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**Foundation Source *Private Foundation Index 2011*
Offers Snapshot of Largest Segment of U.S. Private Foundations;
Based on Real-Time Transaction Data**

In 2011, Small to Mid-Size Foundations Gave More than Twice
Their Required 5% Minimum Distribution

Foundations Under \$10 Million in Philanthropic Assets Increased Their Giving 20.6%

FAIRFIELD, CT—February 21, 2012—Foundation Source, the nation's largest provider of management and advisory services for private foundations, today released preliminary findings on 2011 U.S. private foundation activity. This data was compiled based on the actual grantmaking behavior of 719 private foundations with philanthropic assets under \$50 million (see [Figure 1](#) for details on the sample). Unlike much reporting in the philanthropic sector, this research is based on actual data, rather than surveys or estimates.

These numbers provide a representative snapshot of the largest segment of private foundations in the U.S. today: the 98% of the approximately 80,000 private foundations in existence with endowments less than \$50 million, the vast majority of which are between \$250,000 and \$5 million. Little is reported on these small to mid-size foundations as specific data about this segment of the market remains scant. Most reporting about private foundations focusses on the largest 1.5 – 2% of foundations.

Initial findings about the 2011 giving behavior of these foundations are as follows:

1. **In general, small to mid-size private foundations gave more than twice their 5% minimum distribution requirement**, with the smallest foundations giving away significantly more (see [Figure 2](#)).
2. **Private foundations with less than \$10 million in assets increased giving by 20.6% over 2010** (see [Figure 3](#)). Whereas foundations with assets between \$10M and \$50M scaled back their giving by 7.8% from 2010.
3. **As giving priorities shifted in 2011, foundations gave 40.6% more in the area of ARTS & CULTURE than in 2010**. EDUCATION saw a 3.1% decrease in funding, while funding to Science & Technology decreased 52.4% (see [Figure 4](#)).

These numbers constitute a "first look" at Foundations Source's *Private Foundation Index*, a report scheduled to be unveiled later this year. The complete report will provide information on both the investment management and grantmaking activity of small to mid-size private foundations.

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According to H. King McGlaughon, Chief Executive Officer of Foundation Source, "Small to mid-size private foundations are the silent majority in the philanthropic sector. While all eyes tend to be on the Gates and Ford Foundations of the world, we believe there is another, more dynamic story to be told about the tens of thousands of foundations under \$50 million in philanthropic assets. By shining the spotlight on this important slice of the philanthropic pie, we're able to better understand the complex factors that foster and inhibit charitable behavior in the United States."

The traditional perception is that private foundations limit their giving to the 5% minimum distribution requirement dictated by the federal tax code. These findings contradict that thinking, indicating that small and mid-size foundations are more philanthropic than their larger peers, distributing a larger percentage of their endowment each year (Figure 2)¹. According to McGlaughon, "These donors are comfortable granting larger percentages of the corpus, because many are still financially productive and are pumping new assets into the foundation each year."

Figure 1 provides a percentage breakdown of the size, geographic distribution, and age of the 719 private foundations that comprise the 2011 Private Foundation Index. 17.0% of the foundations are between three and four years old; 34.5% are between five and six years old; 28.7% are between seven and nine years old; 19.9% are ten or more years old. Foundation Source did not include foundations formed within the last two years in its research so that all foundations in the sample set would have at least two full years of measurable data.

"These numbers paint a representative portrait of how small to mid-size private foundations approached their grantmaking in 2010 and 2011," said Andrew C. Bangser, Chief Financial Officer of Foundation Source. "Yet this data tells only half the story. One cannot fully evaluate foundation activity in 2011 without also understanding the financial performance of their endowments over that same period of time. Our complete 2011 Private Foundation Index, set for release later this year, will include the full picture of both their investment management and grantmaking behavior."

The complete Index is expected to be published by the summer, when year-end portfolio reconciliations have been completed, and will be available on the Foundation Source website as a free download. Those interested can request a copy by sending an email to 2011-Index@foundationsource.com.

About Foundation Source (www.foundationsource.com)

Foundation Source is the nation's largest provider of support services for private foundations. Today, the company manages and advises more than 1,000 private foundations nationwide, ranging from \$250,000 to \$250 million in assets. Our full range of back-office, online and support services allows donors and their families to focus more on mission, strategy and family priorities and less on administration and compliance tasks. The result: better-run foundations with greater social impact.

Foundation Source provides its services in partnership with the nation's leading private wealth management firms, trust and estate attorneys and CPAs. The company is headquartered in Fairfield, CT with regional offices in Atlanta, Boston, Chicago, Dallas, Denver, Long Island, Los Angeles, New York City, Philadelphia, Salt Lake City, San Francisco, Seattle, and South Florida.

