2020 Endowment & Foundation Survey

CAPTRUST

ABOUT CAPTRUST AND THE 2020 SURVEY

CAPTRUST Financial Advisors is one of the country's leading independent advisory firms, specializing in providing consultative financial services to endowments, foundations, retirement plan sponsors, executives, and high-net-worth individuals.

Corporate Structure and Ownership

- 35-year operating history
- Independently owned
- 798 employees
- More than 2,457 institutional clients
- More than $600 billion in client assets under advisement
- 98% client retention (average since 2009)

2020 Endowment & Foundation Survey

We would like to thank the 171 organizations that participated in this year's survey. We created this survey to assist nonprofits fulfill their missions in our shared communities. Responses in each section provide new insights into the sector.

- Demographics
- Return Objectives
- Portfolio Risk
- Asset Allocation
- ESG
- Performance Trends
- Spending Policy
- Fundraising
- Future Concerns

Please contact us with any observations regarding the survey. We constantly assess ways to enhance the applicability of our annual endeavor and appreciate any feedback you may offer. Additionally, we welcome inquiries regarding survey responses or our analysis of the data.

Source: CAPTRUST as of 02.15.2021

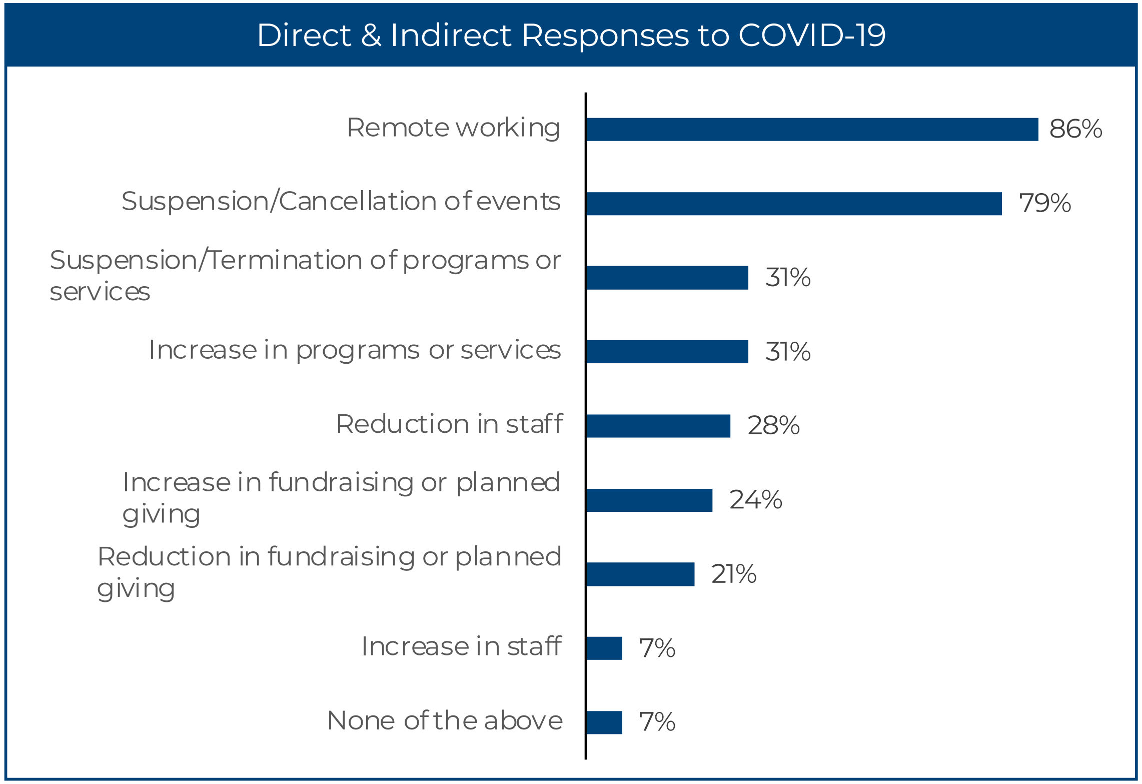
INTRODUCTORY LETTER FROM THE EDITORS

Like many American households, the nonprofit industry adjusted to, and continues to adapt to, a new normal. Just as the twin medical and economic crises touched everyone in a unique way, every nonprofit faced different challenges in 2020. A variety of philanthropic missions and a patchwork of local responses forced and continues to force each organization to navigate these challenges differently.

However, understanding how the nonprofit community continues to navigate these uncertain times can provide valuable insights. Adopting the best practices of peers can help organizations maximize their response to the demanding environment. Stakeholders across the industry grapple with how the current pandemic may–or may not–permanently change the nonprofit landscape.

As the World Health Organization declared the COVID-19 outbreak a pandemic on March 11, disruptions emerged to normal facets of everyday life. According to data from CAPTRUST's annual Endowment & Foundation Survey, 86% of nonprofits transitioned to at least a partially remote workforce. Some organizations could institute remote working only for administrative functions while others transitioned their entire staff. For fundraising organizations, the shift presents challenges with more phone calls and technology-enabled video meetings and fewer in-person interactions.

While nonprofits identified a range of responses, nearly every one indicated some sort of operational change. Only 7% of the organizations indicated they maintained business as usual.



Respondents: 29

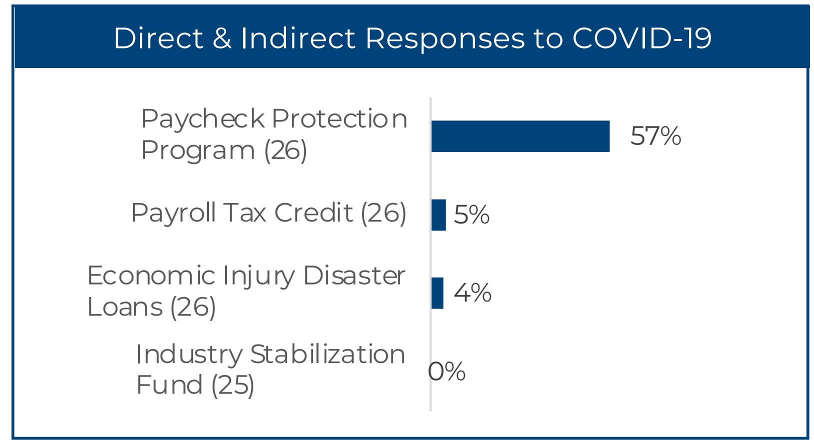
INTRODUCTORY LETTER FROM THE EDITORS

Challenges and Governmental Response

Revenue and fundraising challenges continue to present the most prevalent short-term challenge many nonprofits face. Church collections fall far short of historical levels. Even now in 2021, many facilities remain closed or face reduced operating capacity.

While revenue shortfalls could potentially precipitate budget and staff cuts, the Coronavirus Aid, Relief, and Economic Security (CARES) Act sought to dampen the impact of the pandemic on a range of American institutions, including nonprofits.

Of the provisions included in the Act, the largest number of nonprofits benefited from the Paycheck Protection Program. Fifty-seven percent of eligible respondents that are 501(c)(3) and 501(c)(19) organizations took advantage of the forgivable loans available to nonprofits with fewer than 500 employees. Other programs benefited far fewer in the nonprofit industry. Many of the forms of assistance required repayment, which organizations felt uncomfortable committing to given the uncertain environment.



Respondents to each in parentheses above.

Change Brings Opportunity

From the S&P 500 Index's all-time high at the time on February 19, 2020, the index fell 30% in just 22 days—the fastest fall of this magnitude in history. However, with the S&P 500 recovering to positive territory on June 8, the dislocation also created opportunity for institutional investors to rebalance their portfolios to take advantage of the rebound in financial markets.

While the vast majority of investors indicated they stayed the course this year, those who adjusted their asset portfolios took two distinct courses of action.

First, with rising demand for some nonprofit sector services, these organizations reported decreasing the risk posture of their investments. By reallocating their assets to cash (16%) or fixed income (6%), these nonprofits extended their runways to weather the pandemic and economic storm. On the other hand, 10% of nonprofits added to their domestic equity positions. These groups could afford to leverage their long-term investment horizon to add equity risk to their portfolios during a market drawdown.

Where did the additional assets to cash, fixed income, and domestic equities come from? Across all organizations, reducing the international equity allocation stands out as a common theme with 23% of investors reallocating from the asset class.

INTRODUCTORY LETTER FROM THE EDITORS

A Brave New World

While still addressing the current challenges, the nonprofit community grapples with how the pandemic and economic disruption will shift the industry going forward.

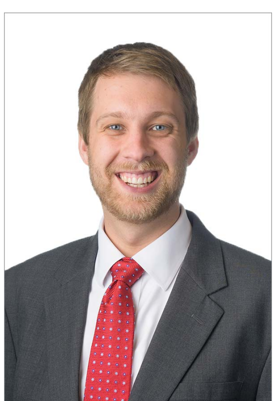
Many organizations—especially religious institutions—worry about the long-term impact on engagement. Will they experience a loss of membership? Even if the answer is no, nobody knows how long the return to the status quo will take.

Both public and private grantmaking nonprofits understand the current environment may create an even greater reliance on the private funding they provide. Multiple respondents shared their enhanced ability to deploy rapid-response funding.

So, What's Next?

Nonprofits serve as a backbone of America, providing a range of essential services and opportunities. While financial support for the sector reached an all-time high in 2019, 2020 brought challenges unseen for generations.

While no formula exists to navigate the current disruptions, the nonprofit community will learn from its shared experience. The responses shared here provide a snapshot of how organizations continue to adapt.



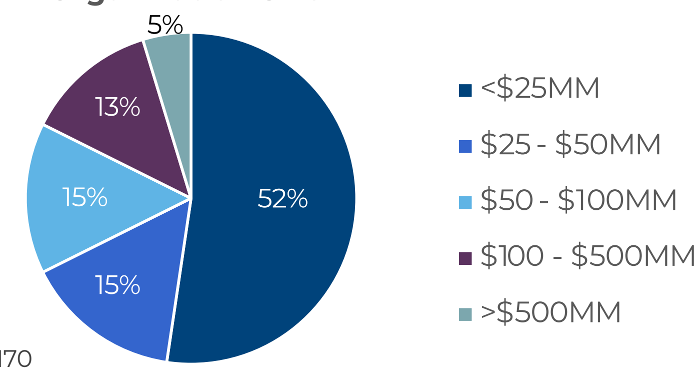
James Stenstrom
James Stenstrom | Director

Sean Roberson
Sean Roberson | Specialist

DEMOGRAPHICS

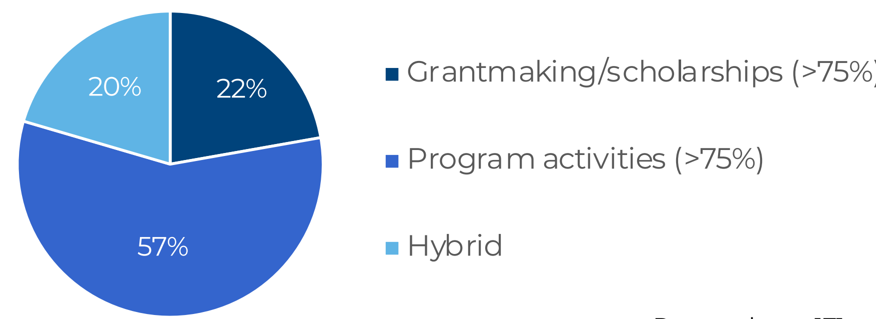
No two organizations face an identical set of challenges and opportunities. The information in this survey reflects the shared experience of the nonprofit community at large. One hundred seventy-one unique organizations responded to the survey this year—a 29% increase from last year's edition. Two-thirds of organizations report investable assets of less than $50MM, a representative cross section of the broad endowment and foundation landscape.

