofit endowment funds are more frequently selected by CA community foundations as a lowest current and lowest future economic contributor
- › 5 of the 7 total respondents that chose DAFs as a lowest future economic contributor are from CA

Products and Services Currently Offered

13

vs.

13

Total products and services
offered by **average California**
community foundation

Products and services
offered by **average overall**
community foundation

8%

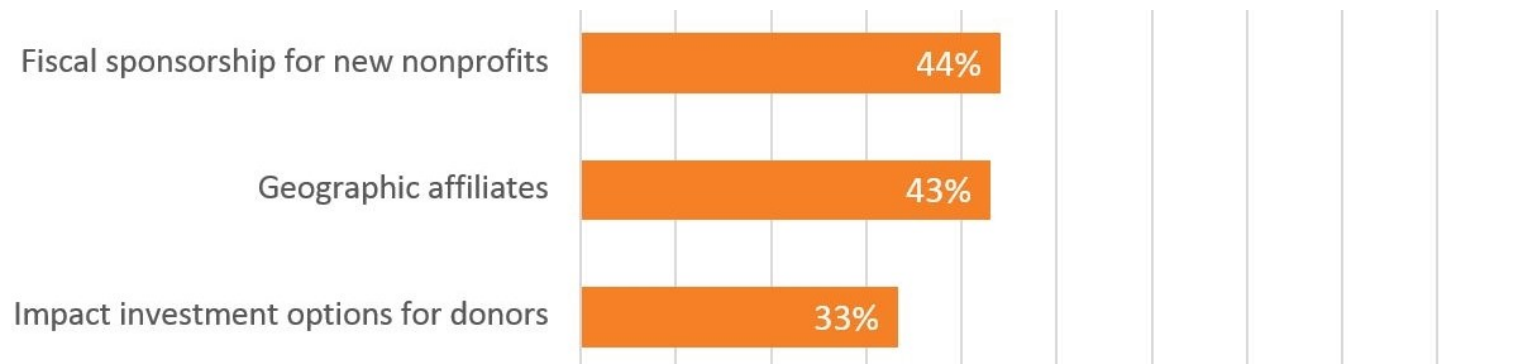
Community foundations
overall offer **17 or more**
products and services

Products and Services Currently Offered

Most Offered



Least Offered

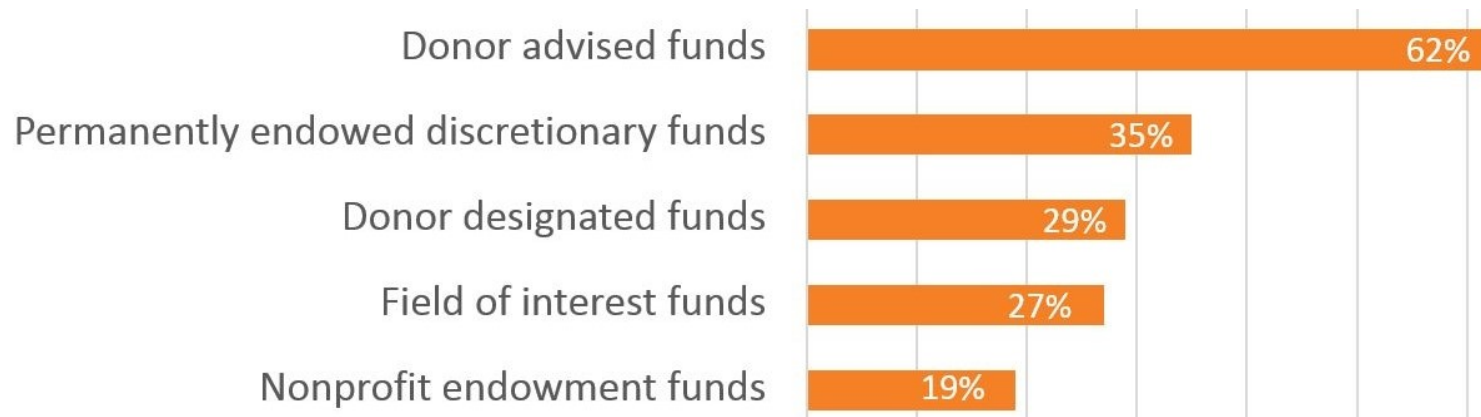


Highest Economic Contribution

Highest *Current* Contribution



Highest *Future* Contribution



Achieving Sustainable Growth: Donor Advised Funds

“New Donor Advised Funds and facilitating next generation family philanthropy are [the] two biggest growth areas. We have changed.... to assign donor advised funds to specific staff members to provide individualized service, continuity, and build relationships.”