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¹ This trend was also seen in years 2008 – 2010.

Figure 1

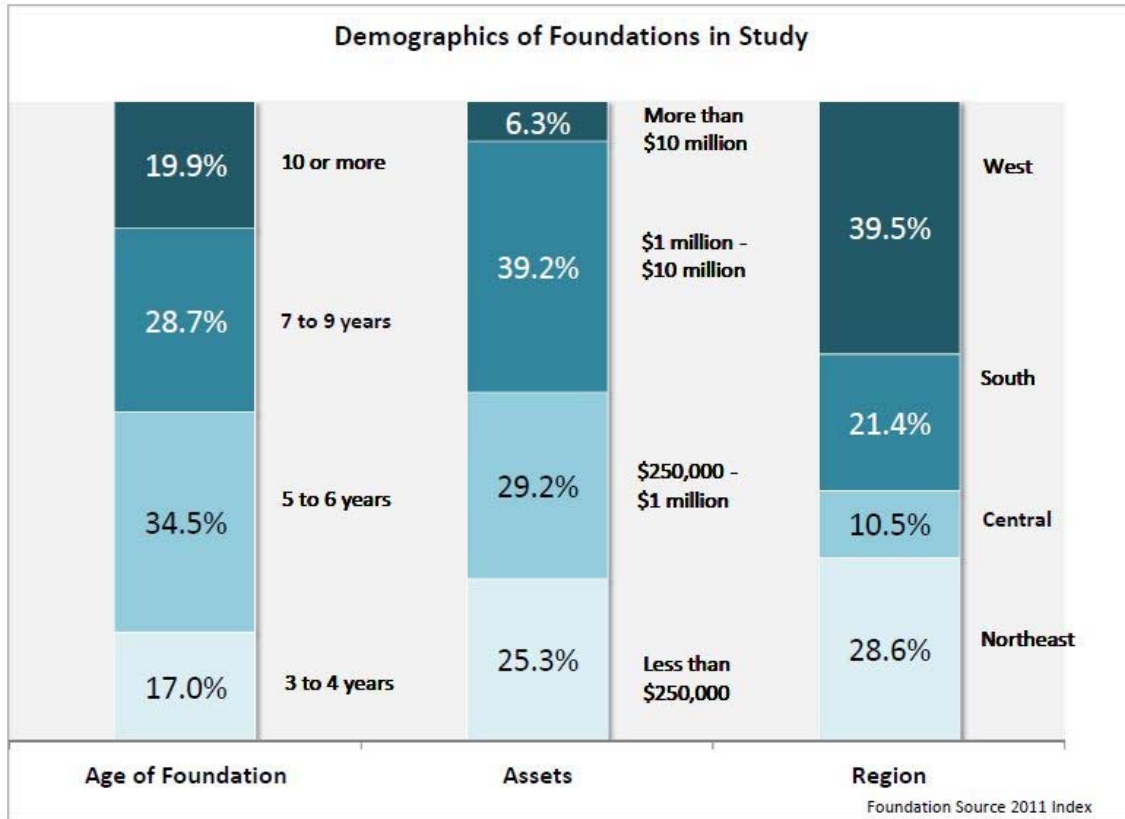
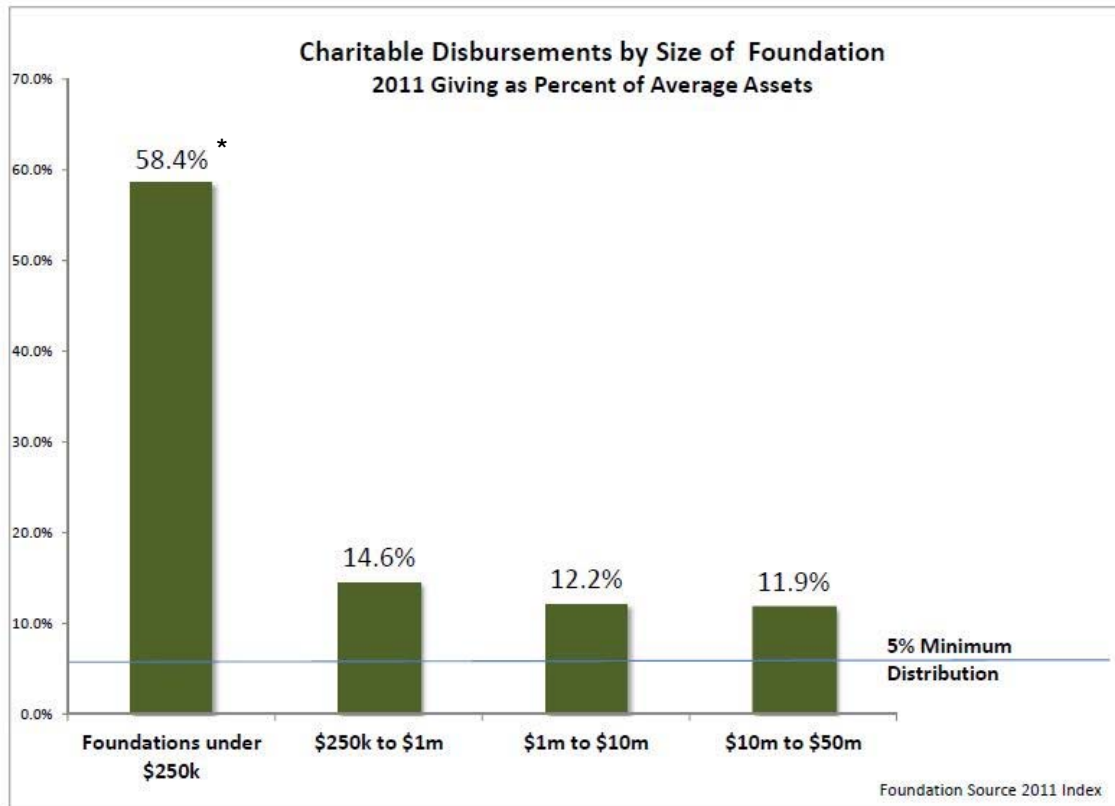