Organization Size



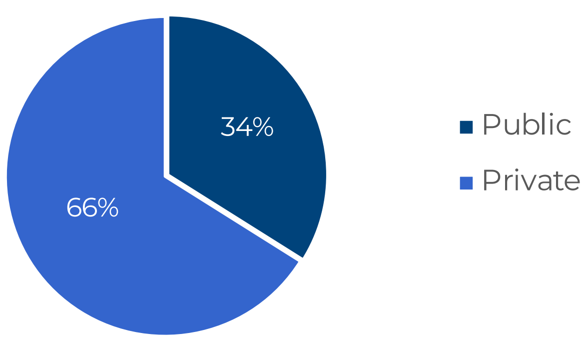
Respondents: 170

Expenditures



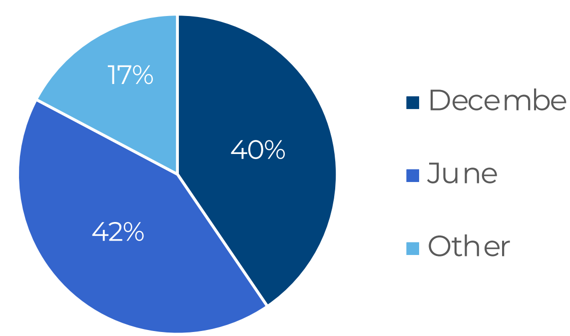
Respondents: 171

Public/Private Foundations



Respondents: 171

Fiscal Year Ends



Respondents: 168

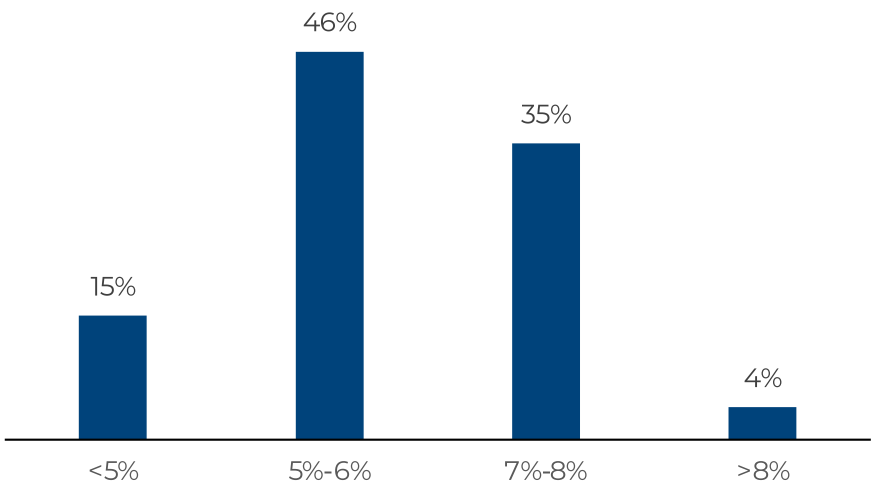
The majority of private foundations primarily spend to fund program activities. On the other hand, more than half of public foundations focus on grantmaking or scholarships—at least in a hybrid capacity.

RETURN OBJECTIVES AND ASSET ALLOCATION

As the objectives of an organization should influence how a nonprofit deploys investable assets, understanding the motivations of peers helps contextualize their portfolio strategies. The overwhelming majority of organizations with investible assets (94%) maintain a long-term time horizon for the portfolio, including 78% that intend to operate into perpetuity.

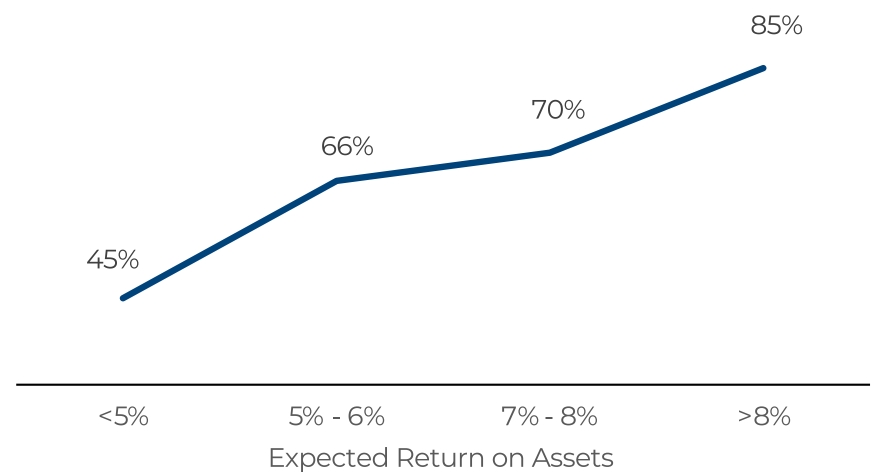
Return goals stand out as another important factor, which should affect asset allocation. Eighty-one percent of organizations expect their investments to return between 5% and 8% annually. Only 4% of nonprofits believe their portfolios can provide a return greater than 8% a year.

Expected Returns



Respondents: 156

Average Equity and Other Asset Exposure



Respondents: 133

Nonprofits with expected returns below 5% generally allocate the majority of their assets to cash and fixed income. As return goals rise, organizations increase their positions in equity and other alternative asset classes—on average.

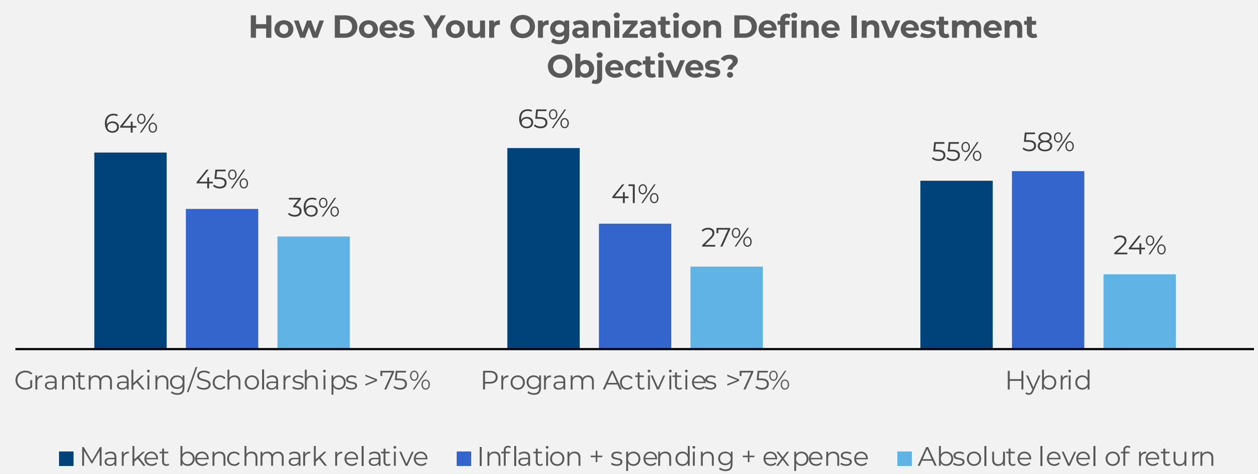
These results suggest that over the past year(s) nonprofits moved to align their return expectations with investment strategy. Earlier editions of this survey failed to identify a meaningful dispersion of allocations between organizations with return expectations exceeding 5%.

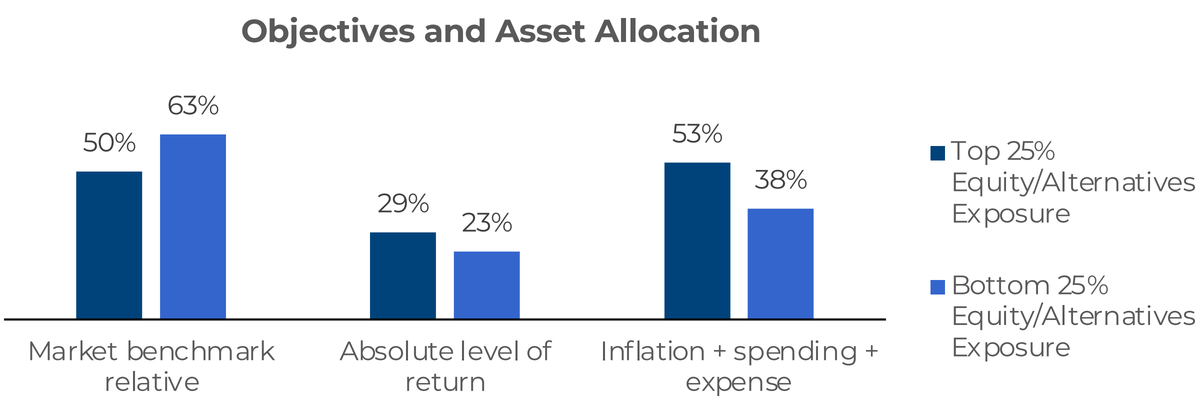
RETURN OBJECTIVES AND ASSET ALLOCATION

In addition to expected returns and time horizon, organizational type influences how different nonprofits evaluate the success of their investment programs. Beyond the correlation between the expenditures of an organization and the investment goals, those goals also tie into how nonprofits allocate their portfolios. This page explores how unique return goals of different groups impact their asset allocations.

Investment Return Objectives

Market benchmark relative investment returns remain the most important measure of investment returns for organizations engaging primarily in grantmaking/scholarships or program activities. However, hybrid nonprofits prioritize inflation + spending + expense more frequently.





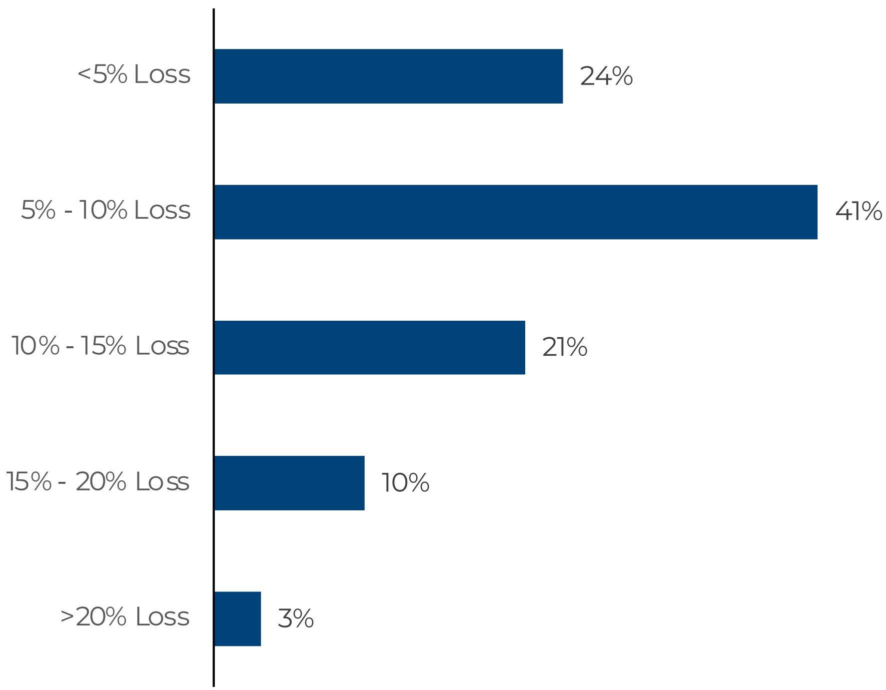
Primarily focusing on benchmark-relative returns correlates to nonprofits allocating more to fixed income and cash than the average respondent.