“Large Donor Advised Funds - I think we have the fee structure right sized and the array of services clear. How we get these is multi-faceted, private foundation transfers, HNW individuals, etc.”

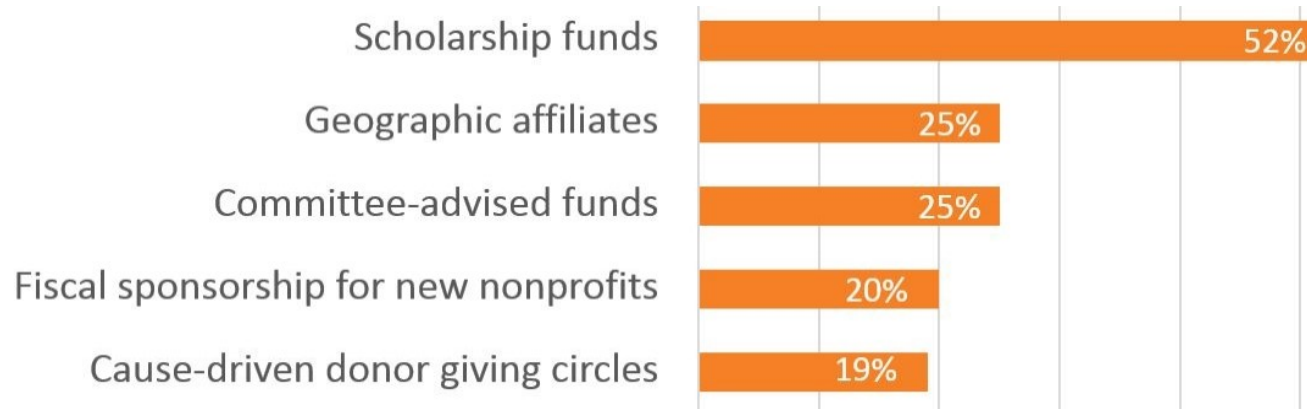
Achieving Sustainable Growth: Endowed Funds and Impact Investing

 *“Large endowed funds with few or no restrictions are the single most significant enhancers of operating revenue we could receive. Designated endowments are a close second.”*

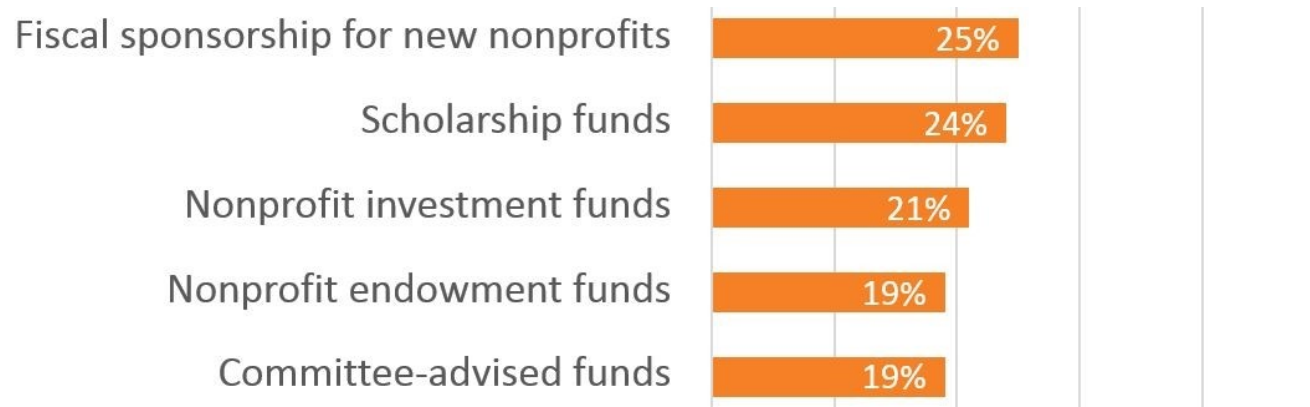
 *“We expect **impact investments** to be a key tool in attracting younger/next generation donors.”*

Lowest Economic Contribution

Lowest Current Contribution



Lowest Future Contribution



Achieving Sustainable Growth: Other Products or Services

Community Work + Private Foundation Funding



“We have been able to **leverage our community work with outside funding** from private and family foundations which now account for approximately 40% of our operating budget....”


