THE PLANNED GIVING COUNCIL OF LEE COUNTY, INC.

February 2023

Mike Valone, CFA®, CAIA®
Vice President | Financial Advisor
CAPTRUST Advisors

ABOUT CAPTRUST

ABOUT CAPTRUST

36-year
operating history

Culture
of employee ownership

1,268
employees

More than 3,000
institutional clients

$742 billion
in client assets under management

98%
Client retention
(average since 2009)

Data as of 09/30/2022

ENDOWMENTS

ENDOWMENTS

Investment Portfolio

- Can include stocks, bonds, alternative investments and cash
- Designed to earn a specified return
- Supports organizational spending

Endowment Corpus

- Initial assets deposited
- Corpus generates investment gains
  - Gains can be spent on operations, board directed, or donor-specified purposes.
- Typically, there are restrictions on spending the endowment corpus
- Grow the corpus over time in excess of inflation

BENEFITS AND COSTS

Benefits for your organization
- Annual funds to support your mission (i.e., spending policy)
- Engage donors and build community presence

Benefits for donors
- Long-term impact, legacy
- Tax benefits

Costs
- Administrative costs
- Investment-related costs (e.g., advisor, investment manager, custody, and audit)

2022 ENDOWMENT & FOUNDATION SURVEY

2022 Endowment & Foundation Survey

CAPTRUST

ABOUT CAPTRUST AND THE 2022 SURVEY

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

About Us

- 36-year operating history
- Independently owned
- 1,330+ employees
- 3,800+ institutional clients
- $750 billion+ in client assets under advisement
- 98% client retention (average since 2009)

The 2022 Endowment & Foundation Survey

We would like to thank the 169 organizations that participated in our 2022 survey. The intention behind this annual endeavor is to help nonprofits achieve their missions in our shared communities. Responses in each section provide new insights into the sector that can help inform growth, strategy, and internal practices. In 2022, we asked about:

- Demographics
- Asset allocation
- Alternative investments
- Governance
- Spending policy
- Fundraising
- Environmental, social, and governance (ESG)
- Diversity, equity, and inclusion (DEI)
- Future concerns

Please contact us with any observations regarding the survey. We continuously assess ways to make the survey process and our analysis of the data more useful for nonprofits, and we appreciate your feedback.

Source: CAPTRUST data as of 12.31.2022

LETTER FROM THE EDITOR

Our largest survey effort to date, CAPTRUST's 2022 Endowment & Foundation Survey expands on techniques pioneered in previous years' editions. Specifically, we have worked to identify not just what nonprofits are doing, but why. By understanding peer thought processes, organizations can use the collective wisdom of the sector to inform their own decision-making.

Our goal each year is to arm decisionmakers with clear and actionable information that can help them make a positive impact. In this year's results, three topics stand out as the most remarkable.

1. Alternative Investments

The wide universe of alternative investments provides an untapped opportunity for more than one in three organizations (37 percent) that do not currently allocate to this asset class. Surprisingly, 10 percent of organizations that are not investing in alternatives said they do not see a potential benefit. With a range of strategies available and numerous potential rationales for investment, many nonprofits may benefit from exploring this asset class.

2. ESG Investing

Organizations that have not adopted ESG maintain a different worldview from those that have. Many nonadopters believe ESG will detract from performance. Perhaps predictably, this group is less likely to have discussed allocating to ESG in the past 12 months.

3. Board Development and Diversity

Two-thirds of nonprofits either expect or require board members to donate to the organization. The decision to tie gifting to participation has a direct impact on endowments and foundations' satisfaction with diversity.

CAPTRUST's annual Endowment and Foundation Survey strives to provide your organization with information to enhance its impact. We believe the success of the nonprofit sector creates better outcomes for our shared communities, and to that end, we hope you find the following pages both informative and helpful.

James Stenstrom

James Stenstrom | Director

DEMOGRAPHICS

CAPTRUST's 2022 Endowments and Foundations Survey includes responses from 169 organizations.

Private nonprofits represent 59 percent of respondents. About half of total respondents are primarily engaged in program activities, rather than distributing grants or scholarships. Educational organizations (26 percent) and foundation organizations (23 percent) represent nearly half of survey participants, with seven other sectors included.

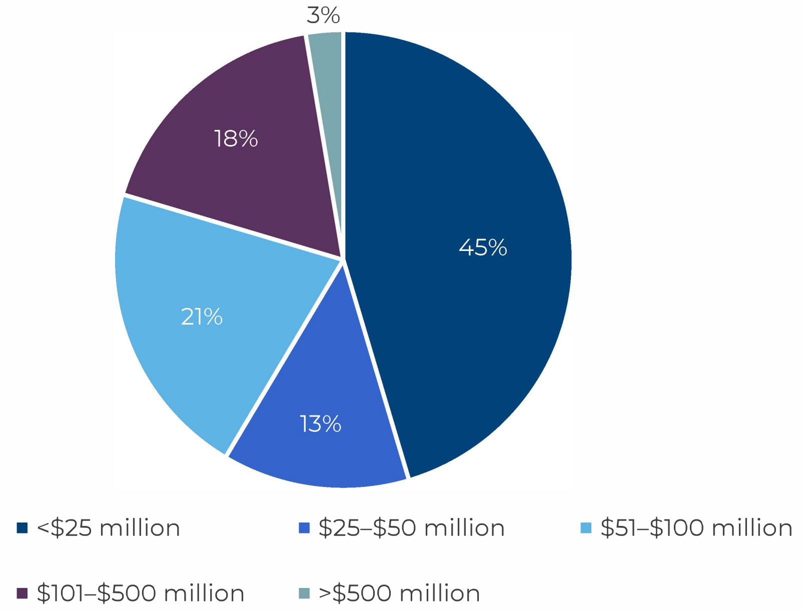
By a two-to-one ratio, nonprofits that provide program activities are more likely to be statutorily private than public. A more even split between private and public exists for grantmaking and scholarship-sponsoring organizations.

Reflecting the nonprofit sector, the responses skewed toward organizations without sizable investment portfolios. However, more than 30 organizations maintain investment portfolios greater than $100 million.

		Nonprofit Type	
		Private	Public
		59%	41%
Primary Expenditures	Program Activities (50%)	67%	33%
	Hybrid (18%)	44%	56%
	Grants or Scholarships (32%)	52%	48%

Respondents: 153

Organization Investable Assets in Millions

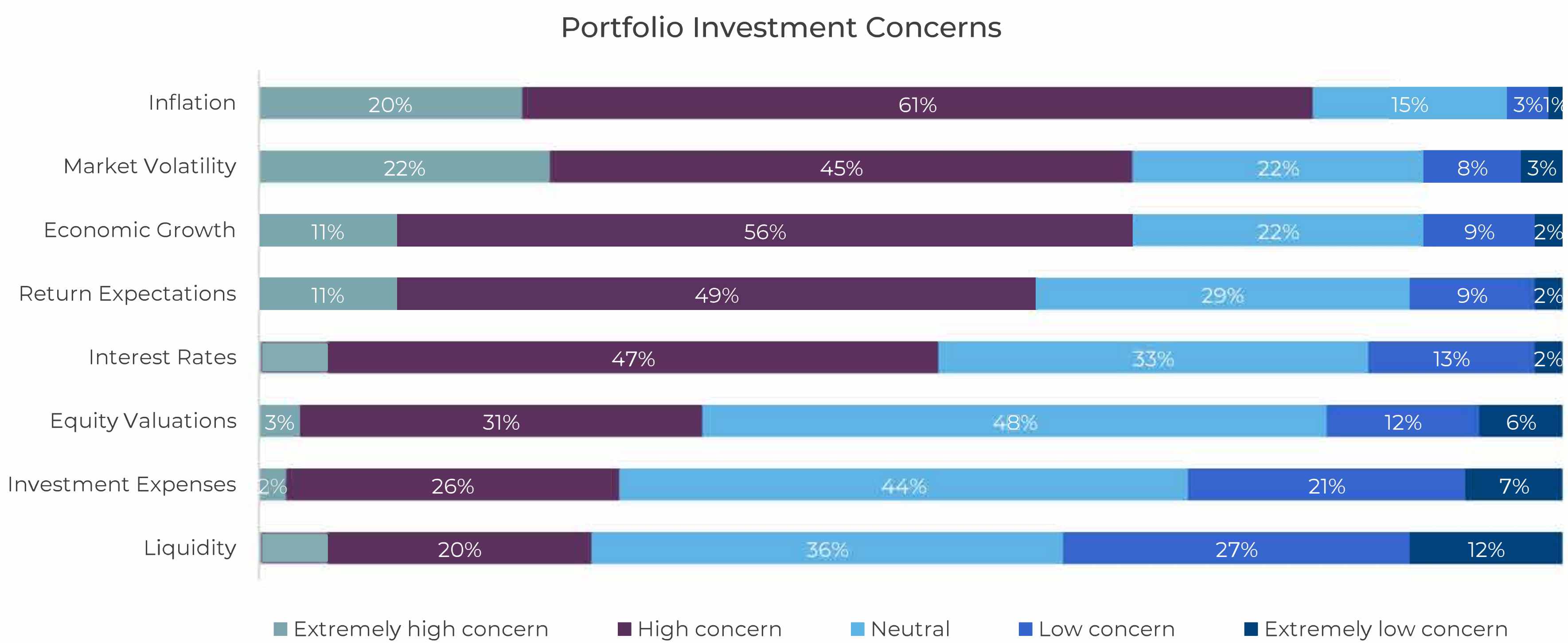


Respondents: 152

INVESTMENT CONCERNS

Nonprofits, especially operating organizations, value financial stability to make budgeting decisions and provide consistent support for grantmaking and scholarships. In their open-ended comments, a significant number of respondents cited inflation and market volatility as their top concerns.

Interestingly, organizations that use moving-average spending policies expressed alarm about whether their practice of using high-water-mark asset values from previous years in order to calculate current spending could create challenges in the present or future, when asset values may be depressed by challenging market conditions.

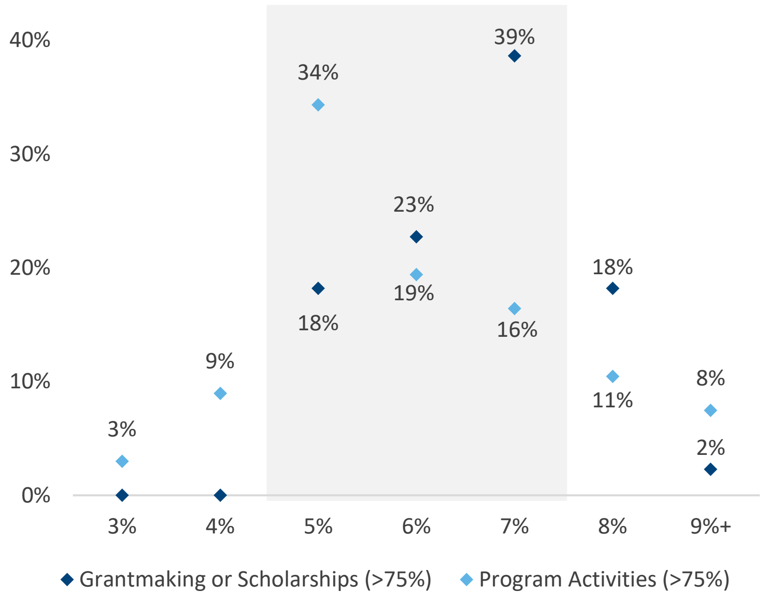


Respondents: 94

INVESTMENT VEHICLES AND SERVICE PROVIDERS

The most common expected returns on invested assets differ greatly based on an organization's primary expenditures, with the most common return target for nonprofits focused on grantmaking (7 percent) falling 2 percent higher than organizations that are focused on supporting program activities (5 percent). As highlighted below, most organizations (72 percent) maintain expected returns between 5 percent and 7 percent.

Expected Return on Assets



Respondents: 134

Primary Driver of Expected Return

Rank	Grantmaking/ Scholarships	Program Activities
1	Historical investment return average	Historical investment return average
2	Spending policy goals	Forward-looking estimate based on asset allocation
3	Forward-looking estimate based on asset allocation	Spending policy goals
4	Operating budget support needs	Operating budget support needs

Respondents: 143

Historical investment return averages are the primary driver of expected return forecasts for all organization types. However, spending policies play a more pronounced role in the investment decision-making process for grantmaking and scholarship organizations.