Organizations defining return objectives using an inflation + spending + expense model maintain high allocations to equities and alternatives at a greater rate than peers.

PORTFOLIO RISK AND ASSET ALLOCATION

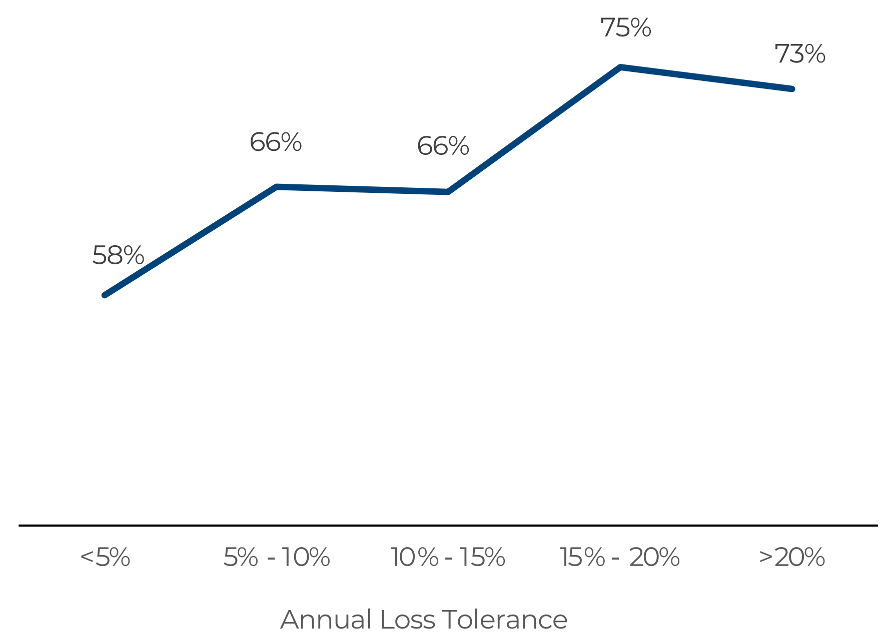
While asset classes such as equities and alternatives offer higher expected returns, they exhibit higher volatility. Nonprofits must balance the imperative to grow investment portfolio assets with managing risk. Sixty-five percent of respondents indicated an annual loss tolerance below 10%.

Annual Loss Tolerance



Respondents: 155

Average Equity and Other Asset Exposure

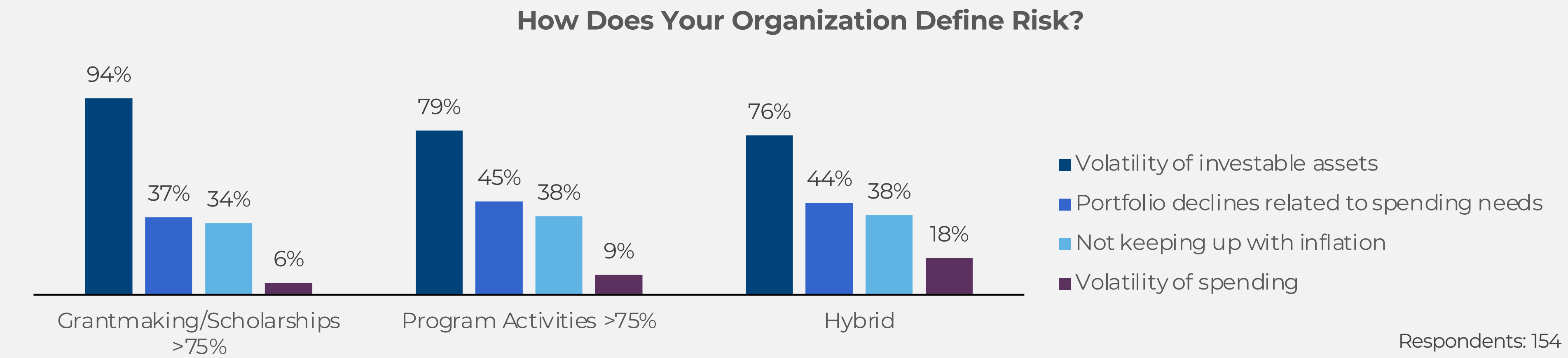


Respondents: 132

Organizations able to tolerate larger annual losses allocate measurably less to fixed income and cash. While each organization's unique portfolio allocation may not match the potential magnitude of loss, taken as a group, more conservative nonprofits invest larger proportions of their portfolios in less volatile assets.

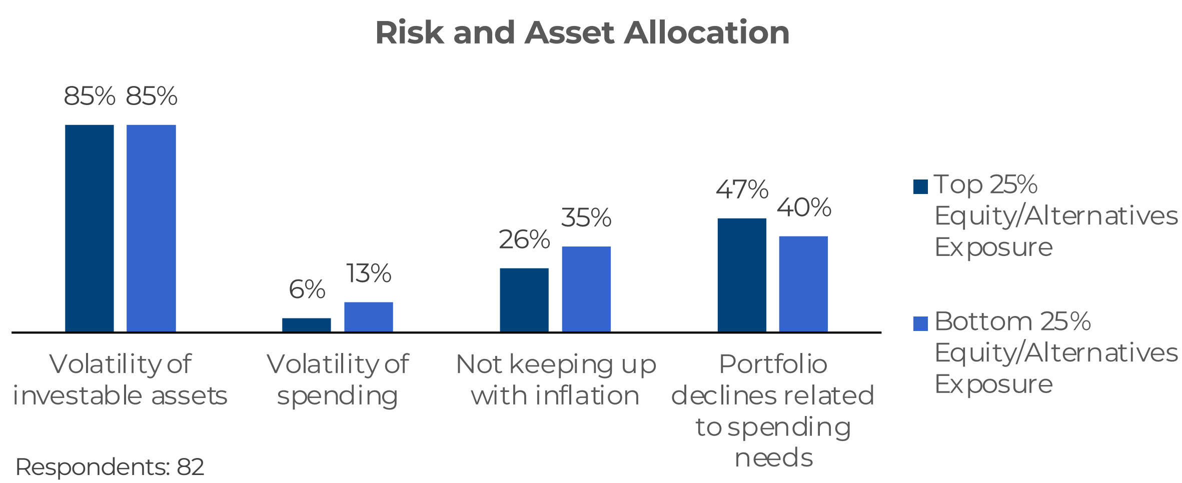
PORTFOLIO RISK AND ASSET ALLOCATION

Similar to how organizational type and return goals impact asset allocations, the purpose of portfolio expenditures and nonprofit risk measures also influences the investment portfolio. Nonprofits most commonly define risk as volatility of investable assets. However, organizations focusing primarily on disbursement spending in the form of grants or scholarships indicate greater sensitivity to that measure than other nonprofits.



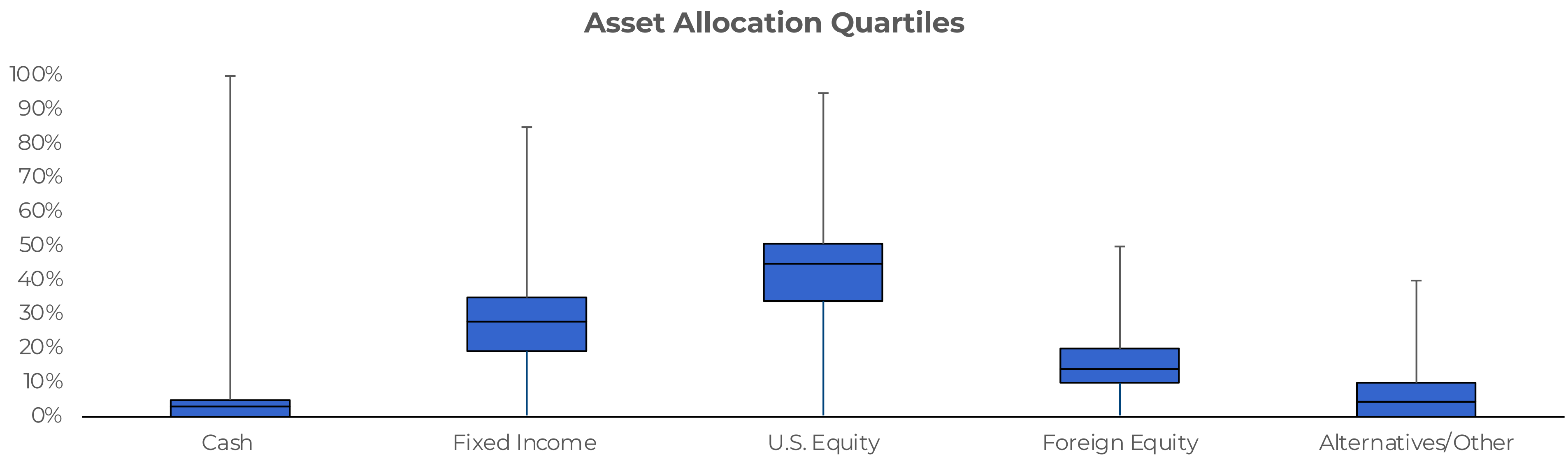
Organizations measuring risk as volatility of spending are twice as likely to allocate less to equity and alternatives than peers.

Identifying inflation as a risk also correlates to nonprofits allocating more to fixed income and cash. The focus on inflation may explain organizations' potential interest in inflation-linked bond securities. However, the causation may work in the opposite direction, with more conservative investors increasingly worried about maintaining their purchasing power.



ASSET ALLOCATION

Portfolio asset allocation varies from 100% cash portfolios to 100% equity. The chart below details the asset allocation quartiles across the organizations along with the change (if any) from last year's responses. While the shift of a couple percent may not characterize a huge change for a single entity, taken together, these allocation changes represent a material shift when considering the breadth of the entire nonprofit sector.