Crowdsourcing/Crowdfunding



“Using **crowdsourcing and crowdfunding** to generate increased awareness of issues and more \$; connect to younger constituents.”

Achieving Sustainable Growth: Other Products or Services

Shared Investment Platform

 *"I'd like for our CF sector to **build a best in class investment platform** to provide distinctive value vs the commercial firms. No reason each of us is doing this alone."*

Opportunities for Future Donor Growth

33%

Older donors

22%

Younger donors

22%

Private foundation
conversions

10% or less

- Donors from new industries
- Second home owners
- Communities of color

Fee Structure



California vs. National Data: Administrative fees

Statistic	California	Overall
Average administrative fee	1.5%	1.2%
Proportion with admin fee of 1.5% or more	55%	26%
Proportion with tiered fee structure	84%	69%

Outsourcing



Services Outsourced

2/3

or more outsource:

Service

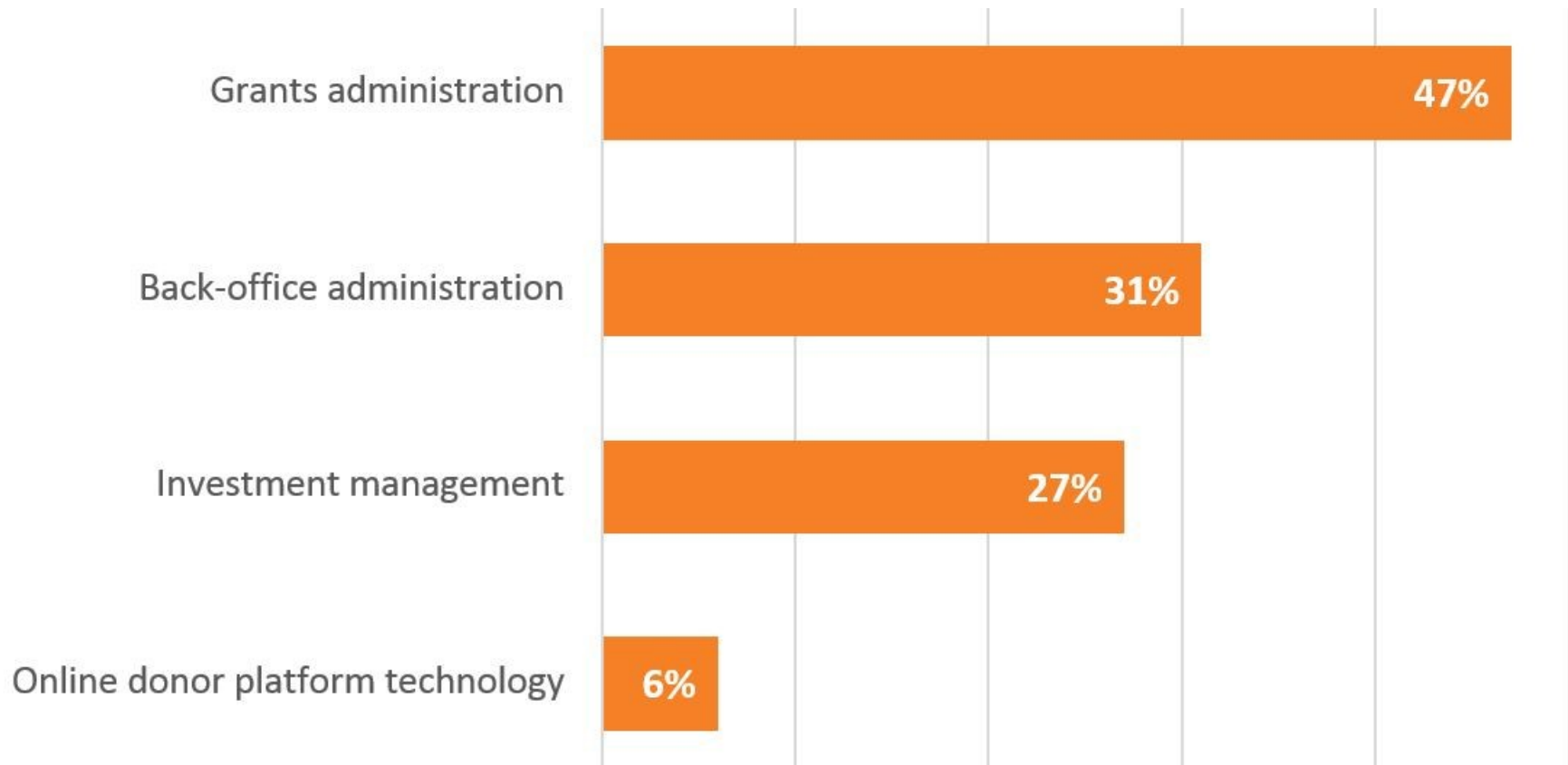
- Investment management
- IT management
- Online donor platform