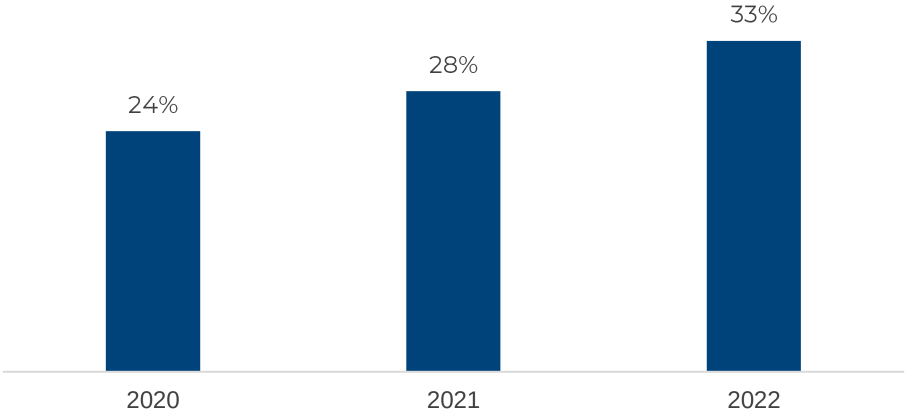
CAPTRUST

THE TREND TOWARD OCIO

The proportion of respondents engaging an outsourced chief investment officer (OCIO) increased to 33 percent from 24 percent in 2020.

Despite the growth of discretionary management engagements, most endowments and foundations continue to manage their investment assets either internally or with the assistance of an investment consultant.

Percentage of Organizations Engaging an OCIO



Respondents: 2020–132, 2021–156, 2022–104

OCIO SERVICES

Utilizing an OCIO or discretionary investment management model enables an asset owner to delegate responsibility for all or part of their investment portfolio to a full-time investment advisor. Portfolio management and trading is the most common service provided by an OCIO. While most nonprofits leverage their OCIO for portfolio implementation, security and investment manager selection is one of the least-provided services.

This demonstrates that newer adopters of OCIO consulting are more often taking a more hybrid approach, leveraging the implementation abilities of their provider while maintaining a degree of control over the portfolio.

Frequency Rank	OCIO Service
1	Portfolio management and trading
2	Strategic asset allocation
3	Tactical asset allocation
4	Security and investment manager research
5	Security and investment manager selection
6	Trust and custody

Respondents: 30

ASSET ALLOCATION TRENDS

The chart below details asset allocation quartiles across respondent organizations, along with the change, if any, from 2021 responses. It is compelling to note that changes to domestic and international equities now reverse multiyear trends. Even with the increase to international equities—at the expense of domestic equities—investors still exhibit a strong home-country bias compared to global equity indexes.

Asset Allocation Quartiles

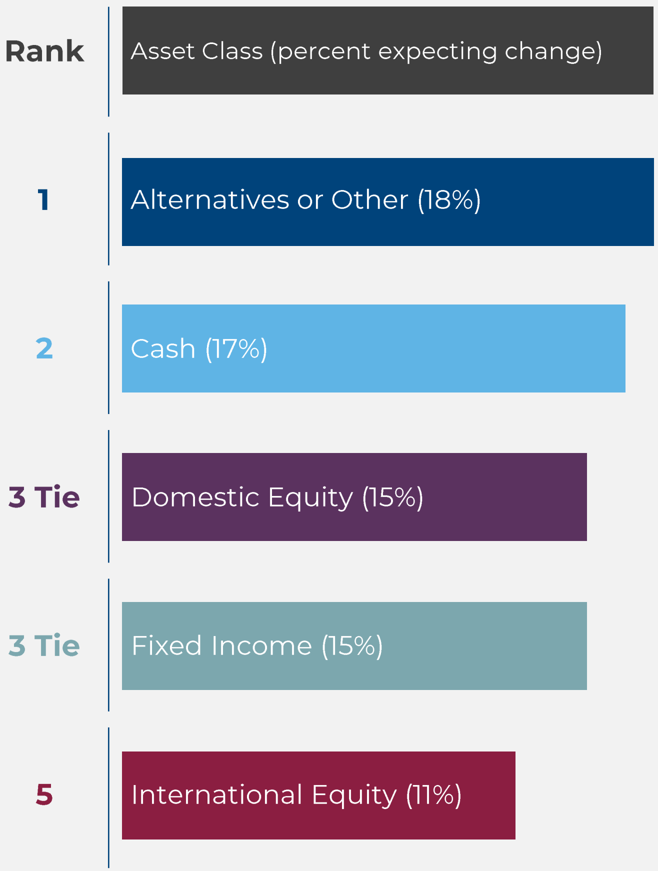
Respondents: 116

	Cash	Fixed Income	Domestic Equity	International Equity	Alternatives or Other
Minimum	0%	0%	0%	0%	0%
First Quartile	0%	15% **(↓2%)**	30% **(↓3%)**	5% **(↑5%)**	0%
Median	2% **(↓1%)**	25%	41% **(↓7%)**	15% **(↑3%)**	5% **(↑5%)**
Third Quartile	6% **(↓3%)**	32% **(↑1%)**	50% **(↓6%)**	21% **(↑1%)**	15% **(↑5%)**
Maximum	100%	72%	100%	53%	100%

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

EXPECTED CHANGES TO ASSET ALLOCATION

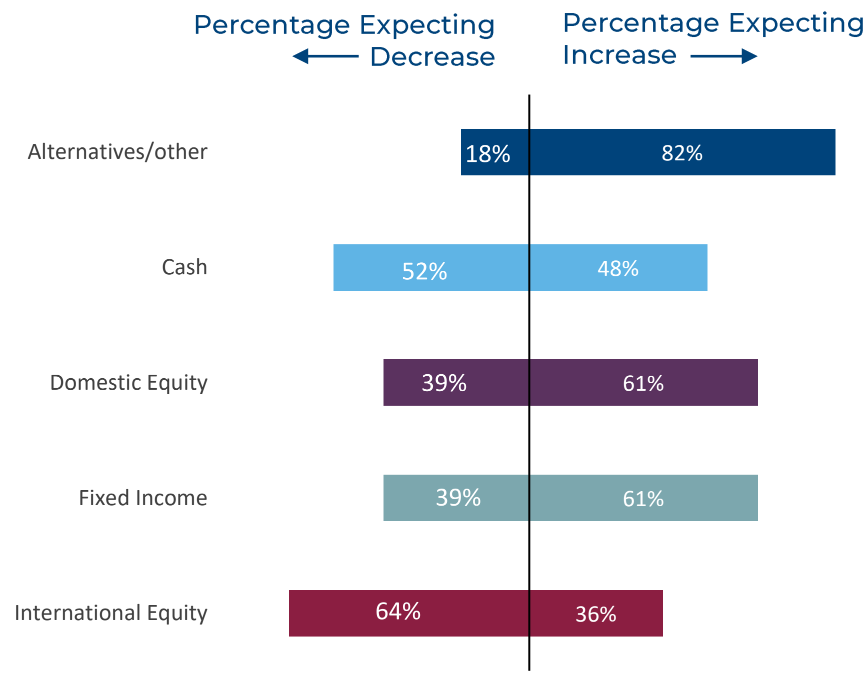
Most Expected Asset Allocation Changes



Respondents: 116

Most organizations expect to maintain their current asset allocation targets. However, among organizations that are anticipating change, alternative investments were the most likely to change.

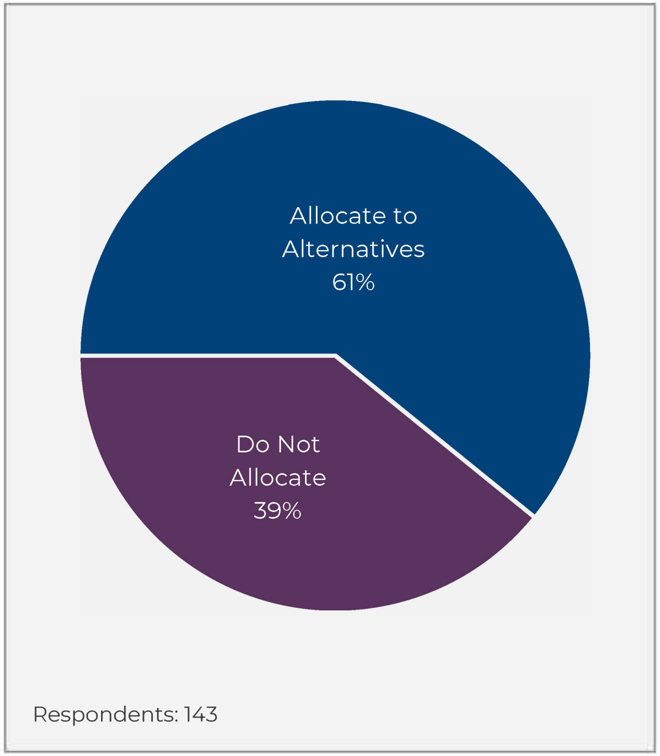
Alternative investments also present the most lopsided expectation with 4.5 times more nonprofits expecting to increase—rather than decrease—their allocation to this asset class.

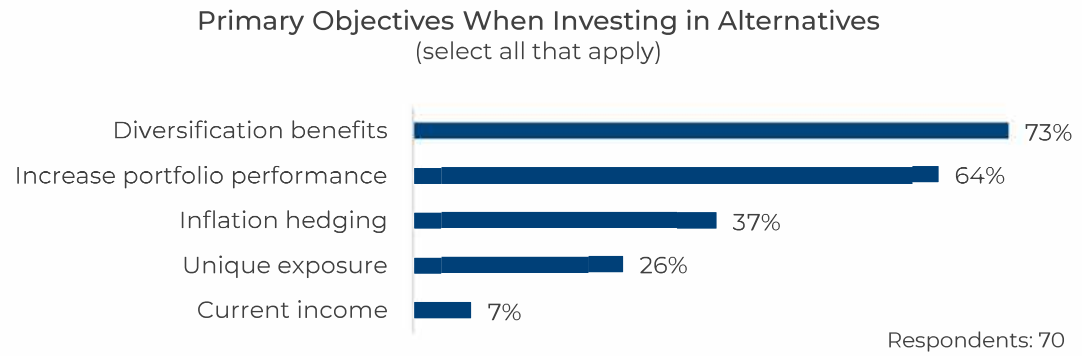


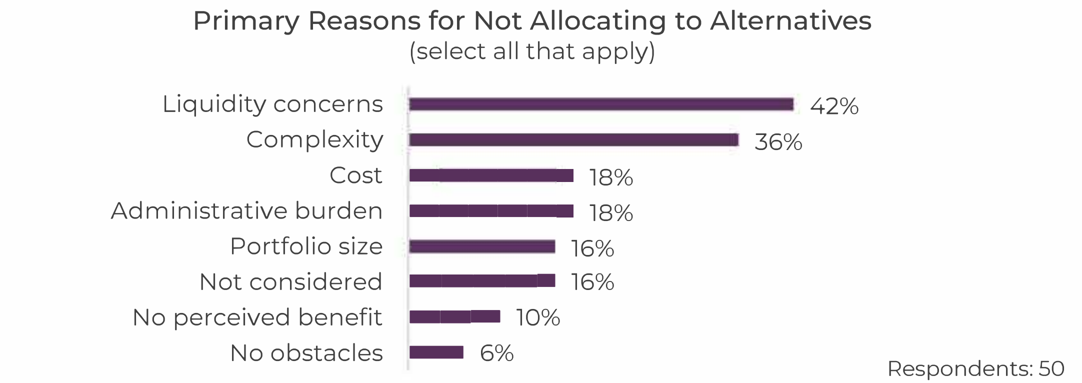
Respondents: 116

ALLOCATION TO ALTERNATIVE INVESTMENTS

Investors cite several reasons for allocating to alternative investments, but the two most common—diversification benefits (73 percent) and the hope of increasing portfolio performance (64 percent)—far exceed all other reasons.





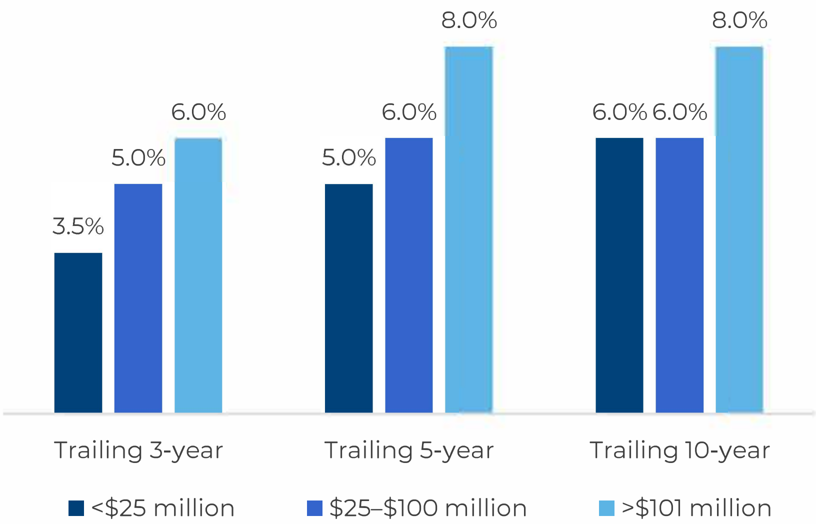


For organizations not allocating to alternative investments, the most cited reasons—liquidity concerns (42 percent) and cost (18 percent)—reflect the nature of the asset class. Other barriers, such as complexity (36 percent), administrative burden (18 percent), and lack of consideration (16 percent), may be addressed through additional support. Organizations may also want to consider seeking professional education and operational assistance in alternative investments as a surprisingly low portion (10 percent) of those not investing in alternatives feel the asset class offers no potential benefit.