Respondents: 134

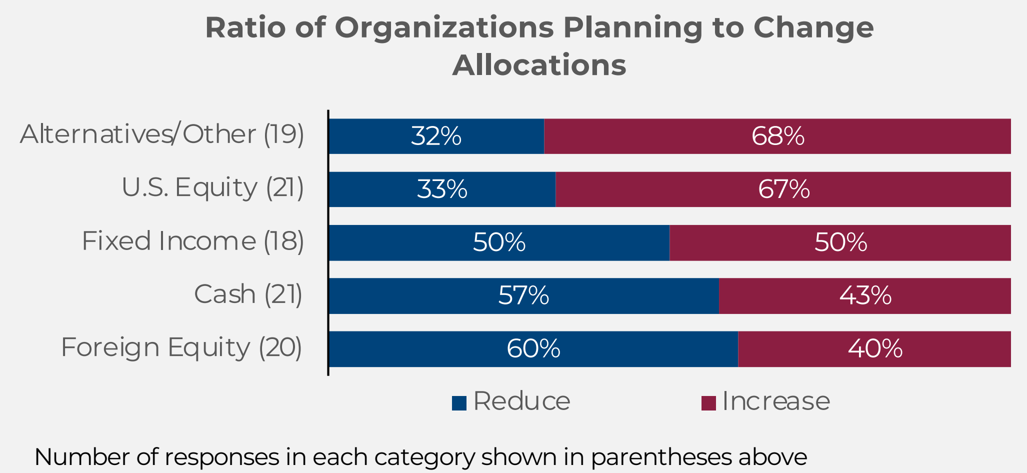
	Cash	Fixed Income	Domestic Equity	Foreign Equity	Alternatives/Other
Minimum	0%	0%	0%	0%	0%
1st Quartile	0%	19% (↓2%)	34% (↓1%)	10% (↑1%)	0%
Median	3%	28% (↓2%)	45% (↑2%)	14% (↓2%)	5%
3rd Quartile	5%	35%	51% (↑1%)	20% (↓1%)	10% (↓3%)
Maximum	100%	85%	95%	50%	40%

For clarity, the change relative to last year's survey is omitted for minimum and maximum allocations.

ASSET ALLOCATION

Changes in Asset Allocation

Similar to last year's survey, most respondents note their organization's intention to maintain their current allocations. Among nonprofits anticipating making a change (reduce or increase), many trends exist.



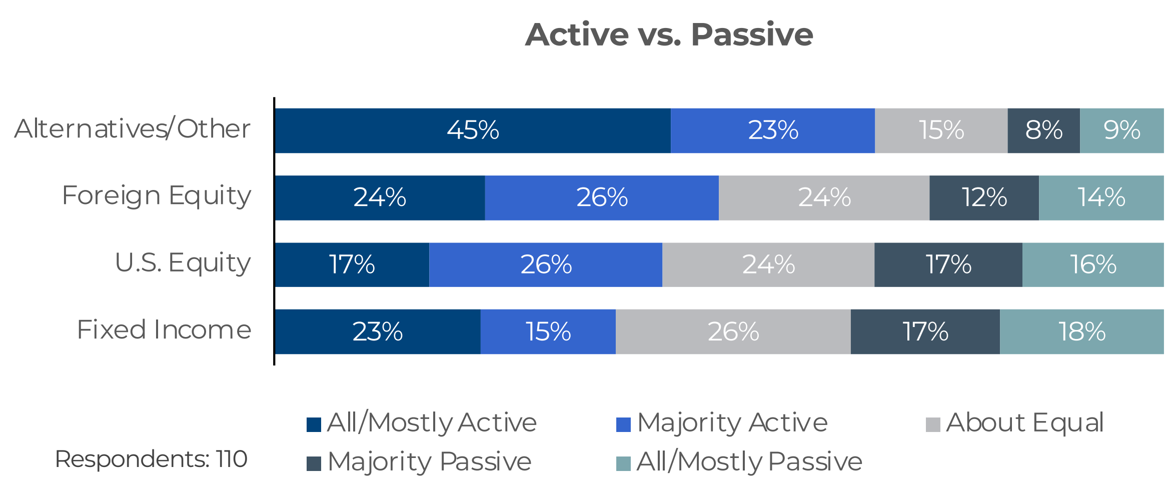
Among nonprofits intending to change their alternatives allocation next year, respondents continue to expect an increase by more than a 2-to-1 ratio for the second consecutive year.

Even as bond yields sit well below a year ago, half of nonprofits planning to change their positioning anticipate increasing their allocations to fixed income—relative to just 20% last year.

Active vs. Passive:

Over the last year, organizations shifted away from active management toward passive. Last year, over half of respondents for each asset class allocated a majority of their assets to active management. This year, only alternatives/other and foreign equity stand above 50%.

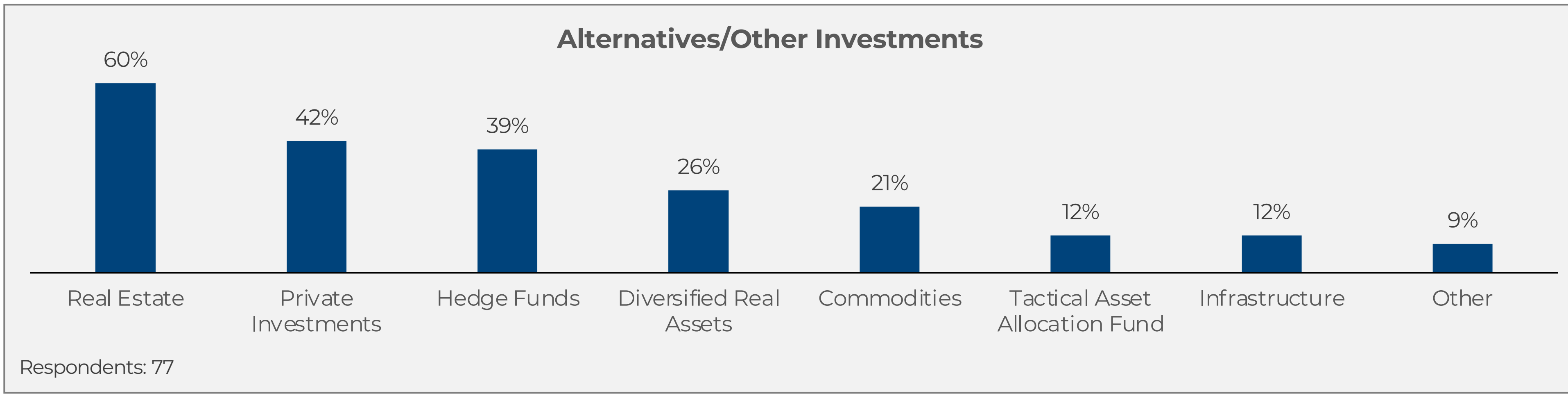
Eighty-seven percent of organizations plan to maintain their passive allocations in the coming year.



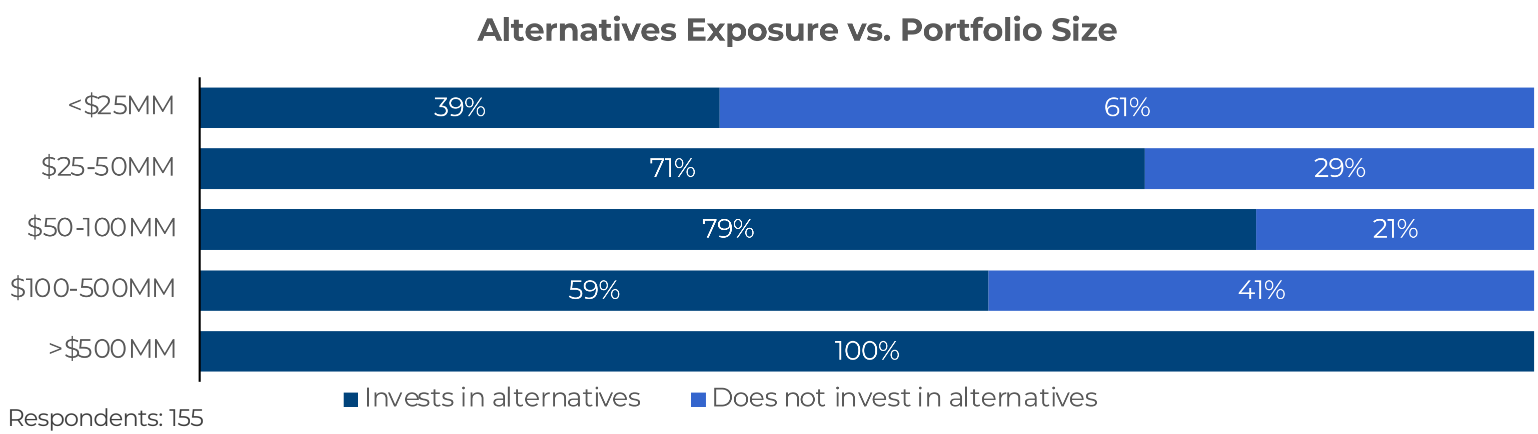
ALTERNATIVE INVESTMENTS

While the median position size suggests modest weights to alternative investments, more than half of respondents (56%) indicate allocating. The breadth of the alternatives space means the actual investments of two organizations with the same size allocation to alternatives may differ materially. Understanding how peers allocate can provide context for decision makers.

Real estate represents the most common alternative, followed by private investments and hedge funds. Relative to last year, tactical asset allocation strategies fell out of favor with half as many organizations allocating.



Approximately 40% of smaller organizations (< $25MM) allocate to alternatives while the largest nonprofits universally invest in the asset class.



ALTERNATIVE INVESTMENTS

Sixty percent of organizations with illiquid, private investments allocate less than 5% to the asset class.

However, portfolio size impacts the extent to which investment portfolios allocate to illiquid, private investments. When viewing the data segmented in this manner, larger nonprofits maintain greater illiquid exposures.

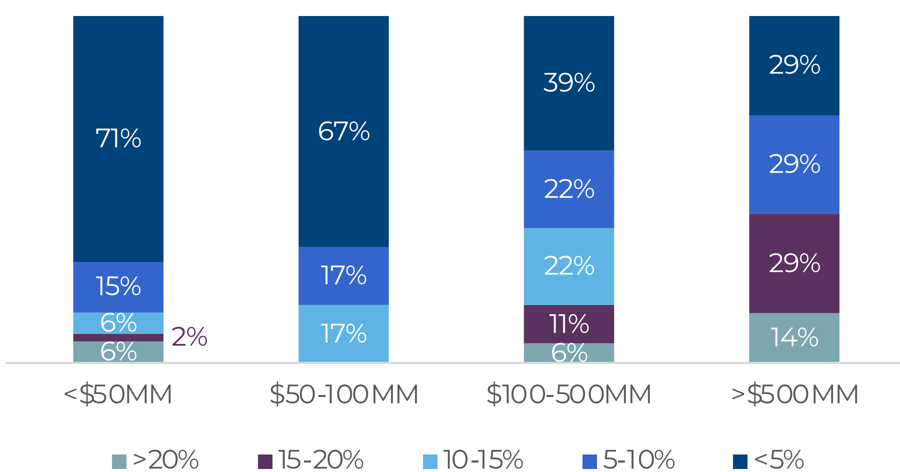
For comparison, only 29% of nonprofits with less than $50MM in assets allocate more than 5% of their portfolio to alternative investments while 71% of the largest nonprofits invest in excess of that amount.

While 46% of organizations forgo alternative investments, the biggest obstacle to investment varies. Interestingly, only 10% of respondents believe that alternatives can't benefit the portfolio. Instead, the largest reason nonprofits cite remains lack of consideration.

Organizations with less than $25MM indicate not evaluating alternative investments 36% more often than all other investors.