Benefit

- Gained cost savings
- Gained efficiency
- Better donor service

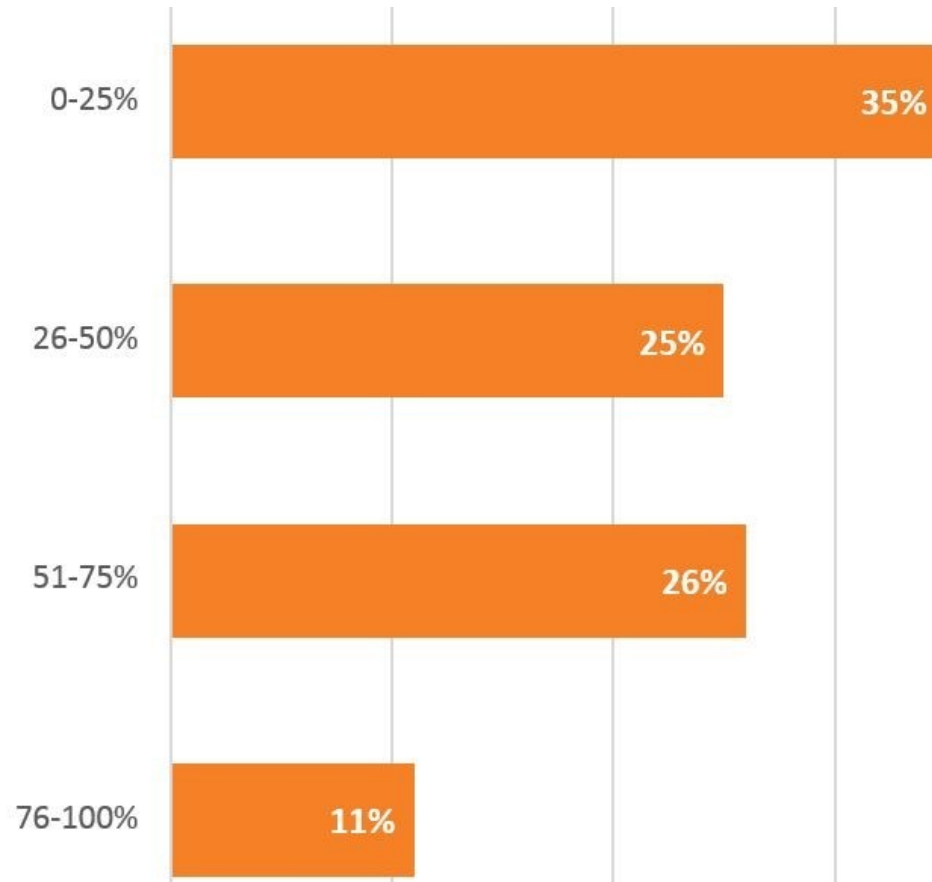
Services Offered for a Fee



Professional Advisors



Proportion of New Funds Generated by Professional Advisor Referrals



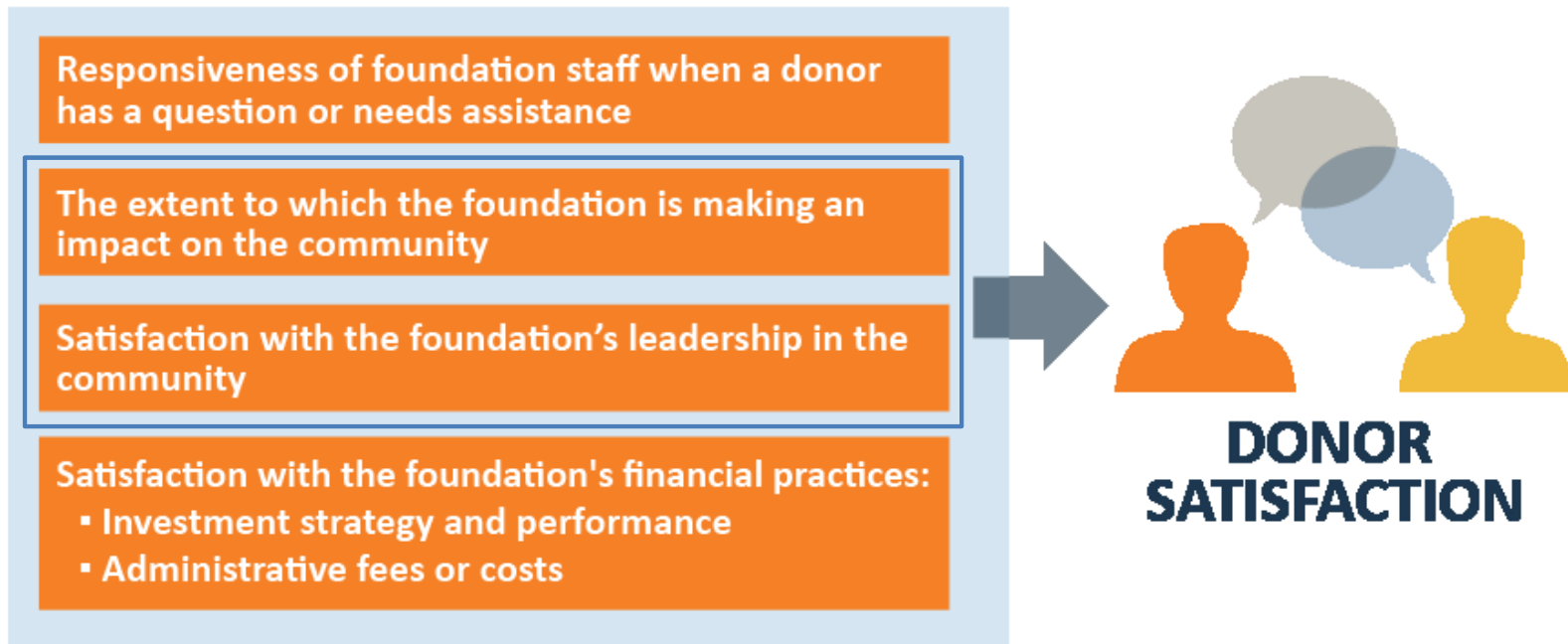
Building Relationships with Professional Advisors

- › Informing them about CF impact
- › Frequent meetings, close communication
- › Inviting to be on councils or committees
- › Offering recognition
- › Presentations to firms
- › Retaining management of the donor's account

Community Leadership




What Predicts Donor Satisfaction at Community Foundations?




Community Leadership

Education/Early Learning

 *“Our work in increasing educational attainment. It seems to **resonate with a large number of donors and community members**.... People are recognizing that we can be trusted to provide accurate data and statistics...”*

Increasing Media Attention

 *“...**Media campaigns and social media**, both internal and external platforms, have enabled us to achieve goals. We strive to always be collaborative and this focus has indeed helped us to bring in various sectors...”*

Summary of Findings

- › DAFs are viewed as providing the highest current and future economic contribution
- › Many CFs outsource investment management, IT management, or online donor platform technology
- › Professional advisor donor referrals are built through strong relationships
- › Community leadership is important – most CFs tend to focus on education and garnering media attention