PERFORMANCE TRENDS

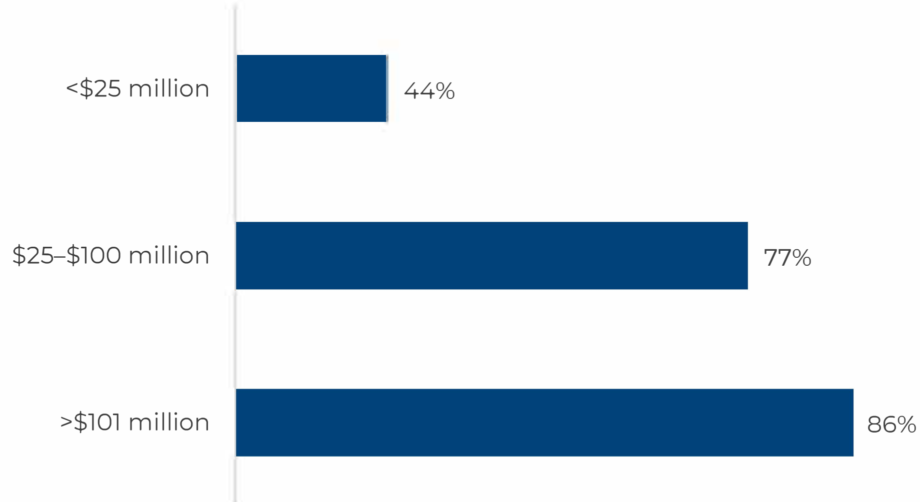
While the S&P 500 Index returned more than 26 percent in 2021, fortunes reversed in 2022 with the Index losing more than 20 percent in the first six months. This challenging environment caused investors to fall short of their performance expectations with only 2 percent of nonprofits meeting their investment goals. Over longer periods, this proportion increases with 37, 40, and 48 percent of organizations besting their return expectations over trailing three, five, and 10-year periods, respectively.

Trailing Annualized Returns
(Period Ending 6.30.2022)



Respondents: 38 Respondents: 35 Respondents: 33

Nonprofits Allocating to Alternatives

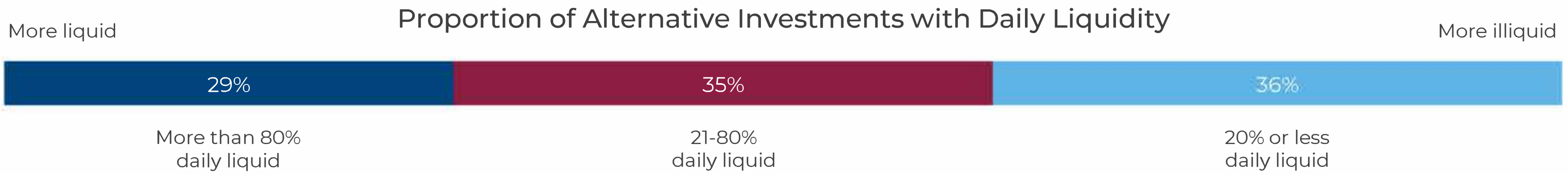


Respondents: 38

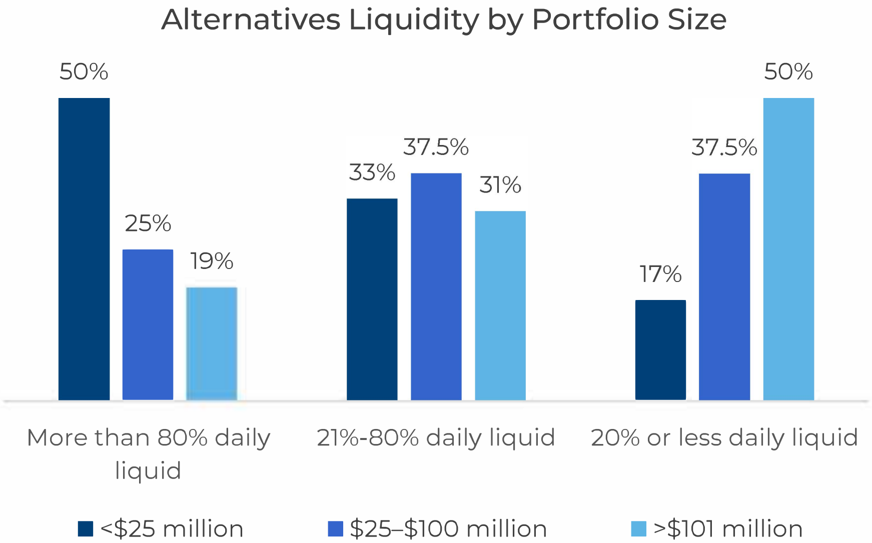
Nonprofits with larger investment pools obtained higher rates of return over trailing periods of three years or longer. Those higher returns correspond to larger organizations more commonly allocating to alternatives, with the largest organizations nearly twice as likely to invest in the asset class. As reported in our 2021 survey, organizations with larger portfolios allocate to alternatives not only more often but also with a larger percentage of their total assets.

LIQUIDITY IN ALTERNATIVES

For organizations investing in alternatives, there is an almost equal three-way split between those that choose primarily liquid alternatives, primarily illiquid alternatives, and a blend of both approaches. However, when we view this data through the lens of portfolio size, a trend emerges. While organizations with the largest portfolios most commonly allocate to primarily illiquid investments, the smallest cohort favors alternative strategies with daily liquidity instead.



Respondents: 52



Respondents: 52

Investors pay close attention to the daily liquidity of potential alternative investments—that is, the organization's ability to redeem the investment any day that markets are open.

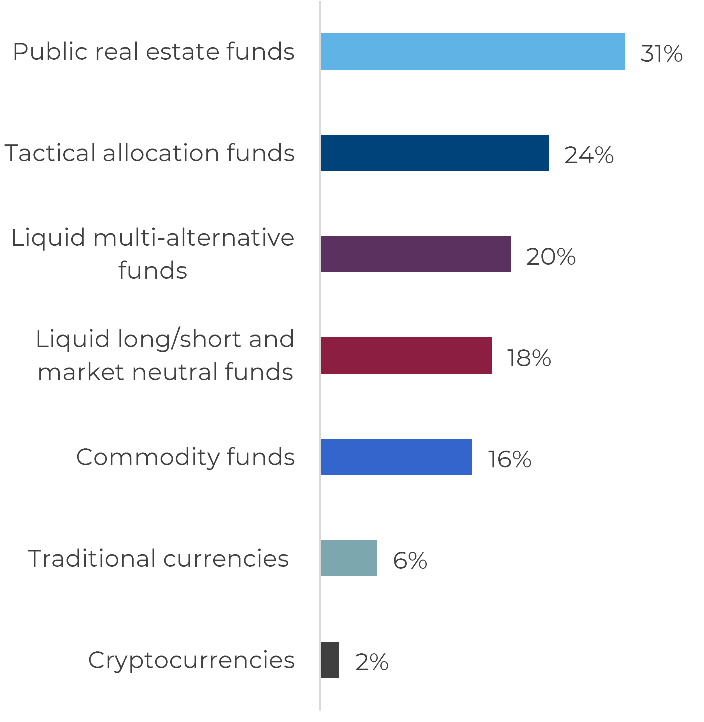
While maintaining daily liquidity allows a portfolio to remain nimble and rebalance more easily, not all strategies provide that level of access to invested capital. Some asset classes require longer time horizons due to their structure. For example, private equity managers may choose to invest in companies that have the potential to provide an attractive return after improving operations or growing their market share.

Nonprofits should weigh their need for liquidity against their desire to access the wide opportunity set that less-liquid alternative investments provide.

LIQUID ALTERNATIVES STRATEGIES

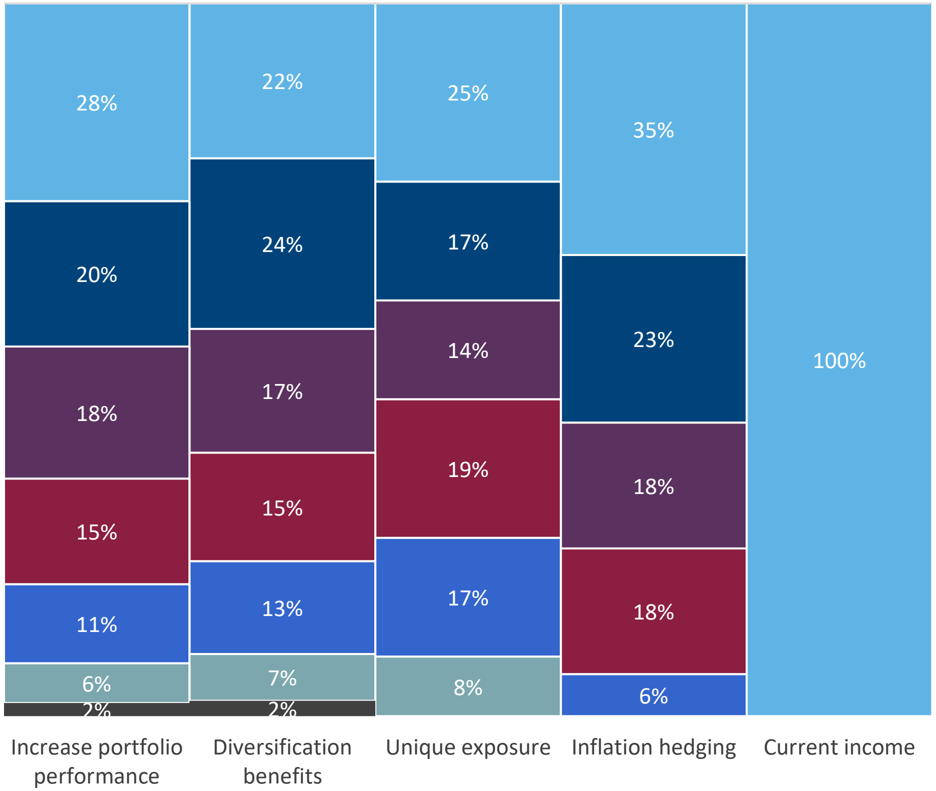
Nonprofits using primarily liquid alternatives strategies most often cite diversification as their primary reason for allocating to this asset class. The chart below shows that most alternatives are equally popular for meeting investment objectives, except for current income, which drove investors to allocate exclusively to public real estate funds.