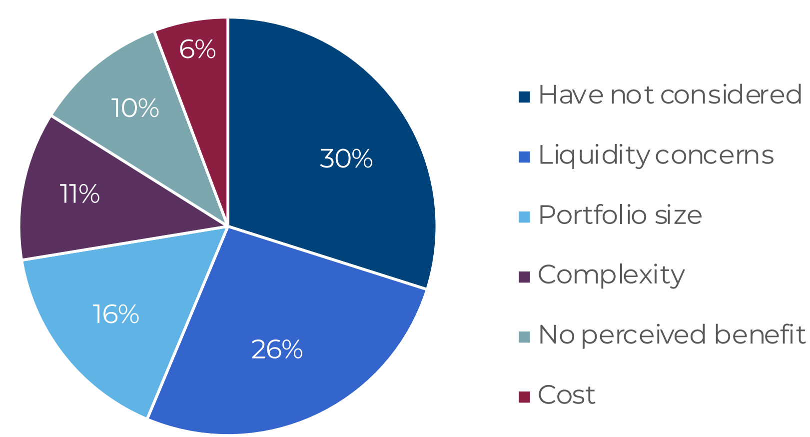
On the other side of the size spectrum, the largest institutions identify cost as the biggest obstacle they overcame to invest in the asset class.

Illiquid Alternative Investment Exposure by Portfolio Size



Respondents: 85

Obstacles Investing in Alternatives

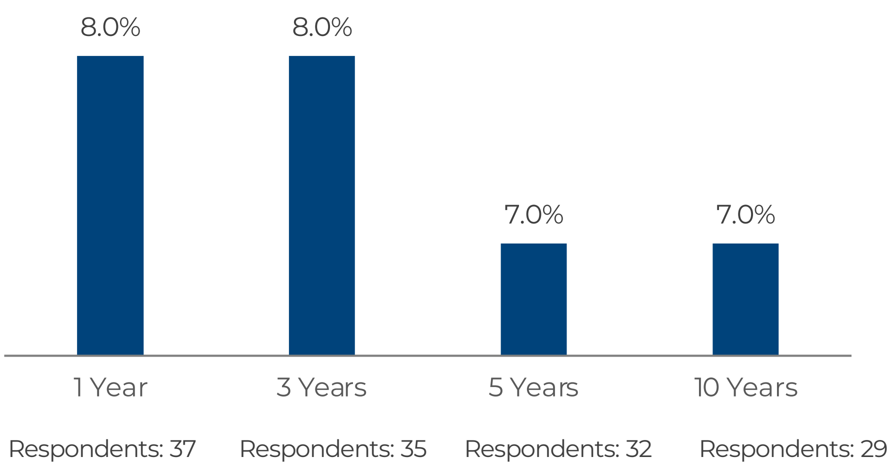


Respondents: 87

PERFORMANCE TRENDS

With the S&P 500 declining 3.1% over the first half of 2020, organizations reporting through the end of June experienced lower short-term trailing returns than those with financial periods ending 12.31.2019. However, over the past decade results show less distinct differences with about half of all nonprofits returning between 6 and 8% annually.

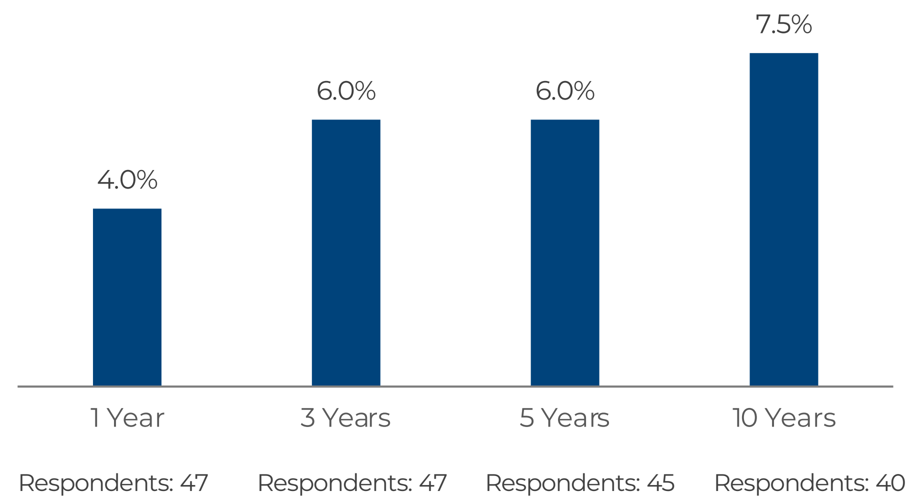
Trailing Median Annualized Returns (Period Ending December 2019)



Trailing Time Period	Outperformed Expected Return
1 Year	62%
3 Years	83%
5 Years	69%
10 Years	60%

Most nonprofits with calendar year reporting cycles saw returns exceed their expected returns over all trailing periods.

Trailing Median Annualized Returns (Period Ending June 2020)



Trailing Time Period	Outperformed Expected Return
1 Year	43%
3 Years	68%
5 Years	71%
10 Years	83%

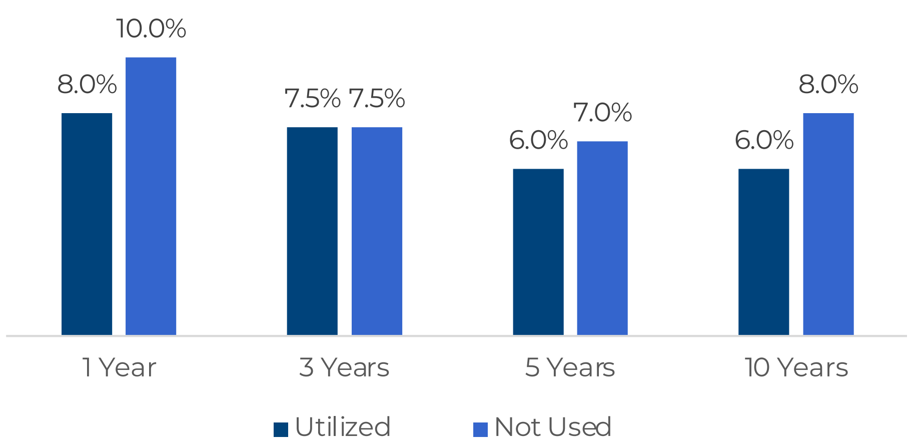
While short-term headwinds from COVID-19 dampened the success of organizations with July-June fiscal years in recent years, longer-term measures demonstrate most achieved their investment goals.

ASSET ALLOCATION

Tactical Asset Allocation

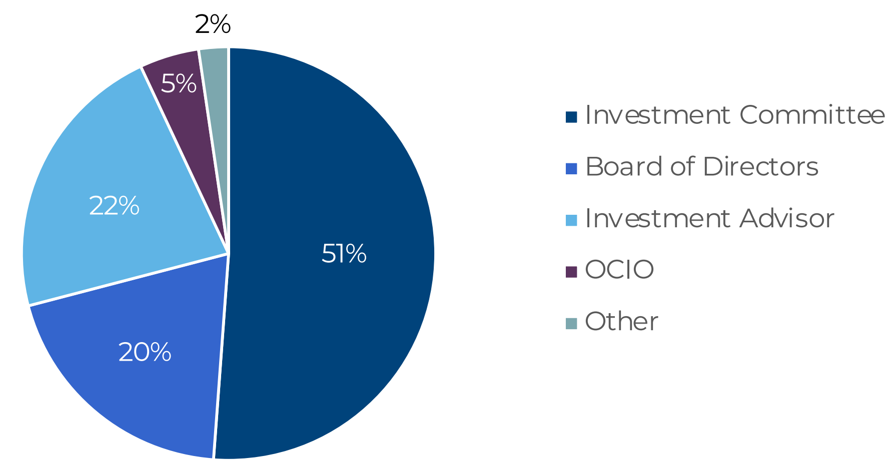
Two-thirds of organizations use tactical asset allocation. However, nonprofits' efforts to adjust their portfolios to take advantage of capital market conditions often failed to achieve the desired results. Based on the median net of fees returns over the last 1-, 3-, 5-, and 10-year periods (where respondent fiscal year matches the calendar year), organizations that use tactical asset allocation underperformed those that did not. While other dynamics may factor into these results, over the past decade tactical asset allocation disappointed many of the organizations that view the strategy as a potential return enhancer.

Tactical Asset Allocation Utilized and Median Returns



Respondents: 38

Who Determines Tactical Asset Allocation?



Respondents: 57

Organizations tactically managing their asset allocations internally, through an investment committee, board of directors, or staff, consistently underperformed those leveraging an external party such as an investment advisor or an outsourced chief investment officer (OCIO). The organizations that outsource tactical asset allocation decisions experience median returns 0.5% higher over trailing 3- and 5-year periods and 1.5% greater on a trailing 10-year basis when comparing median responses.

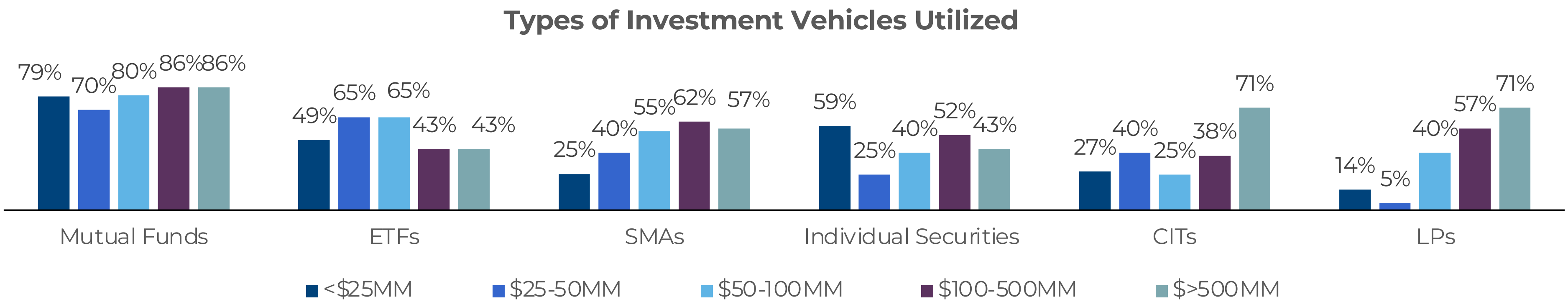
Note the return data shown is for organizations whose fiscal year aligns with the calendar year only.

INVESTMENT VEHICLES AND SERVICE PROVIDERS

Investment Vehicles

The most common investment vehicles in portfolios include mutual funds (78%), ETFs (51%), and individual securities (47%). While sometimes thought of as a retail investment, larger organizations allocate to mutual funds at a higher rate than smaller nonprofits. Institutional share classes of passive strategies often make mutual funds a lower-cost option than exchange-traded funds (ETFs).

Organizations with higher asset levels also more commonly utilize separately managed accounts (SMAs), collective investment trusts (CITs), or limited partnerships (LPs). The increase in prevalence of LPs aligns with the frequent allocation to alternative investments by larger investors.



Respondents: 131

Sub-Accounting

Nearly 60% of organizations that leverage sub-accounting do so internally. Eleven percent utilize their investment advisor for this service, and 10% use their custodian.