Figure 2



*The 58.4% ratio breaks down into 36.6% for the foundations that gave away less than 100% of average assets, and 45.4% for those that granted more than 100% of average assets during each of the past two years.

Figure 3

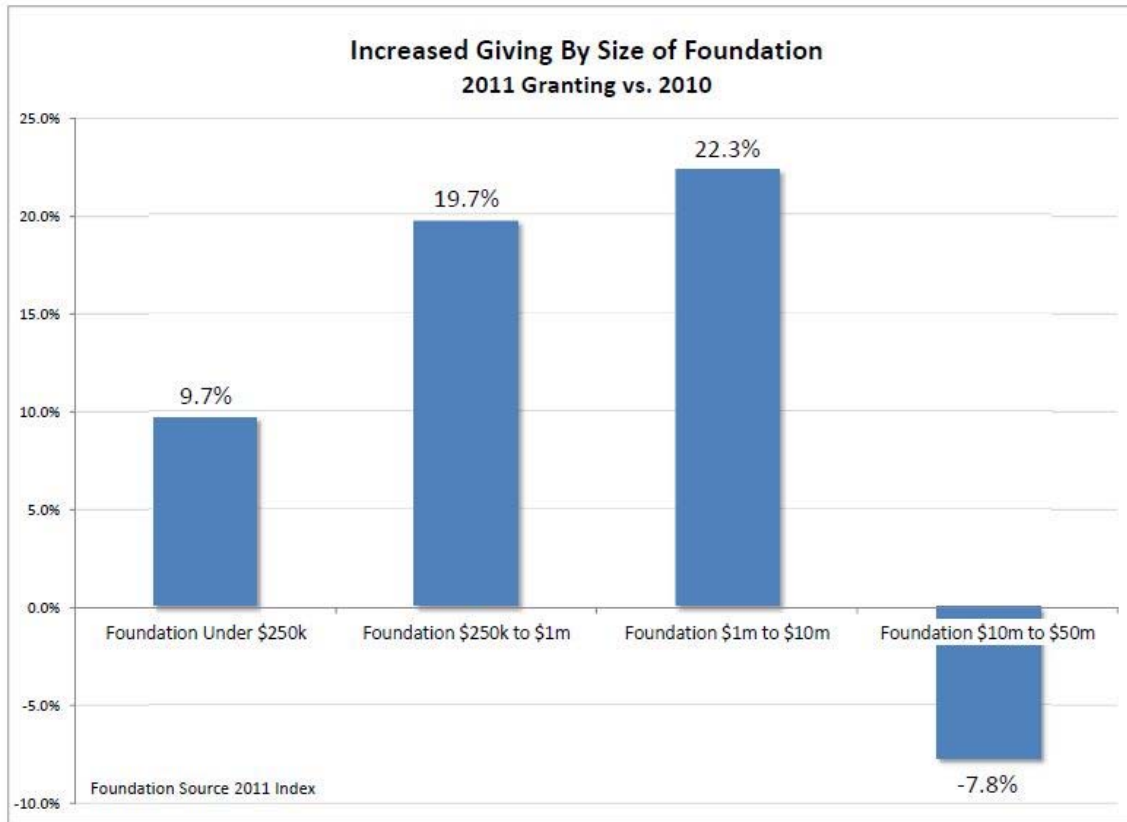


Figure 4