Types of Liquid Alternatives



Respondents: 51

Liquid Alternatives Allocations by Investment Objective

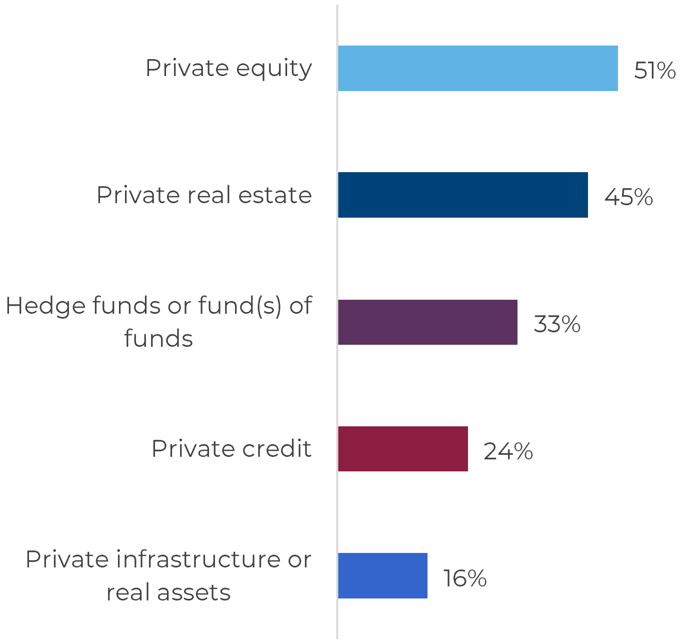


Respondents: 55

ILLIQUID ALTERNATIVES STRATEGIES

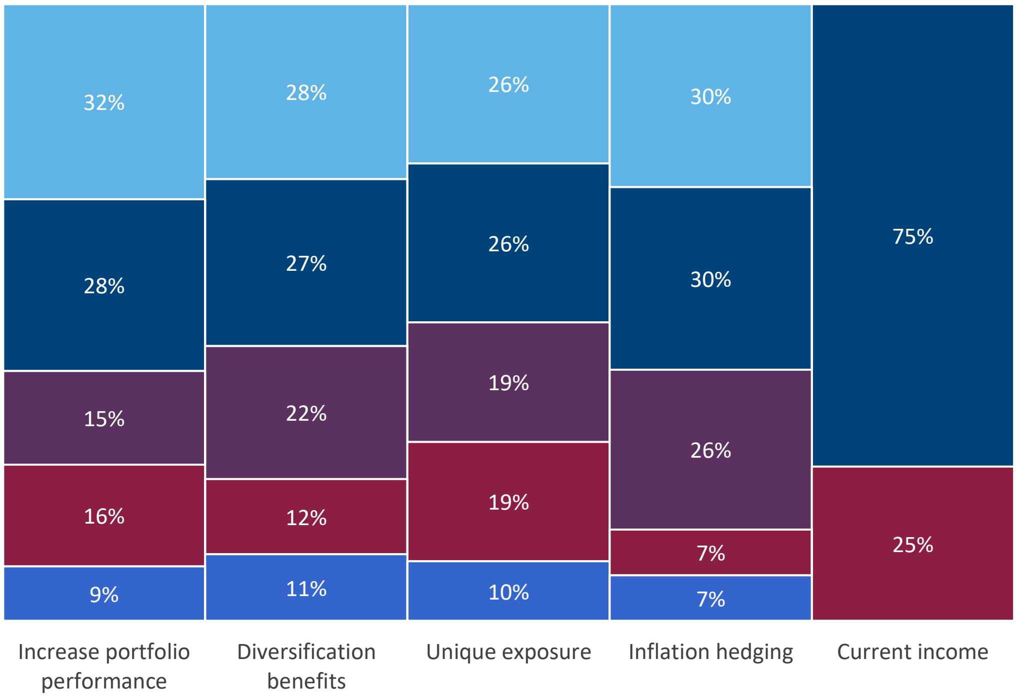
In 2022, private equity (51 percent) overtook 2021's most frequently allocated to illiquid investment (private real estate at 45 percent). Despite elevated inflation and the traditional idea that private infrastructure and real asset strategies can protect against it, this asset class remained the least popular illiquid alternatives strategy for a second consecutive year.

Types of Illiquid Alternatives



Respondents: 55

Illiquid Alternatives Allocations by Investment Objective



Respondents: 55

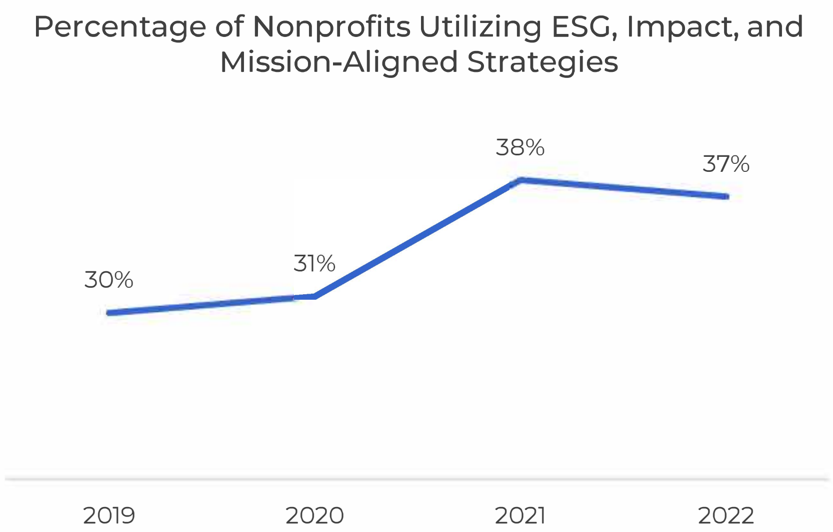
Unlike liquid alternatives, the most common investment objective for illiquid alternatives is to increase portfolio performance. The second most common, diversification benefits, was the only other purpose identified by a meaningful number of organizations.

CAPTRUST

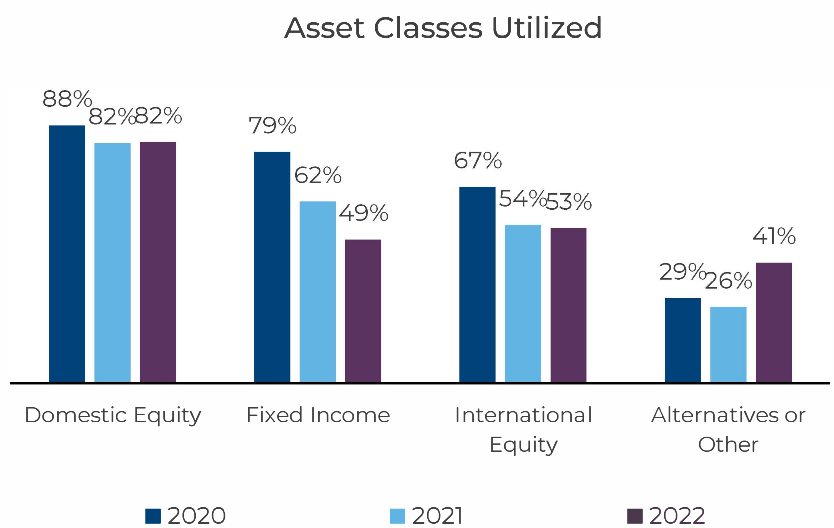
ESG, IMPACT, AND MISSION-ALIGNED INVESTING

Perception Shapes Adoption Trends

Nonprofit adoption of ESG, impact, and mission-aligned investing fell modestly in 2022. This reduction continues a multiyear trend across most asset classes. Alternatives stand out as the exception, and more organizations are now identifying local impact investment opportunities to incorporate mission alignment into their portfolios.



2022 Respondents: 105



2022 Respondents: 51

ESG Expectations

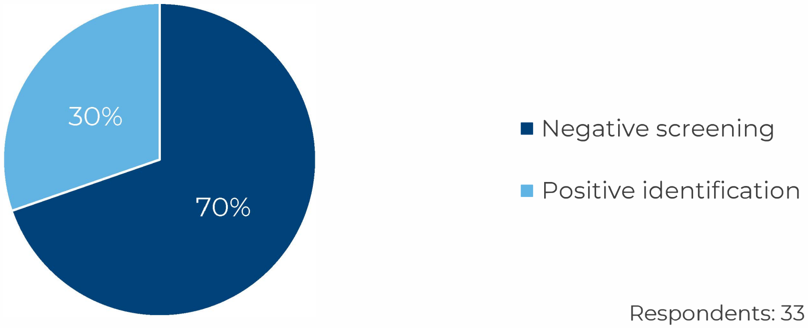
Although the number of nonprofits allocating to ESG, impact, and mission-aligned investments decreased in 2022, most respondents (57 percent) expect the prevalence of these strategies to increase in the next five years. Only 11 percent believe the trend will recede.

Rising donor interest in ESG may part of this expectation. In 2022, 26 percent of nonprofits reported an increase in donor interest in these strategies, with only 3 percent seeing interest wane.

NEGATIVE SCREENING & POSITIVE IDENTIFICATION

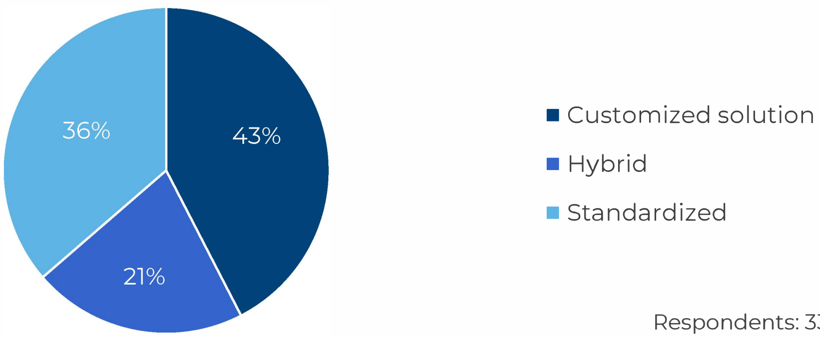
The ratio of organizations that use *negative screening*—that is, excluding companies that do not align with their values—versus *positive identification*, defined as investing more in companies that align with their values, remains largely unchanged. However, use of customized solutions fell from 55 percent to 42 percent, with off-the-shelf strategies nearly doubling in use from 19 percent in 2021 to 36 percent in 2022. This trend partially reflects the correlation between expression and implementation discussed below. However, the number of available off-the-shelf options continues to grow, providing nonprofits with more nuanced, readily available options from which to choose.

Screening Methodology



Respondents: 33

Implementation Method



Respondents: 33

Correlation of Expression and Implementation

	Customized	Hybrid	Standardized Products
Negative Screening	65%	15%	20%
Positive Identification	0%	44%	56%

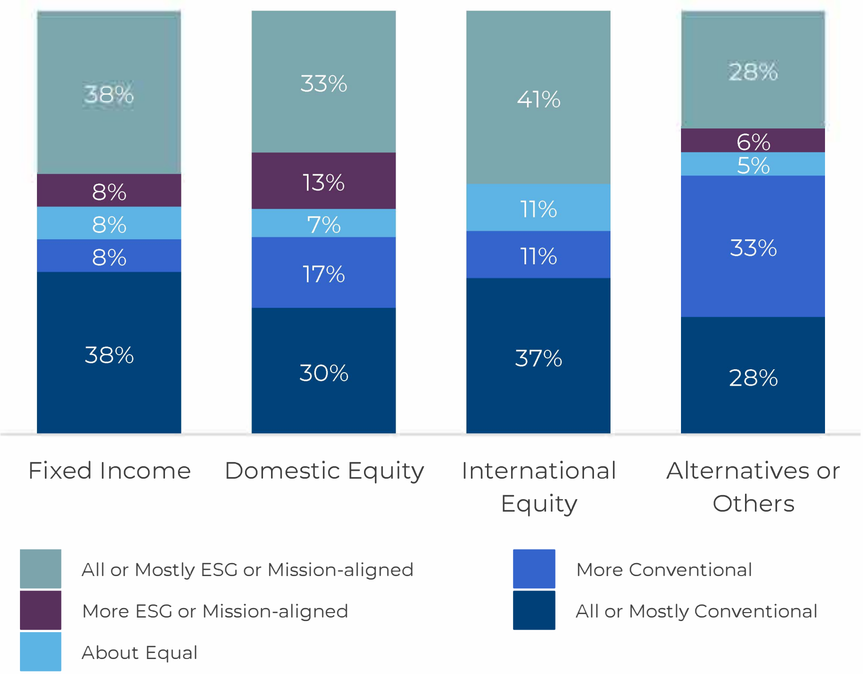
Respondents: 29

Implementation is shifting away from negative screening. Instead, endowments and foundations are gravitating toward companies seen as responsible corporate citizens.

ADOPTERS AND ASSET CLASSES

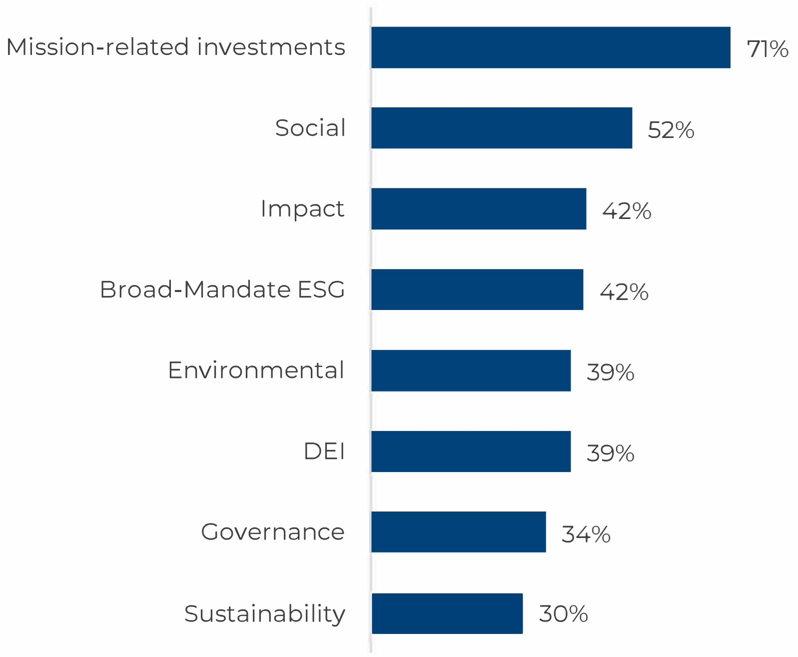
Organizations investing in ESG, impact, or mission-aligned strategies typically choose to express those values across all allocations in an asset class—or none. For each of the three traditional asset classes, fixed income, domestic equity, and international equity, these two approaches significantly outpaced each of the other options. A meaningful proportion of organizations include ESG and impact investments alongside their majority-conventional allocations. The qualitative data suggest that more organizations are sourcing local impact opportunities, such as community housing, for their nontraditional investment portfolios.