Discretionary Services

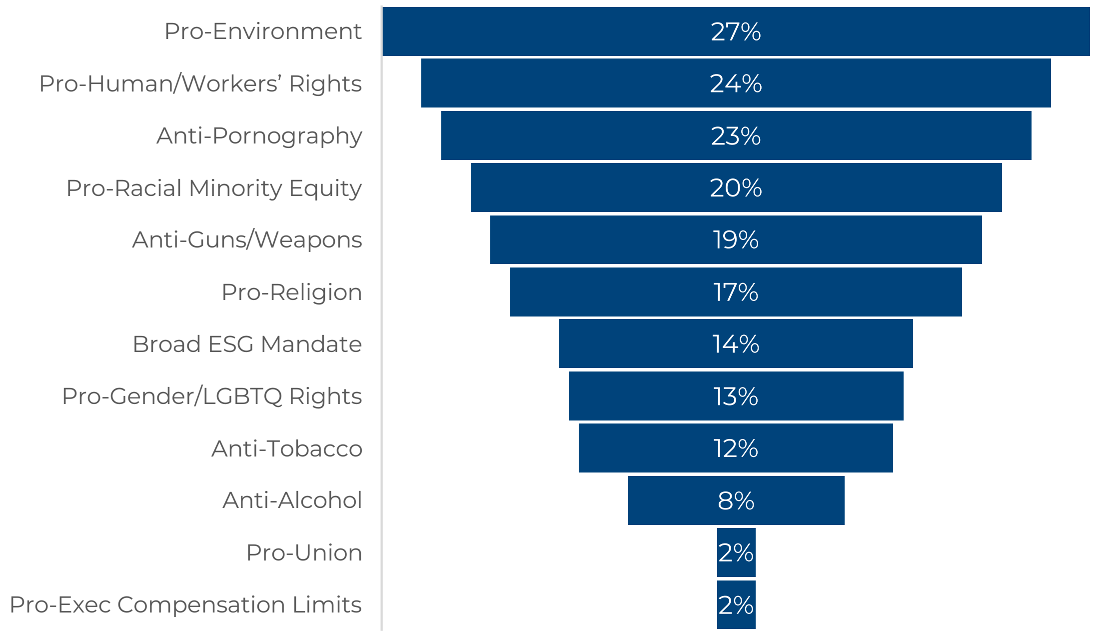
Seventy-five percent of organizations utilize an outsourced chief investment officer (OCIO). The OCIO or discretionary investment management model enables a nonprofit to delegate responsibility for all or part of their investment portfolio to a full-time investment advisor.

Seventy-seven percent of organizations that utilize an OCIO indicate their investment consultant serves in the OCIO capacity. The most common discretionary services include investment reporting (93%), security/investment manager selection (86%), and strategic asset allocation (76%).

ESG, IMPACT, AND MISSION-ALIGNED INVESTING

Respondents identified which investing values stand out as the most aligned with their personal principles—regardless of whether the organization's portfolio considers these preferences. Each respondent could select up to five options from a list of 12 pre-defined choices. The results reflect the lack of goal uniformity in ESG, impact, and mission-aligned investing across investors.

Only 27% of respondents selected the most frequent response, which was Pro-Environment. The broad range of priorities suggests that no one-size-fits-all asset management solution will match the values of nonprofits. Additionally, since the selections represent personal—not organizational—principles, multiple decision-makers may advocate for competing priorities.



Respondents: 122

Nonprofit Sector	Highest Priority Value(s)
Arts, Culture, and Humanities	Broad ESG Mandate
Education	Broad ESG Mandate and Pro-Environment (tie)
Environment and Animal	Pro-Environment
Foundation	Pro-Environment
Health	Pro-Environment
Human Services	Anti-Pornography, Pro-Environment, and Pro-Human/Workers' Rights (Tie)
Public-Society Benefit	Pro-Environment
Religion	Anti-Pornography

While Pro-Environment stands out as the most popular category across all nonprofit sectors, respondents from a handful of sectors more commonly recognize other priorities. Notably, religious organizations' participants identify not only Anti-Pornography as their top issue, but also a desire to align their investment portfolios with their values at a higher rate than other nonprofit types.

ESG, IMPACT, AND MISSION-ALIGNED INVESTING

While nearly a third (31%) of nonprofits allocate to ESG investments, lack of education from investment advisors and consultants stands out as the overwhelming factor limiting adoption of ESG, impact, or mission-aligned strategies. Ninety-seven percent of organizations whose consultants omitted the topic from conversations do not currently invest in or lack awareness of whether the organization utilizes ESG within the portfolio. Additionally, the most common impediment for those not allocating to such strategies remains a lack of consideration (47%).

Although specific impediments remain for many nonprofits, only 29% of organizations not currently investing in ESG, impact, and mission-aligned strategies failed to allocate when no obstacles exist.

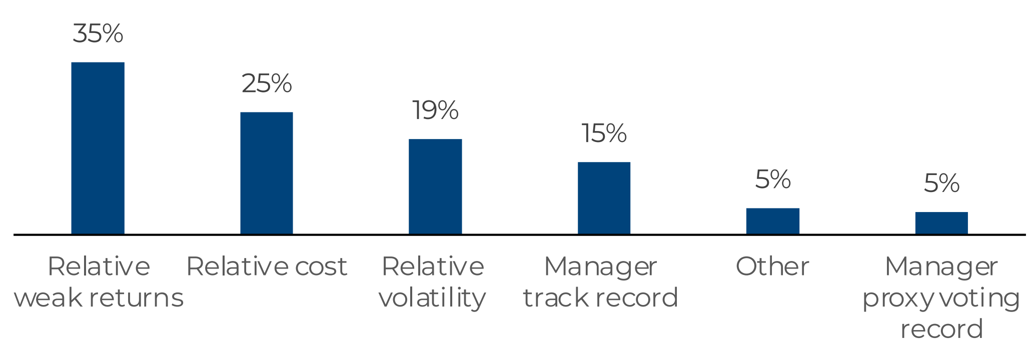
Biggest Obstacles Among Organizations Not Investing in ESG, Impact, and Mission-Aligned Strategies

Respondents: 62

In previous editions of the annual survey, smaller organizations utilized these strategies more so than larger organizations. This year, the impact of organization size waned, not influencing adoption rates of ESG or responsible investing strategies.

Among all organizations, concerns also applicable to traditional investments—weak returns and high cost—remain the biggest potential deterrents, proving that most nonprofits maintain a non-concessionary attitude toward allocating to ESG, impact, and mission-aligned investment.

Potential Deterrents Among All Nonprofits

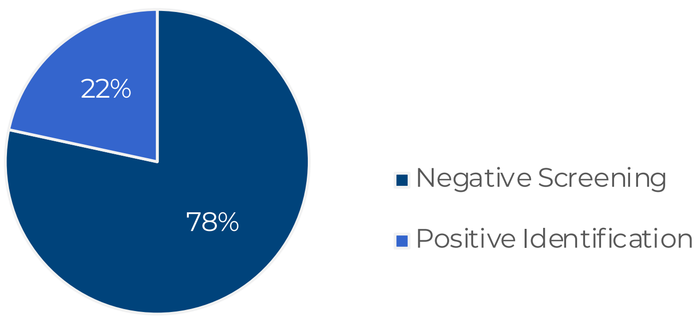


Respondents: 130

ESG, IMPACT, AND MISSION-ALIGNED INVESTING

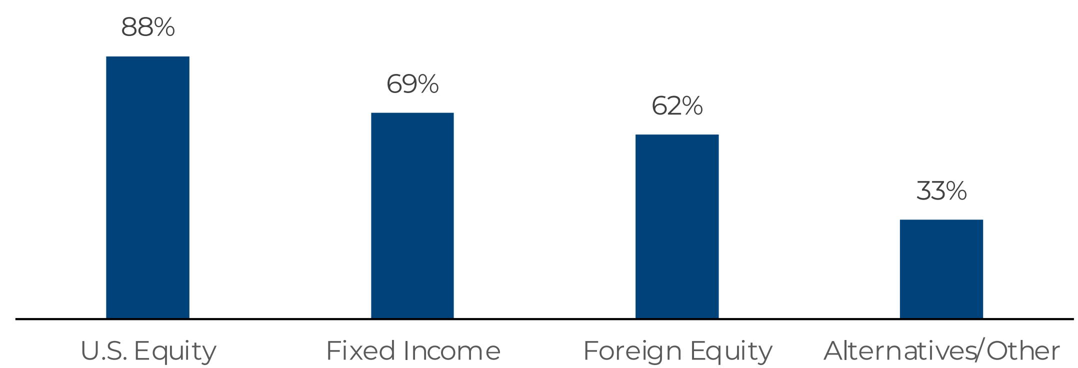
Nonprofits that implement ESG, impact, or mission-aligned investing strategies overwhelmingly favor negative screening to express their principles. The practice of electing to omit companies with business practices antithetical to organizational values is three times more common than proactively investing in firms that exhibit desirable characteristics.

Portfolio Implementation



Respondents: 37

Asset Classes Utilized

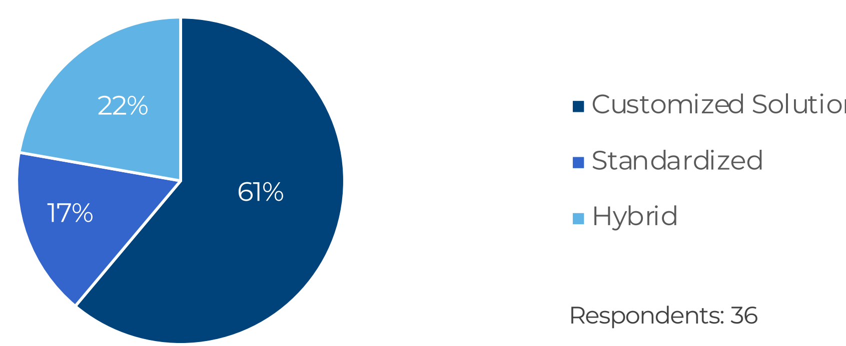


Respondents: 42

Although ready-made ESG products continue to proliferate, 83% of organizations utilize strategies custom—at least in part—to their priorities. As for which principles respondent prioritize, investors clearly desire the ability to articulate their specific values in their investment portfolios.

Though the topic appears intermittently in the financial press, only 17% of investors utilizing ESG, impact, or mission-aligned strategies use proxy votes to express their values.