Proportion of ESG, Impact, and Mission-Aligned Investments by Asset Class among Adopters



Respondents: 26, 30, 27, 18, respectively

Implemented Styles of ESG, Impact, and Mission-Aligned Strategies
(select all that apply)

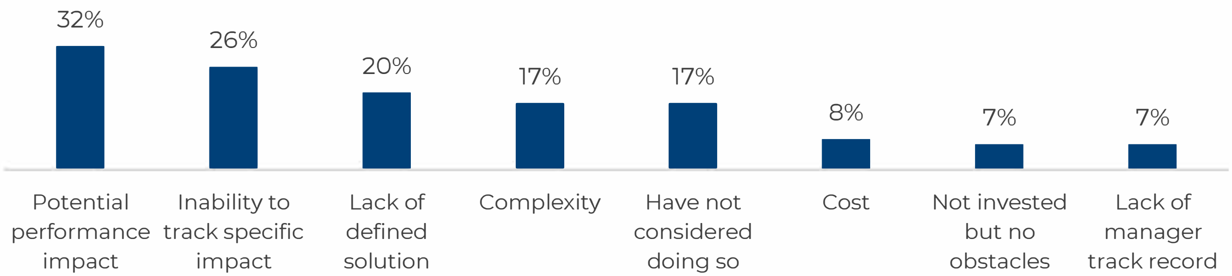


Respondents: 29-33 depending on category

NONADOPTERS

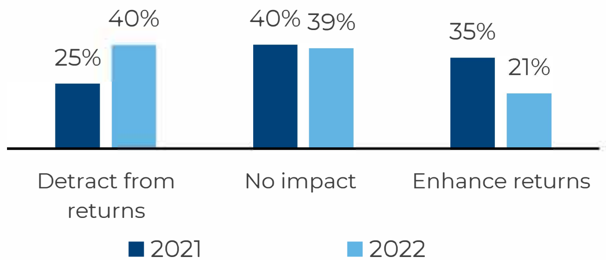
Organizations that have not adopted ESG, impact, or mission-aligned investing differ from adopters in one key manner: Organizations not allocating to these strategies are 3.4 times more likely to believe that ESG detracts from returns (58 percent for nonadopters vs. 17 percent for adopters). Interestingly, both groups are more likely to expect their organization to adopt ESG in the coming year than reduce or cease investment. In fact, 28 percent expect an increase, and only 6 percent expect a decrease.

Obstacles for Implementation of ESG, Impact, and Mission-Aligned Investments by Asset Class Among Nonadopters
(select all that apply)



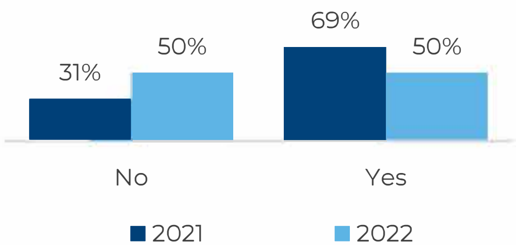
Respondents: 76

Expected Performance Impact of ESG Investments



Respondents: 75 (2022), 69 (2021)

Organizations That Discussed ESG with an Advisor in the Past Year



Respondents: 105 (2022), 91 (2021)

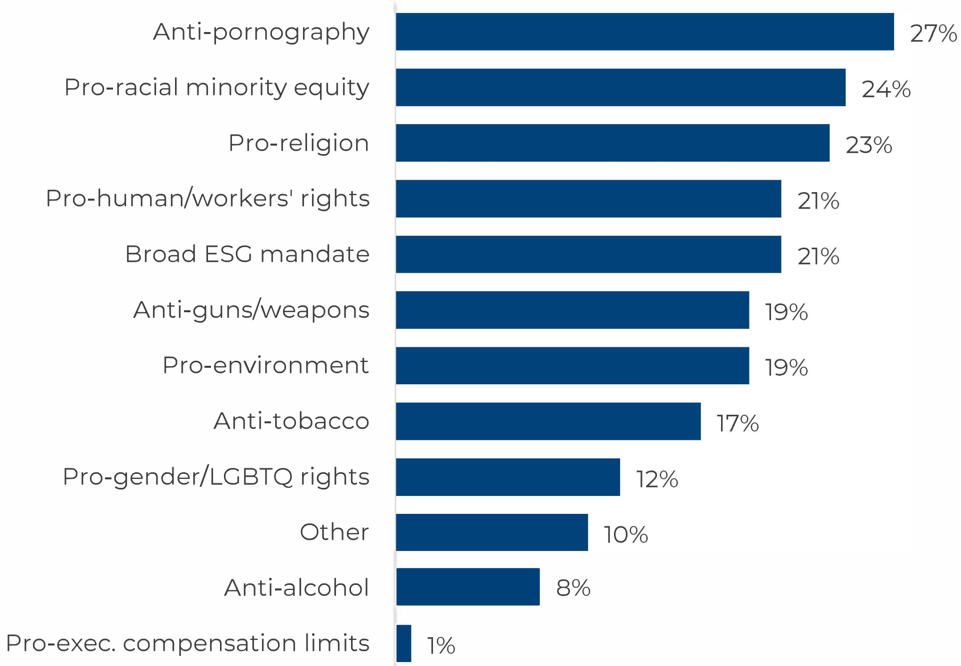
Clarity Emerges for Nonadopters
Nonprofits not adopting ESG, impact, or mission-aligned investments increasingly cite real impediments, rather than education-related concerns, as their primary reason for not adopting these strategies.

For example, in 2022, the most common barriers were potential performance impact (32 percent) and inability to track specific impact (26 percent), compared to the lack of consideration (17 percent) and perceived complexity (17 percent) reported in 2021.

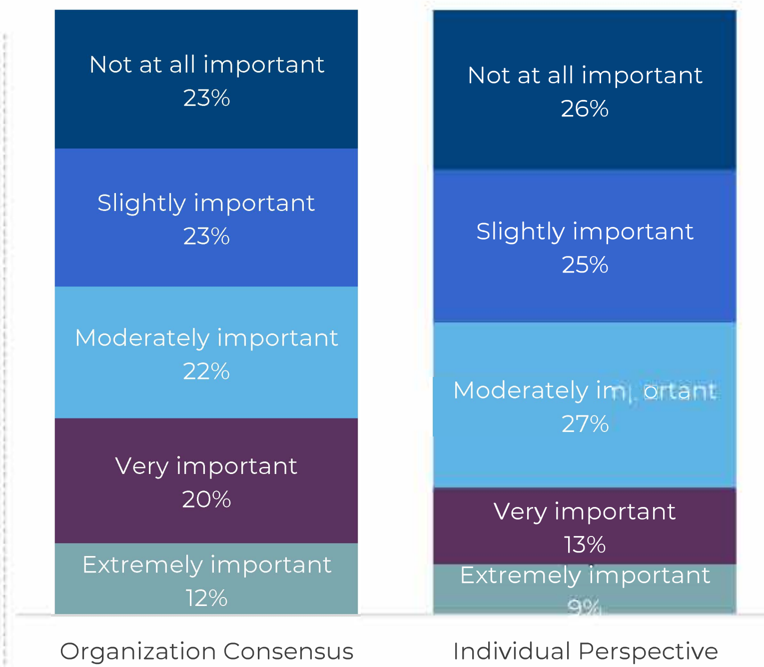
In 2022, ESG adopters were three times more likely than nonadopters to talk about the subject with their advisor. Surprisingly, 61 percent more nonadopters than adopters report discussing these strategies with their advisors.

PERSONAL VIEWS ON ESG

When asked about their personal views, respondents identified anti-pornography as the top personal priority guiding their ESG, impact, and mission-aligned investment. This concern took third place in the previous two surveys. 2021's top concern—human and workers' rights—fell to fourth place in 2022. Even more pronounced was the sliding importance of pro-environment concerns, which fell to seventh place from its first-place position in 2020.



Respondents: 115



Respondents: 92, 95 respectively

We have seen shifting responses to this question over the years, yet no single priority has ever been selected by more than 33 percent of respondents. This year, respondents expressed less enthusiasm for ESG than they perceive others in their organization to possess. Lack of individual prioritization may mean that nonprofits lack internal champions to implement or maintain momentum on ESG strategies, perhaps reflecting fatigue.

CAPTRUST

GOVERNANCE

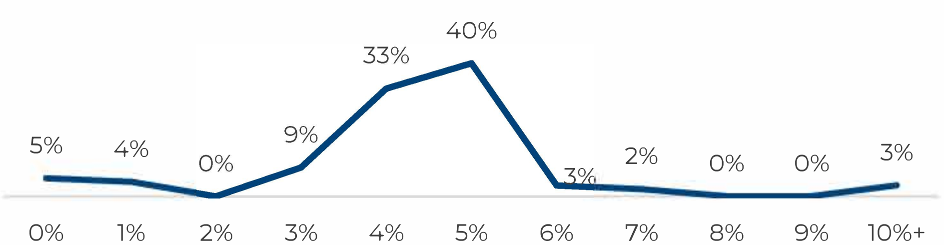
Spending Policies

Most nonprofits spend between 4 and 5 percent of their investment portfolio, although 5 percent—the statutory minimum for private foundations—is the most common rate.

Interestingly, an organization's spending rate and expected return on portfolio assets hold almost no correlation, dispelling a common myth about spending rate dictating investment goals. There are enough factors influencing financial policy design that it seems decisions around spending amounts and return targets are being made independently. For some organizations, this lack of correlation is likely intentional. For others, the data may reflect poor internal coordination as last year's survey found the investment committee and group in charge of budget and spending decisions overlapped in only 58 percent of organizations.

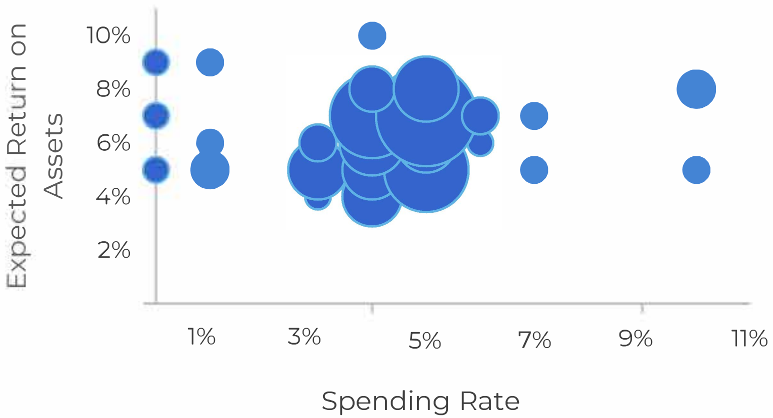
Organizations with *net outflows*—those that spend more than they fundraise—spend more than their budget 43 percent of the time, whereas organizations with *net inflows*—those that fundraise more than they spend—spend more than their budget only 6 percent of the time.

Spending Rate
(most recent fiscal year)



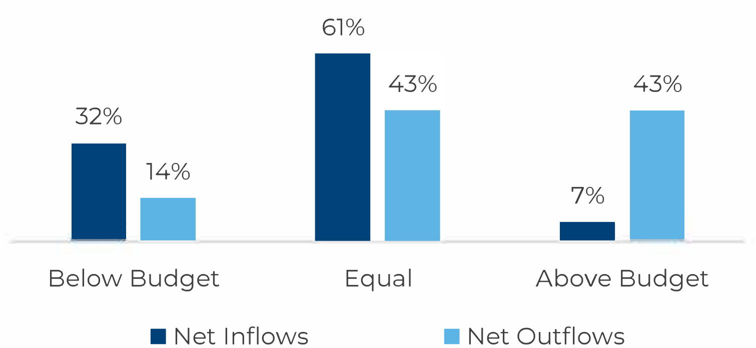
Respondents: 92

Expected Performance Impact of ESG Investments



Respondents: 89

Impact of Net Flows on Spending, Relative to Budget



Respondents: 65

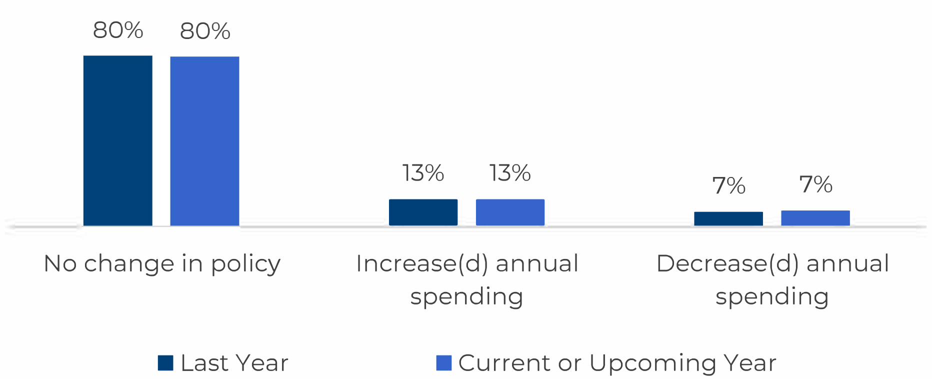
SPENDING POLICY DESIGN

Most nonprofits (84 percent) apply a quantitative method to determine their annual spending target, while 16 percent have no set policy and leave this decision to the board's discretion.