Implementation Method

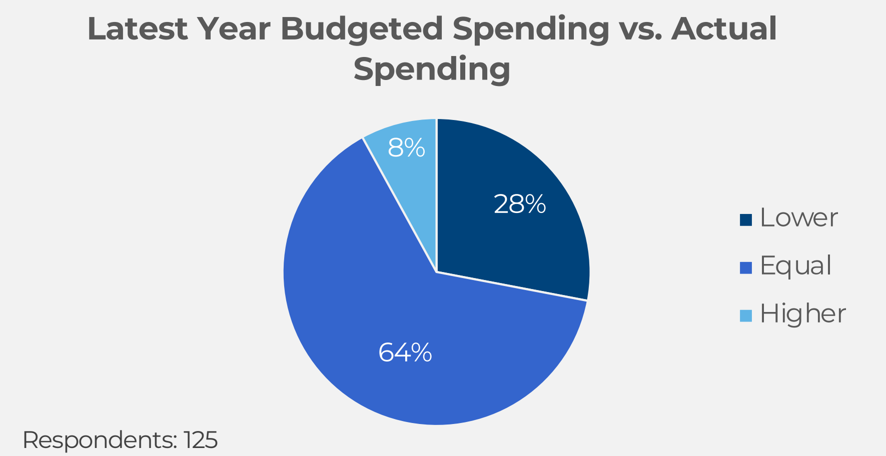


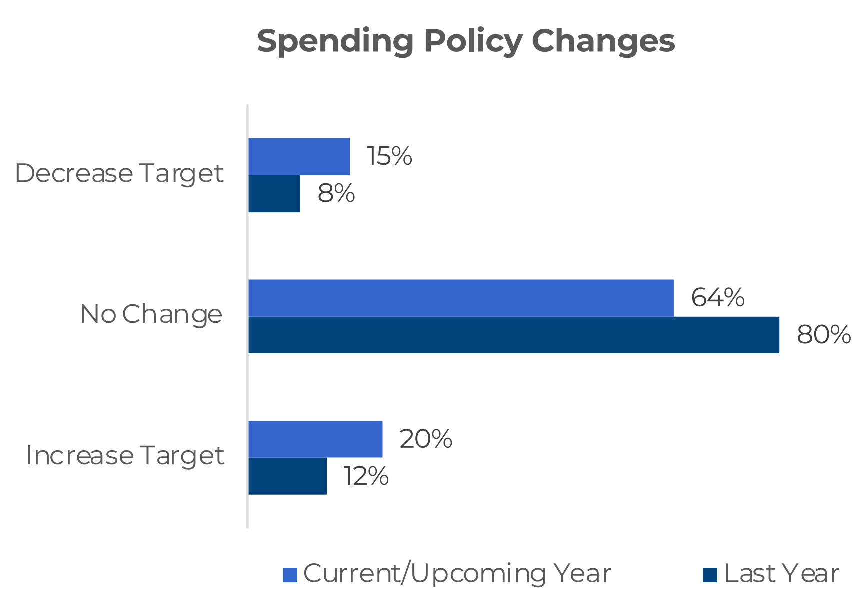
Respondents: 36

SPENDING POLICY AND PRACTICES

For the most recent completed fiscal year, 64% of organizations' actual spending equaled the target spending rate, while 28% spent less, and 8% spent more than their target rate. Most organizations do not intend to change their annual spending targets.

While COVID-19 upended the last quarter of the year for organizations following a July to June fiscal year, 62% of those nonprofits spent at their budgeted level with only 5% distributing more. These rates align closely to those reporting from calendar years ending at the end of 2019, suggesting that most organizations maintain fidelity to their policies in their response to the onset of the pandemic.





Respondents: 125

Nearly twice as many organizations anticipate changing their spending policies in the wake of COVID-19, versus during the previous year. Twenty percent of respondents indicate their organization intends to increase the spending target for the current/upcoming year.

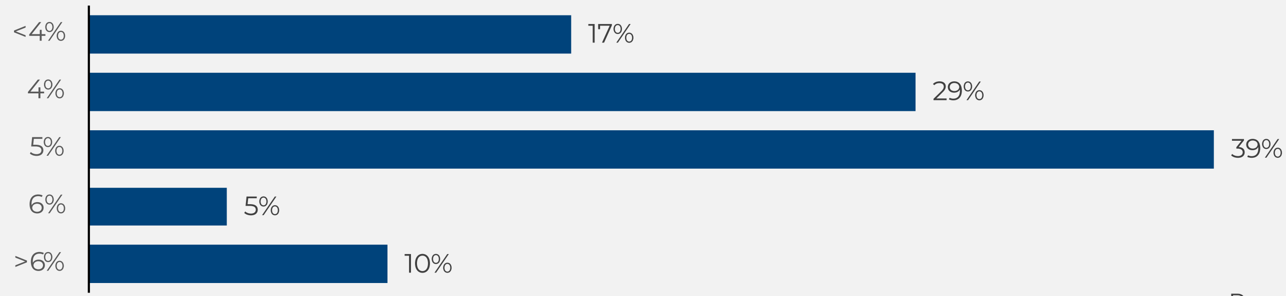
Of those that changed the spending target, many attributed the shift to the COVID-19 pandemic and the resulting market environment. One organization commented, "[The organization has] high levels of spending through 2020 for opportunity and to address times of crisis."

However, looking forward, a rising number of nonprofits also expect to reduce their spending. One nonprofit suggests that lower spending going forward will ensure fiscal responsibility and ensure its perpetual time horizon.

SPENDING POLICY AND PRACTICES

Organizations spent a median of 5% in the prior fiscal or calendar year. Some outliers spent nothing while a handful paid out more than 10% of their assets.

Actual Reported Spending (Percentage of Invested Assets)



Respondents: 125

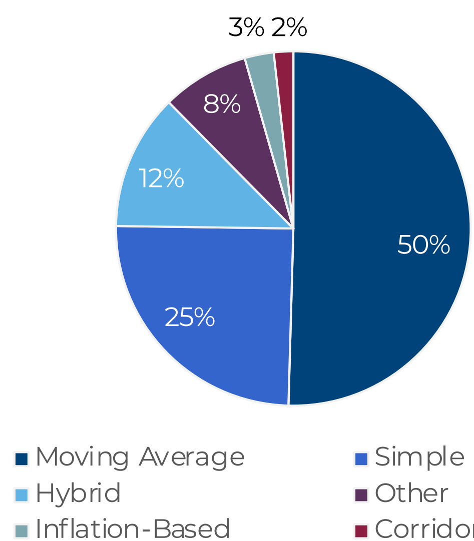
Moving average dominated among spending policy types with half of survey respondents favoring this model.

Only 7% of nonprofits changed their calculation methodology in the past year, and even fewer—2%—changed the time period reference for policy calculation.

While only 1 in 10 of nonprofits indicate no policy exists, most of those organizations (92%) engage in program activities.

Increasing clarity on spending expectations and maintaining a solid governance structure can help bridge some of the potential issues associated with leadership and board succession.

Types of Spending Policy Utilized



Respondents: 113

Moving Average - Spending a predefined percentage based on a calculation of a moving average. Twelve or 20 quarters are commonly used.

Simple - Spending a predefined percentage annually.

Hybrid - Combination of two or more approaches.

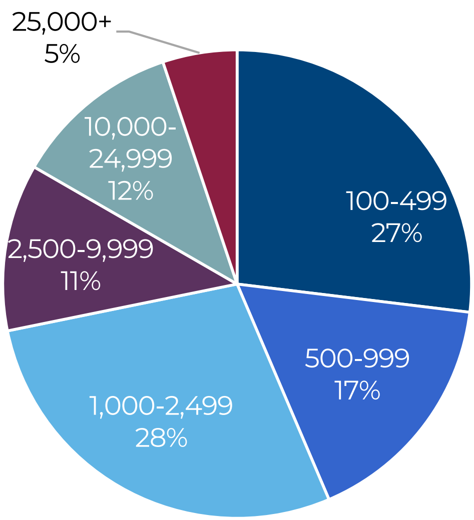
Corridor - Establish ceilings and floors that constrain the outcomes of a simple, moving average, or inflation-based approach.

Inflation-Based - Policies grow the previous year's spending by an inflation factor.

FUNDRAISING

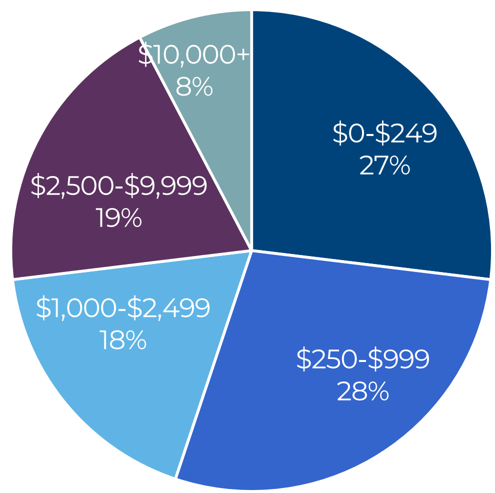
Among nonprofits actively fundraising, 77% of respondents indicate familiarity with their organization's efforts. The scope and success of organizations' ability to engage donors varies widely. The following pages will explore the practices of the most productive fundraisers across the below three measures. For definitional purposes, top performers in each category represent the top 20% of nonprofits by each of the metrics.

Total Donors



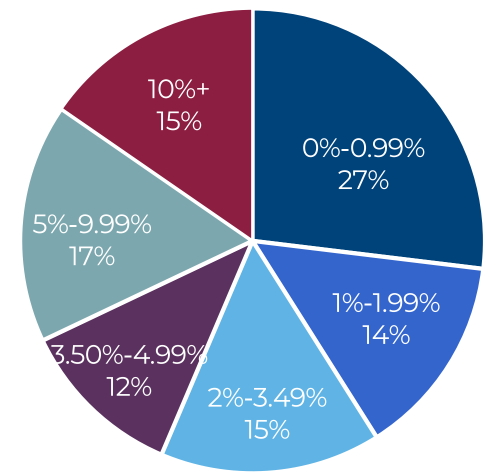
Percentile	Donors
25th	354
50th	1,000
75th	3,000
Top Performers	**5,000+**
Respondents	*78*

Average Donation/Gift Size



Percentile	Avg. Donation
25th	$200
50th	$518
75th	$2,603
Top Performers	**$4,000+**
Respondents	*78*

Donors (%) Above $10,000



Percentile	Percentage of Donors Giving More than $10,000
25th	0.7%
50th	3.0%
75th	5.6%
Top Performers	**7.0%+**
Respondents	*78*

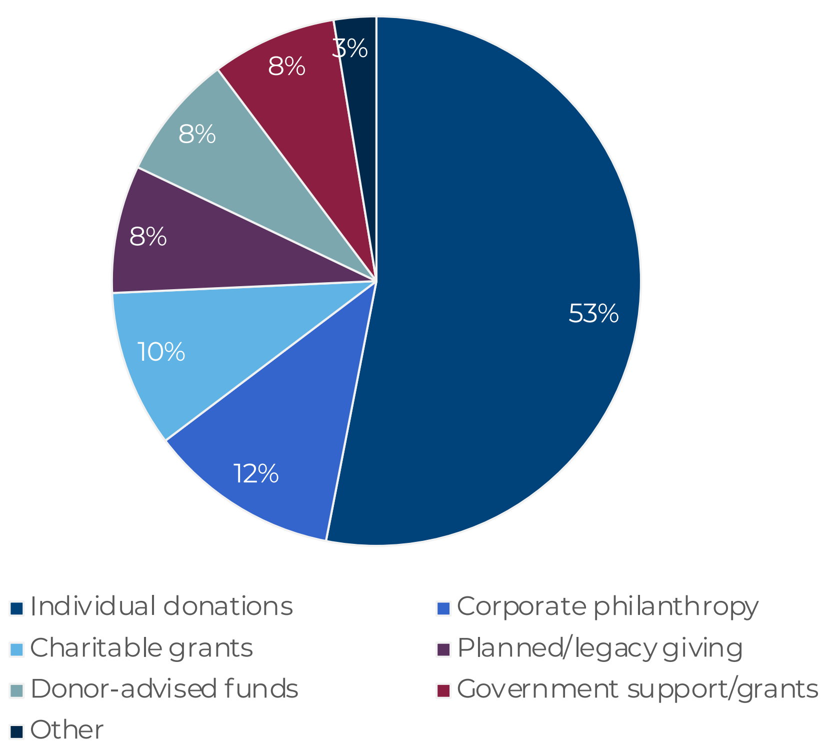
Analysis excludes organizations with fewer than 100 donors as different dynamics exist for small nonprofits and fundraisers concentrating on a small number of key supporters.