Despite industry discussion of *inflation-based* or *corridor* techniques for determining annual spend, no organizations employ either method. Only 8 percent of nonprofits changed their calculation methodology in the past three years, while 14 percent of organizations expect or are exploring change. The overwhelming majority of nonprofits are satisfied with their current calculation methodology.

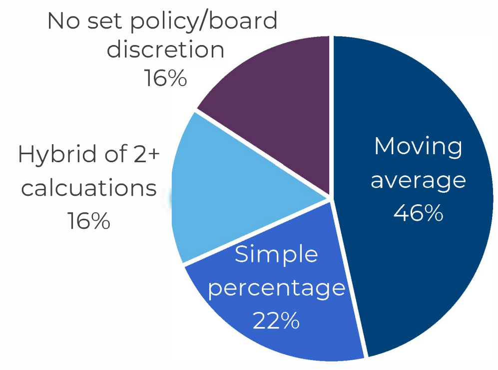
Regarding the magnitude of spending, 80 percent of organizations report no change in policy. Also, the proportion of nonprofits that increased annual spending in the past year and those that expect to increase spending in the upcoming year are nearly identical. The same statistical anomaly exists for spending decreases.

Historical and Expected Spending Changes



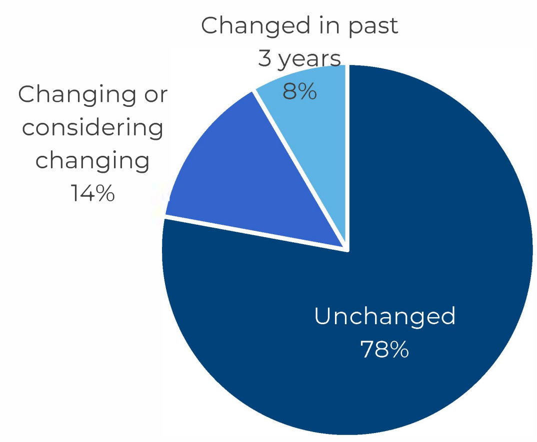
Respondents: 100, 93

Policy Spending Calculation Methodology



Respondents: 101

Spending Policy Methodology Changes

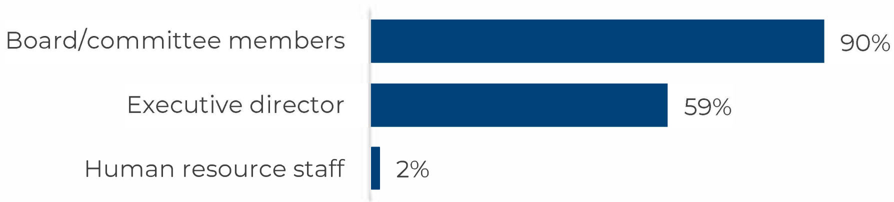


Respondents: 95

BOARD RECRUITMENT

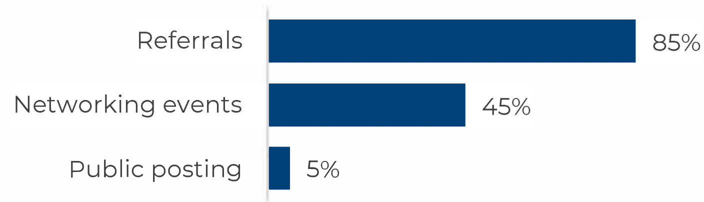
Strong governance and sustainability require the selection of qualified and engaged board members. In addition to sourcing the right individuals to provide leadership, many organizations tap board members for financial support. In fact, every environmental or human services organization we surveyed requires or expects board member contributions, while only 46 percent of religious nonprofits do the same.

Board Member Recruitment Responsibility
(select all that apply)



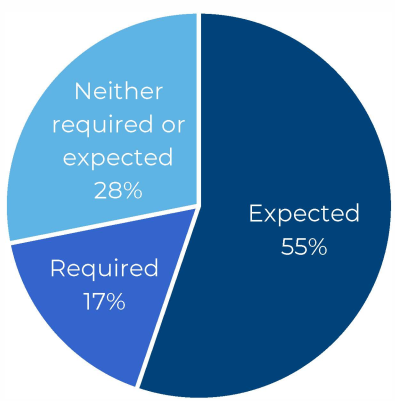
Respondents: 97

Board Recruitment Strategies
(select all that apply)



Respondents: 97

Board Member Contributions



Respondents: 96

Board Member Contribution Amounts If Expected or Required

Respondents: 45

Respondents: 14

GOVERNANCE BEST PRACTICES

Another important piece for nonprofits is to ensure board members follow appropriate governance procedures. Below, we highlight the prevalence of selected governance best practices.

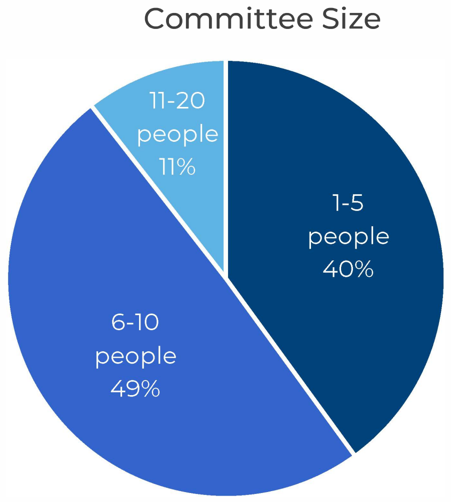
#	Question	Yes	No
1	Do you have a formal conflict of interest policy?	96%	4%
2	Do you have a formal investment policy?	95%	5%
3	Do you have formal governance documents that define board- or committee-level roles and responsibilities?	90%	10%
4	Do you have a separate finance or investment committee that oversees investable assets?	87%	13%
5	Do you have a documented spending policy?	80%	20%
6	Does your organization have an annual governance calendar?	76%	24%
7	Within the last three years, have you conducted fiduciary training for board, finance, or investment committee members?	46%	54%
8	Does your organization have a formal debt policy?	21%	79%

■ Yes ■ No

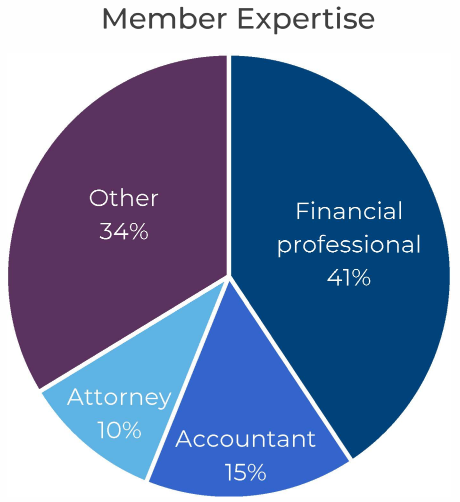
Respondents: 96

COMMITTEE STRUCTURE

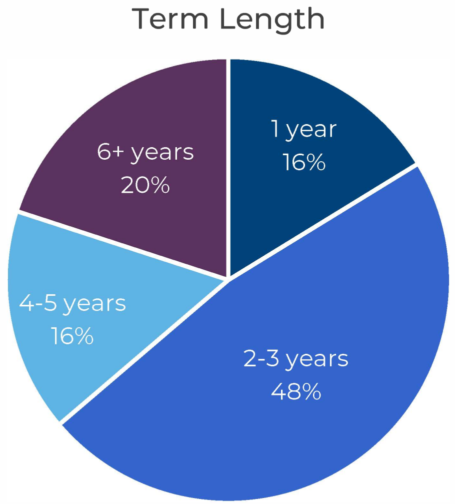
Not surprisingly, nonprofits with larger investment portfolios tend to have larger investment or finance committees. Financial professionals represent a plurality (41 percent) of committee members. Neither attorneys nor accountants serve as a significant source of committee talent, perhaps providing an untapped opportunity for nonprofits to add expertise.



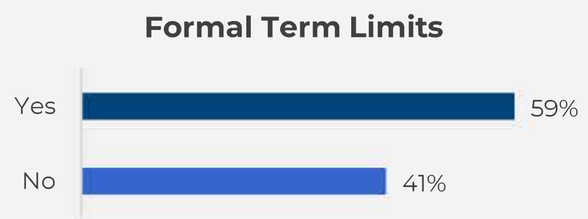
Respondents: 95



Respondents: 76



Respondents: 96



Respondents: 92

Driving Governance Best Practices with Board and Committee Structure

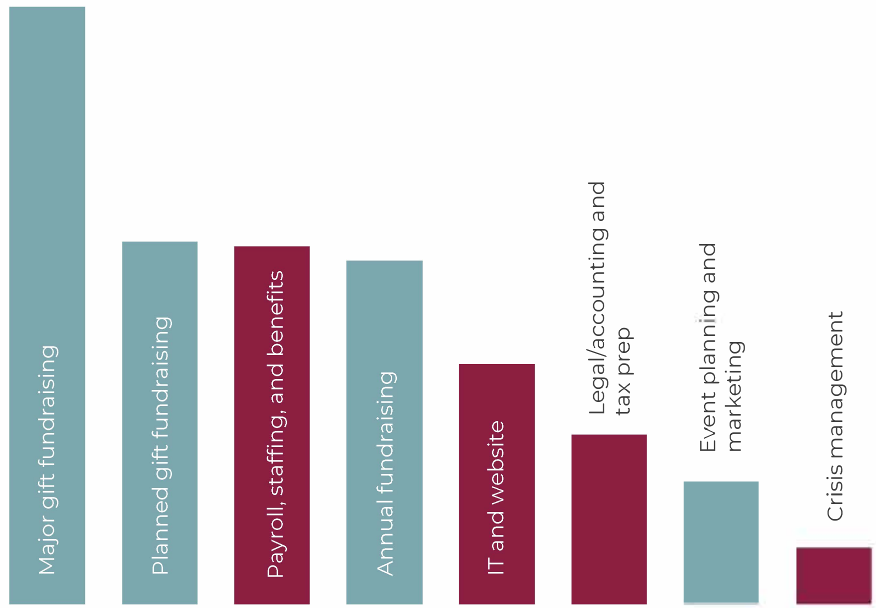
Term limits can play an important role in ensuring strong governance. Organizations with term limits in place were more likely to implement all eight of the governance best practices included on page 23.

While term limits may result from strong governance procedures, the limits themselves can also contribute to the implementation of best practices as members understand the need to transition leadership to the next generation.

ORGANIZATIONAL CONCERNS

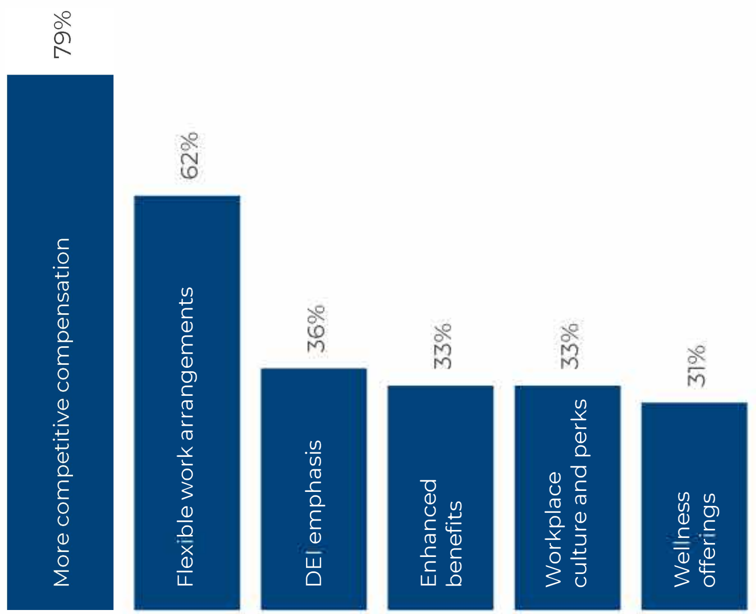
Resources related to fundraising growth dominated organizational concerns with major gift fundraising a runaway top priority. More than half (55 percent) of organizations ranked it in their top two areas for additional resources, and no other option exceeded 35 percent. We explore fundraising in more detail later in this report.

Capabilities or Expertise Priorities with Additional Resources



Respondents: 81

Strategies Implemented to Improve Staff Retention
(if experiencing challenges)



Respondents: 39

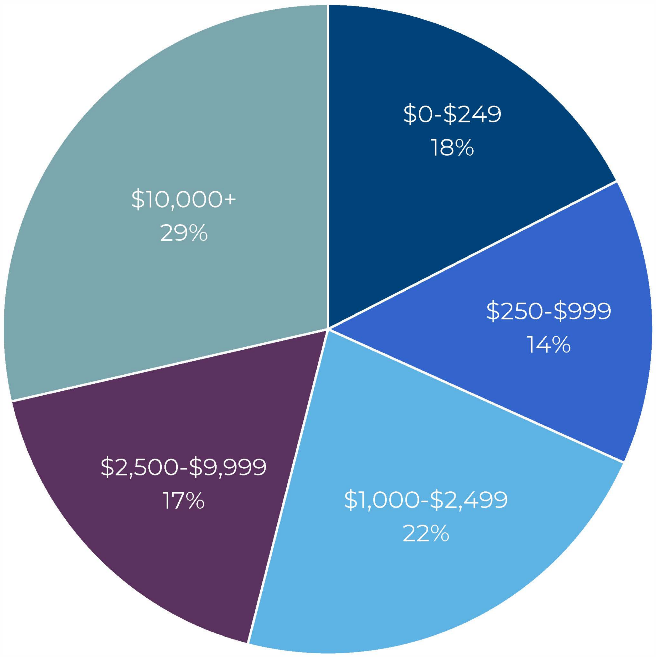
Nonprofits generally identify less need for additional support for operational initiatives, except for initiatives related to human resources. Tight labor markets and the ability to work remotely have increased the opportunities that are available to employees, while employers continue to grapple with how to best hire, retain, and reward staff members. In response, nonprofits are implementing multiple strategies to improve retention and attract talent, including more competitive compensation (79 percent) and flexible work arrangements (62 percent).

FUNDRAISING

Fundraising is the lifeblood of many nonprofit organizations, delivering necessary resources to engage in meaningful, mission-focused work.

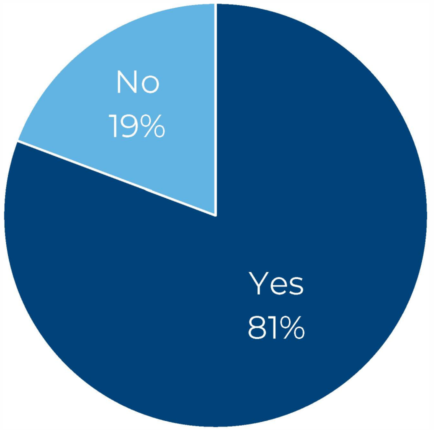
Of 2022 survey respondents, 81 percent engage in fundraising. While 29 percent of nonprofits reported an average donation size of $10,000 or more, the average donation size across the data set was $1,605.

Average Donation Size



Respondents: 63

Organizations that Engage in Fundraising



Respondents: 166

The next few pages contrast how the fundraising strategies of nonprofits with above-average donations differ from those with below-average donations.

Percentile	Donation Size
25th	$500
50th	**$1,605**
75th	$12,000

Respondents: 63

FUNDRAISING SOURCES

Most nonprofit funding comes from individual philanthropists via direct giving or donor-advised funds (DAFs). However, organizations that receive higher average donations receive two and a half times more of their fundraising revenue from DAFs. The continued growth of DAFs presents both a challenge and an opportunity for fundraisers. While DAF administrators often have thousands of account owners, which represent potential donors, DAF giving requires additional internal tracking to ensure that the individuals directing the gifts remain engaged and receive acknowledgment.

Fundraising Sources

	Bottom Half	Top Half	Difference
Individual Donations	53%	46%	-7%
Planned and Legacy Giving	11%	13%	2%
Corporate Philanthropy	12%	11%	-1%
Charitable Grants	10%	9%	-1%
Donor-Advised Funds	4%	11%	7%
Government Support and Grants	9%	9%	0%
Other	3%	1%	-2%

Respondents: 61

Individual Donor Fundraising Strategies

	Bottom Half	Top Half
Planned Gifts	84%	78%
Pledge Donations	71%	69%
Gift Matching	74%	53%
Annual Campaign Donations	55%	66%
Fundraising Software	58%	47%
Multiyear Capital Campaigns	29%	38%

Respondents: 63

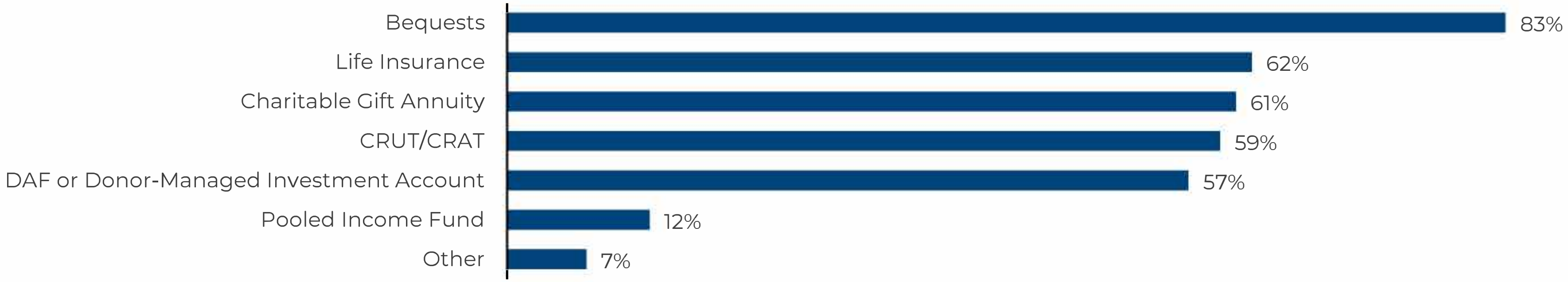
FUNDRAISING STRATEGIES

The nonprofits that are most successful at cultivating larger average gifts generally adopt three major donor engagement strategies—donor screening, corporate matching, and dedicated fundraising staff—more than the rest of organizations execute on any single strategy. On the other hand, organizations with the largest average donations do not seem to suffer from not having major donor societies, nor do they suffer from not showing major donors the return on their investments.

Major Donor Fundraising Strategy	Bottom Half	Top Half
Prospective donor screening	45%	66%
Corporate matching gifts	52%	59%
Hire staff solely dedicated to major fundraising	48%	58%
Existing donor planned giving potential evaluation	42%	48%
Utilization of an exclusive major donor society	52%	29%
Show major donors the return on their investment	45%	33%

Respondents: 63

Planned Giving Programs Utilized



Respondents: 76

BOARD GIFTING

In total, 72 percent of nonprofits prescribe some form of board gifting, with 87 percent of organizations actively fundraising via board members. Conventional wisdom suggests that board member donations serve both as a demonstration of commitment and as an important fundraising tool. Two interesting points to note are, first, that religious organizations boast higher average gifts and yet remain the least likely to tie financial contributions to board membership, and the top half of nonprofits—defined by average gift size—are less likely to either require or expect board giving.

Many nonprofits grapple with the decision of whether to maintain restrictions on donated funds in order to honor the donor's intent and aid in soliciting major donations.

While restricted funds can be a boon for many organizations, their utility remains limited relative to unrestricted donations.

For the third consecutive year, the data is clear: Organizations that accept a higher proportion of restricted funds do receive higher average gifts.

Maintaining restricted fund programs may require operational support, but that cost may contribute to greater fundraising success.

	Average Donation Size	
Board Member Donations	Bottom Half	Top Half
Required	22%	16%
Expected	68%	68%
Neither	10%	16%
Gift Size		
$1,000 or less	68%	0%
More than $1,000	32%	100%

Respondents: 63

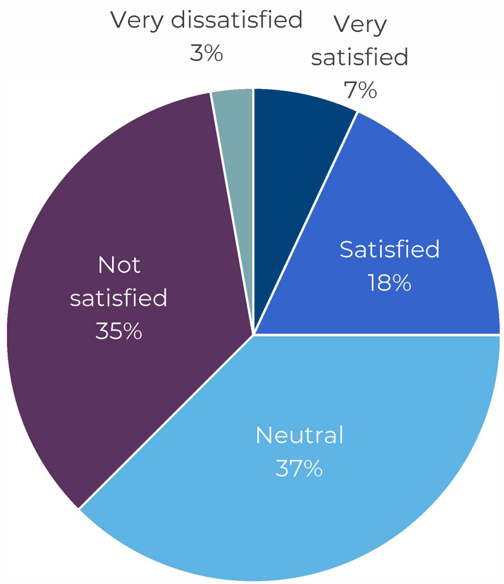
	Unrestricted funds	Restricted funds
Bottom Half	69%	31%
Top Half	47%	53%

Respondents: 63

CORPORATE FUNDRAISING

Although the median nonprofit raises only 4 percent of funds from corporate fundraising, 24 percent of organizations receive 20 percent or more of their support from corporations. While corporations obviously have more financial capacity to support nonprofits than most individuals do, nonprofit organizations that receive the highest proportion of corporate revenue also report a higher portion of unrestricted donations than peers.

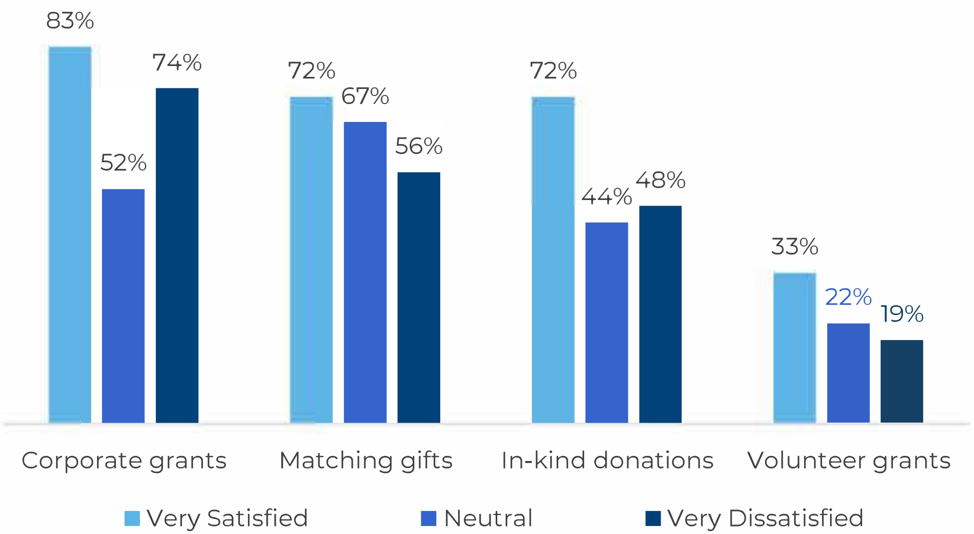
Satisfaction with Corporate Fundraising



Respondents: 72

Corporate Fundraising Strategies

(by satisfaction level)



Respondents: 72

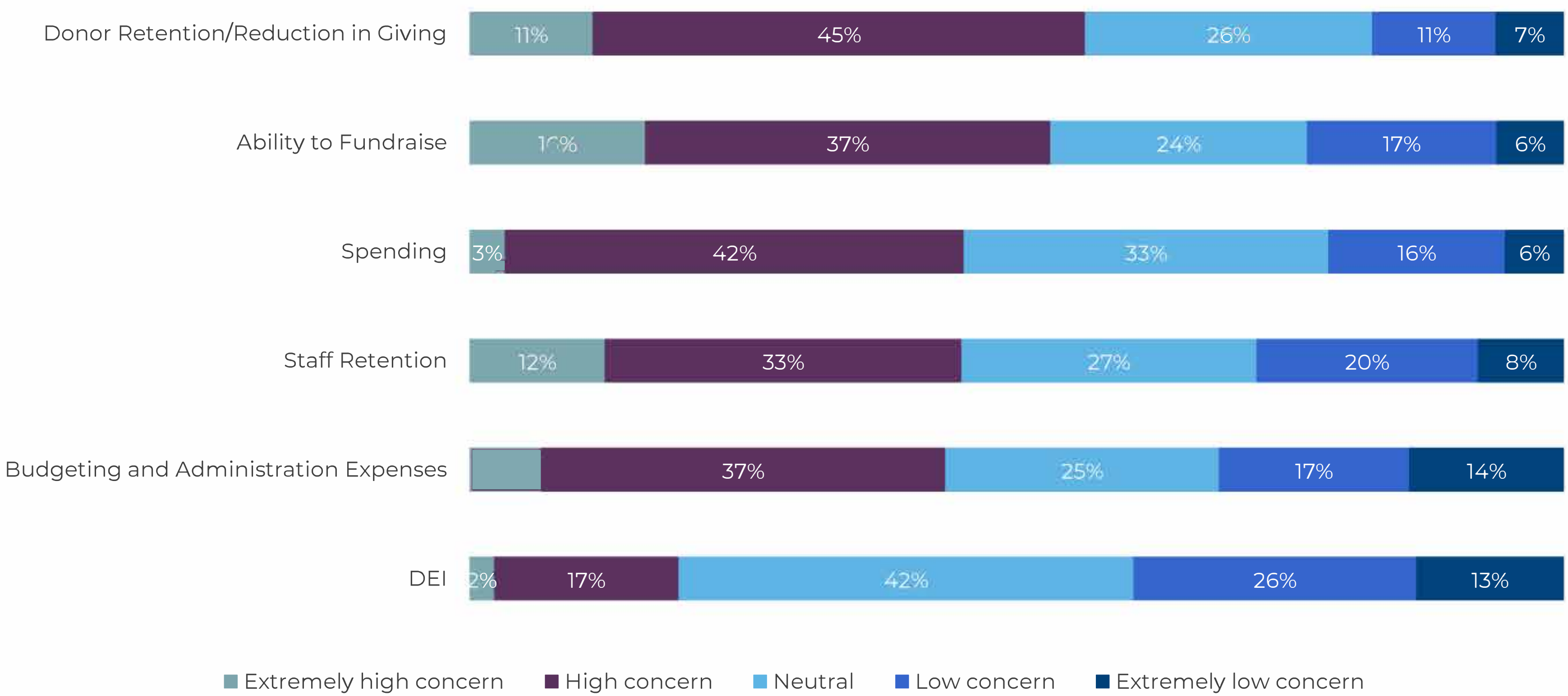
Except for grants, satisfaction with corporate fundraising suggests an all-of-the-above fundraising approach is likely to yield the most positive outcomes. Given the limited income of most organizations as a percentage of total fundraising, many nonprofits likely view a focus on corporate fundraising to be an aspirational goal rather than a mission-critical priority.