FUNDRAISING

The majority of nonprofit funding comes from individual philanthropists via either direct giving, bequest, or donor-advised funds. Organizations with the largest average donations and those that develop major donors receive twice as much from donor-advised funds as average organizations.

The most successful organizations at developing major donors accept online donations, conduct social media outreach, and tell impact stories.

Fundraising Sources



Respondents: 78

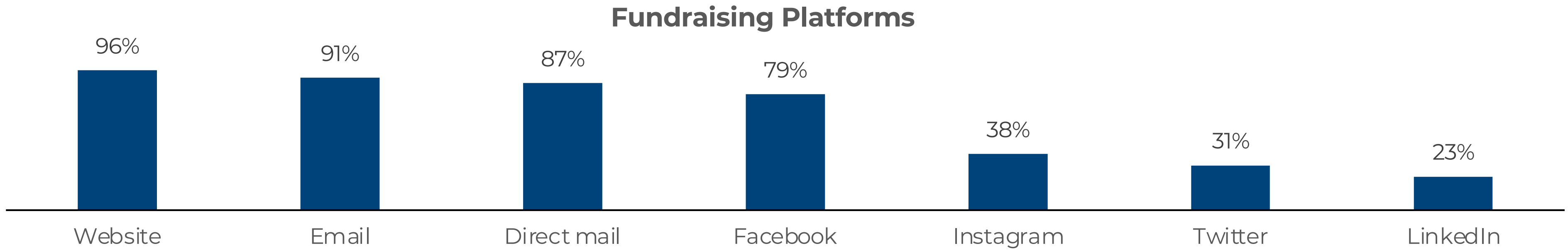
Donor Engagement and Fundraising Strategies

Respondents: 78

Top performers in each category represent the top 20% of nonprofits by each of the metrics.

FUNDRAISING

All three categories of top performers leverage social media more than the industry average. Nonprofits with the largest average donations and those that develop major donors both use LinkedIn and Twitter at a higher rate than peers. Additionally, all the top fundraisers utilize email. This implies organizations successful with major gifts look to engage donors on the platforms those individuals already utilize—rather than focus on a single forum for communication.



Respondents: 78

Major donor fundraising strategies can be seen below. Leveraging corporate gift matching nearly doubles the likelihood of a nonprofit to be a leader in average donation size. Surprisingly, the organizations most successful at securing large gifts hire fundraisers focusing on major donations no more frequently than the average nonprofit. This suggests that the most productive funding organizations simply nail the basics of outreach and storytelling with their donors, rather than relying on unique techniques targeting a subset of that audience.

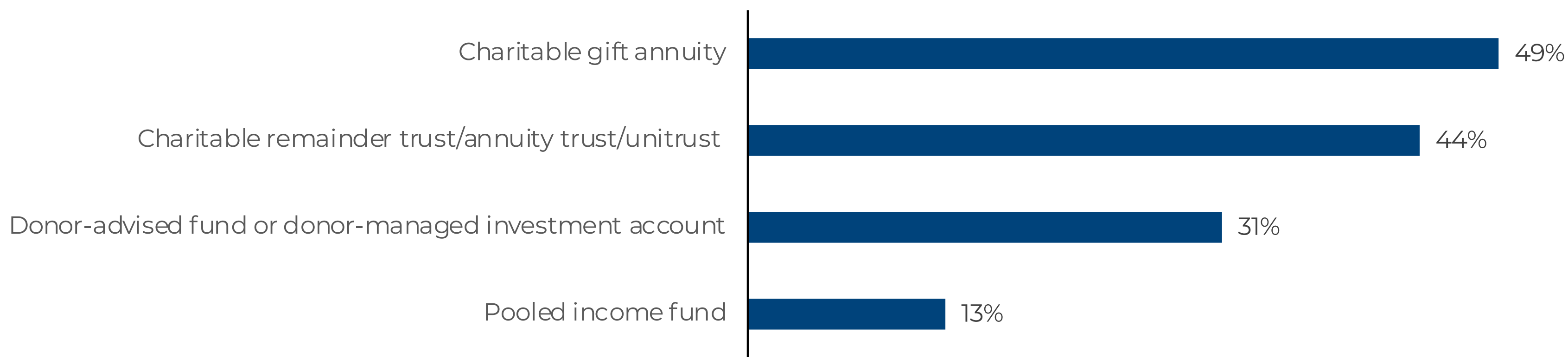
	Overall	Biggest Donor Base	Largest Average Donations	Develops Major Donors
Planned giving potential	80%	+13%	-12%	-12%
Hire staff solely dedicated to major fundraising	55%	+11%	+1%	+1%
Prospect screening	54%	+19%	+2%	+15%
Show major donors the return on their investment	49%	-2%	+1%	-5%
Corporate matching gifts	38%	+22%	+18%	-1%
Utilization of an exclusive major donor society	26%	+7%	-8%	-1%
		Difference Relative to Average Respondent		

Respondents: 76

FUNDRAISING

Nearly half of organizations responding to the survey utilize charitable gift annuities, and 31% have donor-advised funds (DAFs). Organizations that receive the largest average donations are 42% more likely to have DAFs. Nonprofits that offer DAFs are even more likely to have the biggest donor bases.

Planned Giving Programs Utilized



Respondents: 78

Lastly, across all nonprofits, 58% of total fundraising comes in the form of unrestricted funds. Organizations with the largest average donations and those that develop major donors both receive more gifts as restricted funds than the nonprofit average. Significant donors want input on how nonprofits will use their gifts.

	Overall	Biggest Donor Base	Largest Average Donations	Develops Major Donors
Unrestricted funds	58%	3%	-9%	-8%
Restricted funds	42%	-3%	**9%**	**8%**
		Difference Relative to Average Respondent		

Respondents: 74

FUNDRAISING

Read on for high-level gleanings on changes nonprofits can make to enhance fundraising, along with a look at how some of the savviest nonprofits approach this task.

Nonprofits with large average donations and high proportions of major gifts:

- Accept online donations
- Engage in social media outreach/marketing
- Utilize impact stories

Organizations that excel with large donors:

- Are 38% more likely to employ gift matching
- Accept restricted funds at about ~21% higher rate than the average nonprofit
- Promote fundraising via social media more, specifically LinkedIn (35%) and Twitter (~32%)

Foundations and endowments with the most supporters:

- Offer donor-advised funds 52% more often
- Use both general and corporate gift matching
- Are 21% more likely to market via Instagram

NONPROFIT VOICES: FUTURE CONCERNS

Most Pressing Investment Concerns and Long-Term COVID-19 Implications

Future Investment Returns

Organizations' investment concerns center upon lower return expectations, market volatility, valuations, probability of a prolonged recession, and future uncertainty relating to new presidential administration's policies. Unsurprisingly, many of these concerns stem from the COVID-19 pandemic's effect on the overall economy.

Organizations relate these investment concerns to their own mission rather than the concerns and the effect on the overall market environment. One respondent claims, "Asset growth and earning [is the most pressing investment concern]." They further state, "Our endowment draws are based on the rolling 12-quarter average, so negative earnings impacts student financial aid."

Budgetary Constraints

Forecasts of the impact of COVID-19 vary, as some organizations do not believe there will be long-term implications. However, others identify longer-term implications as an increase in remote working popularity and lower donation amounts, from more, newer donors.

Many nonprofits express uncertainty looking ahead. Some organizations remain unsure how budgetary concerns may potentially affect operations. One organization states, "We are handling more transactions with less staff, and there is a hesitancy to hire more staff as spending may not be sustainable." Lastly, many organizations possess anxiety about the pandemic's effects on individuals, which may hurt fundraising prospects looking forward.

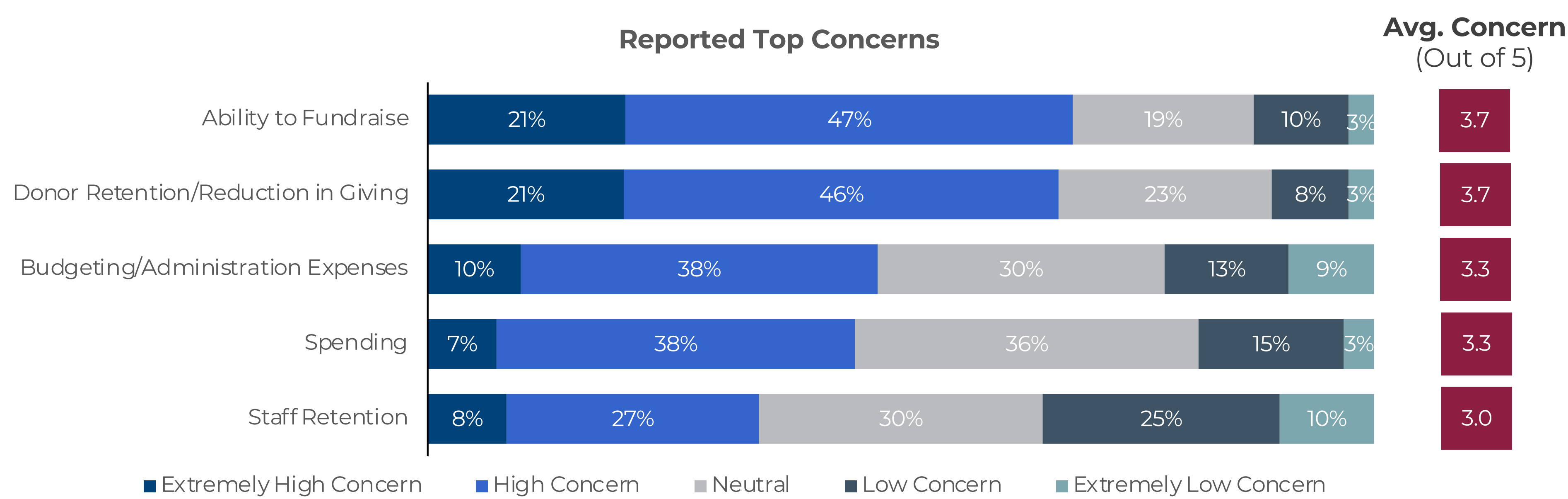
NONPROFIT VOICES: FUTURE CONCERNS

Demand on Services

Requests for services/resources and the financial capacity to meet those demands vary across the respondents and the different nonprofit sectors. The beneficiaries of many nonprofits likely need additional services and resources in challenging times. However, nonprofits face constraints when volatility impacts investment returns and fundraising prospects lack clarity.

Several organizations observe a decline in demand for services and that the pandemic continues to not materially affect the organization. Other nonprofits face a growth in demand for services and entered the new environment well-positioned financially to meet the increased need.

On the other hand, several organizations express that “needs outweigh resources available.” One respondent indicates, “We are usually pressed to do more when the market is in decline, yet the majority of our operating income is market dependent.”



Respondents: 82