CAPTRUST

FUNDRAISING CONCERNS

Perhaps unsurprisingly, fundraising and donor engagement stand out as the top two nonprofit concerns. Several operational items follow, with spending, staff retention, and budgeting all ranking nearly equal. DEI ranked as the lowest concern by a wide margin. Some organizations may not emphasize DEI, while others may be satisfied with their current profile.

Organizational Concerns



Respondents: 93

FOCUS ON DEI

About two-thirds of nonprofits prioritize DEI, and 62 percent of boards are taking initiative. One thing to note is that whether or not DEI ranks as an organization-wide priority, most individuals believe their organization's level of focus "about right." Dissatisfied respondents often report too little DEI focus within their organization. How are peers defining diversity? Among those identifying DEI as important, the four top definitions of diversity are racial and ethnic, gender, cultural, and LGBTQ.

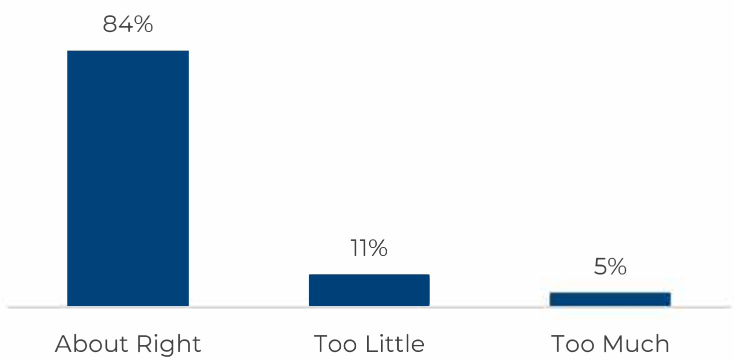
68%

Nonprofits Prioritizing DEI

62%

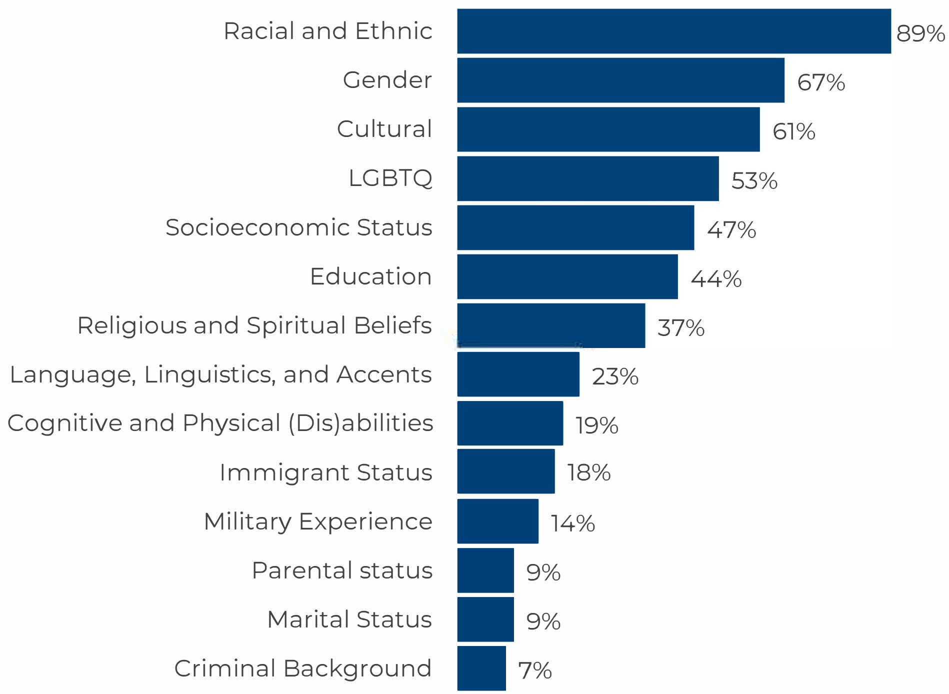
Boards Formally Discussing DEI Practices

Organization's Focus on DEI



Respondents: 83

DEI Issues Ranked by Personal Priority
(Select All the Apply)



Respondents: 57

DEI IMPLEMENTATION

Of those seeing DEI as a priority, 82 percent say DEI efforts are making their organization more effective. Most of these nonprofits emphasize DEI among all stakeholders. Implementation and focus take several forms:

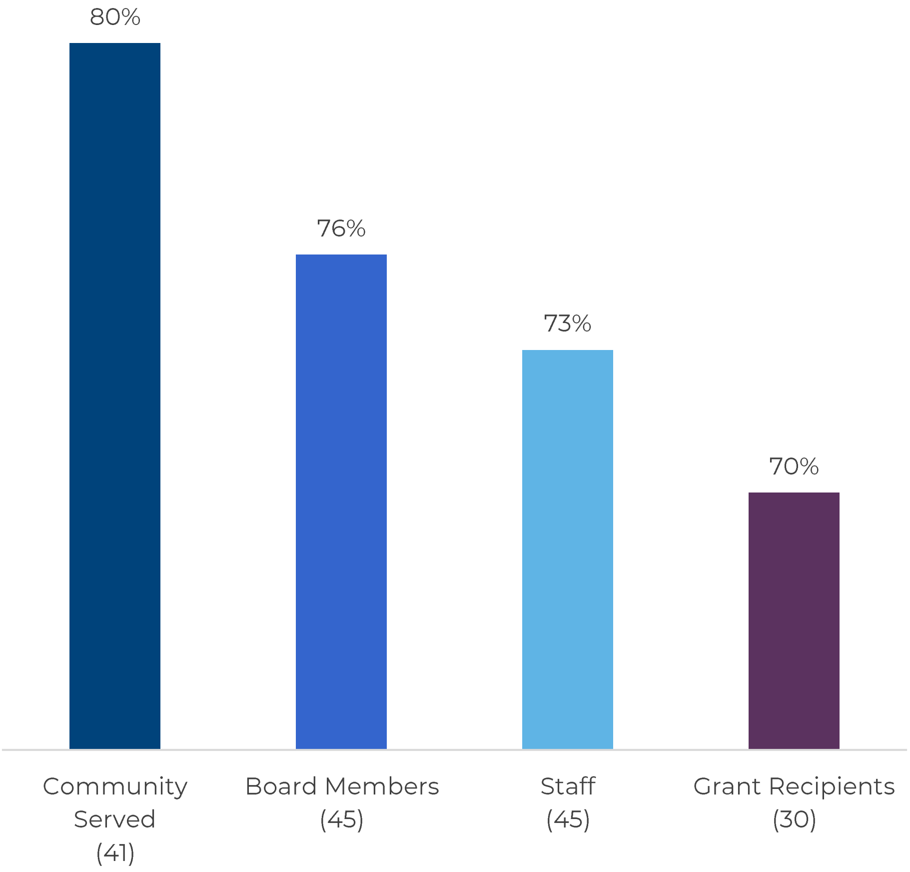
- Some respondents highlight either hiring "a director level position that focuses on DEI for our staff" or employing "a third-party consultant to lead DEI training for board members and staff."
- As such, a level of financial commitment may not be appropriate for all organizations, others report less costly measures, such as "an employee-driven inclusion committee that meets monthly."
- 58 percent of nonprofits that prioritize DEI maintain a formal DEI policy.

Nonprofits that prioritize DEI believe doing so has improved their organization by nearly a 5-to-1 margin.

82%

Say DEI Increases Effectiveness

Organization's Focus on DEI



Number of responses in each category is shown in parentheses above

ASSESSING INTERNAL DIVERSITY

When asked to assess their own diversity, nonprofits rank themselves as mostly successful when considering their grant recipients and community served. In fact, less than 10 percent of organizations see themselves falling short across the top four measures of diversity. Yet board diversity lagged across all four categories with both the highest proportion of dissatisfied and lowest percentage of satisfied respondents.

Board Diversity

	Dissatisfied or Very Dissatisfied	Neutral	Satisfied or Very Satisfied
Racial & Ethnic (58)	26%	28%	46%
Sex & Gender (58)	10%	24%	66%
LGBTQ (43)	21%	33%	46%
Age (59)	19%	25%	56%

Staff Diversity

	Dissatisfied or Very Dissatisfied	Neutral	Satisfied or Very Satisfied
Racial & Ethnic (58)	19%	26%	55%
Sex & Gender (58)	7%	21%	72%
LGBTQ (45)	18%	24%	58%
Age (60)	5%	23%	72%

Community Served

	Dissatisfied or Very Dissatisfied	Neutral	Satisfied or Very Satisfied
Racial & Ethnic (57)	10%	25%	65%
Sex & Gender (55)	2%	22%	76%
LGBTQ (42)	7%	26%	67%
Age (55)	4%	27%	69%

Grant Recipients

	Dissatisfied or Very Dissatisfied	Neutral	Satisfied or Very Satisfied
Racial & Ethnic (45)	2%	31%	67%
Sex & Gender (44)	0%	25%	75%
LGBTQ (32)	9%	28%	63%
Age (43)	5%	32%	63%

Number of responses in each category are shown in parentheses above.

BOARD DIVERSITY

Although 96 percent of nonprofits prioritize DEI when recruiting for their boards, only 16 percent report having any diverse board members. Overall, diverse talent represents only 6 percent of all boards. This disconnect exists despite a few organizations expressing dissatisfaction with their current level of diversity.

The overwhelming majority of board members are either seasoned professionals (73 percent) or retired/not working (20 percent). Only 7 percent are either early career or younger, and four out of five organizations are content with their age diversity.

Board Composition	Financial Professional	Accountant	Attorney	Other	*Total*
Pre-career	1%	1%	0%	0%	*2%*
Early Career	2%	1%	0%	2%	*5%*
Senior Career	35%	10%	8%	21%	*73%*
Retired or Not Working	6%	3%	2%	10%	*20%*
Total	44%	13%	10%	33%	*100%*

Respondents: 76

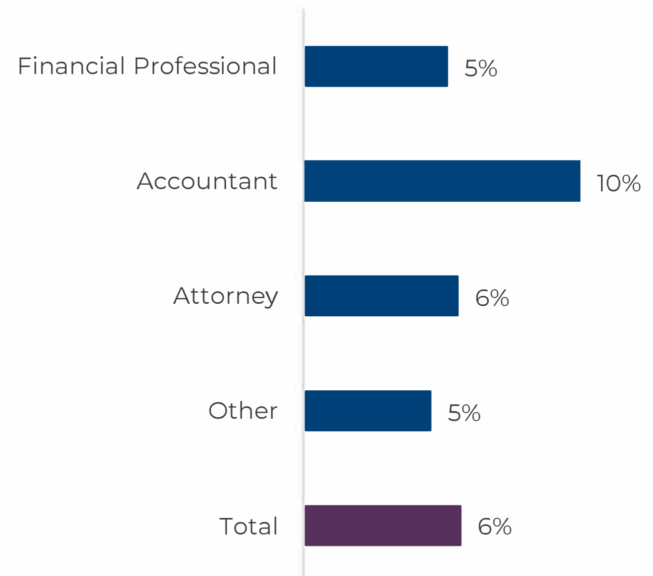
96%

Nonprofits Prioritizing DEI When Recruiting Board

16%

Boards with Diverse Talent

Diverse Talent by Profession



Respondents: 76