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2006 EDITION

FOUNDATION GROWTH AND GIVING ESTIMATES

CURRENT OUTLOOK

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CURRENT OUTLOOK

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ABOUT THE REPORT

Foundation Growth and Giving Estimates is part of the annual *Foundations Today Series* of reports on foundation growth and trends in foundation giving. It provides a "first look" at 2005 giving and directions for 2006 giving, together with aggregated actual 2004 giving and asset figures for close to 68,000 grantmaking U.S. foundations. Other reports in the series include *Foundation Giving Trends* (February) and *Foundation Yearbook* (June). Reports are available separately or through subscription to the complete series ($95) and may be purchased at the Foundation Center's online Marketplace (foundationcenter.org/marketplace/). To order by phone, call toll-free (800) 424-9836.

ABOUT THE FOUNDATION CENTER

The Foundation Center's mission is to strengthen the nonprofit sector by advancing knowledge about U.S. philanthropy.

To achieve our mission, we:

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- Conduct and facilitate research on trends in the field
- Provide education and training on the grantseeking process
- Ensure public access to information and services through our web site, print and electronic publications, five library/learning centers, and a national network of Cooperating Collections.

Founded in 1956, the Center is the nation's leading authority on philanthropy and is dedicated to serving grantseekers, grantmakers, researchers, policymakers, the media, and the general public.

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Printed and bound in the United States of America.
ISBN 1-59542-092-4 ISSN 1536-7657

FOUNDATION GROWTH AND GIVING ESTIMATES

OVERVIEW OF FOUNDATION GIVING THROUGH 2005

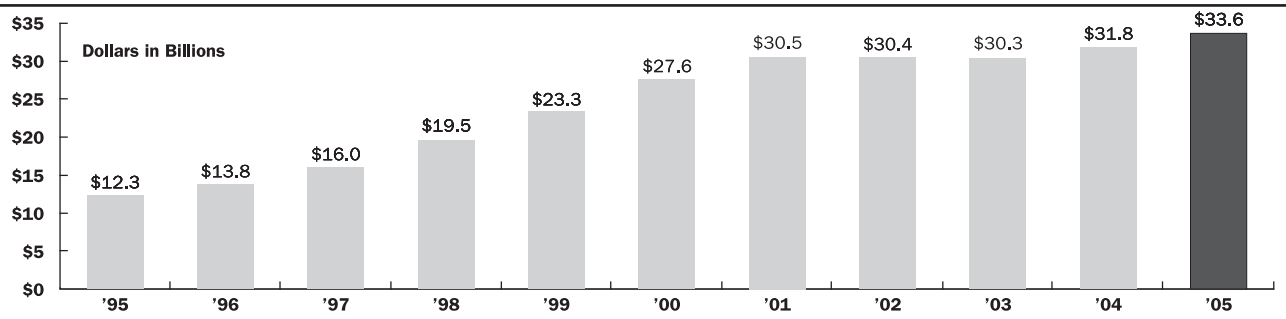
Foundation Giving Continues Modest Growth in 2005

Estimated 2005 Foundation Giving. Giving by the nation's close to 68,000 grantmaking foundations reached a new milestone in 2005. Estimated giving totaled $33.6 billion, up from the previous high of $31.8 billion recorded in 2004. This 5.5 percent rise marked the second year of modest growth in foundation giving, following two years of marginal decreases in support. The median change in 2005 giving reported by the 853 large and mid-size foundations responding to the Foundation Center's latest "Foundation Giving Forecast Survey" was a 5.3 percent increase.

Estimated giving by foundations grew 2 percent ahead of inflation in 2005. Nonetheless, overall inflation-adjusted foundation giving in the latest year fell slightly below the amount reported in 2001.

The increase in 2005 foundation giving primarily reflects the 7.1 percent growth in foundation assets in 2004. Overall, assets surpassed the $500 billion mark for the first time. A modest rise in the stock market, new gifts into foundations, and the establishment of new foundations contributed to the increase in total foundation assets and giving. Other major factors helping to boost giving included the outpouring of foundation support in response to the South Asian tsunami and Gulf Coast hurricanes Katrina and Rita.[1]

Foundation giving rose $1.7 billion, or 5.5 percent, in 2005

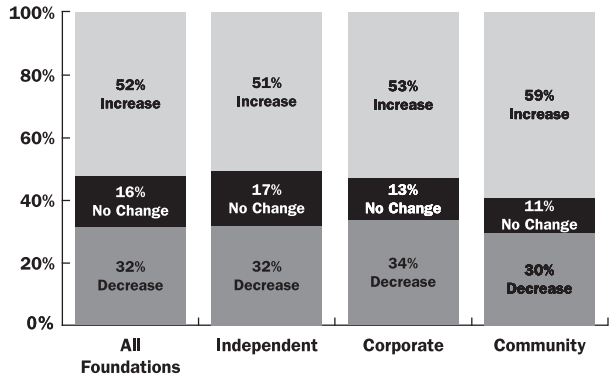


Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. All figures based on unadjusted dollars. Figures estimated for 2005.

Grant dollars rose by an estimated $1.7 billion in 2005, following a $1.5 billion gain between 2003 and 2004. Still, the latest increase fell short of the annual gains in grant dollars recorded during the peak growth years of 1997 to 2001.

Foundation Assets Through 2004. Stock market growth and the establishment of new foundations, while lower than in 2003, nonetheless helped to lift foundation assets to a record level in 2004. Assets totaled $510.5 billion, surpassing the prior record of $486.1 billion reported in 2000. The 7.1 percent increase in the latest year followed a 9.5 percent rise in 2003

Anticipated Changes in 2006 Giving by Foundation Type



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. A total of 808 foundations responded to this question.

OUTLOOK FOR FOUNDATION GIVING IN **2006**

Weak Returns and Uncertain Conditions Suggest Minimal Growth in Giving

Grantmakers face tremendous challenges in maintaining, much less increasing, giving levels in the current environment. Following an unprecedented two-year decline in the overall value of their assets, foundations benefited from a return to growth in 2003. However, the 9.5 percent asset increase recorded for that year slipped to a 7.1 percent gain for 2004 and an estimated 2 to 4 percent rise for 2005.[1] Lower stock market returns were the principal factor accounting for this slowing rate of growth in assets. Despite an overall economic expansion, record oil prices, ongoing deterioration in the war in Iraq, and the continuing explosion of the national debt all contributed to unimpressive market performance. As a result, U.S. foundation giving is unlikely to grow substantially in 2006.

Findings from the Foundation Center's annual "Foundation Giving Forecast Survey" support the expectation that foundation giving will increase only minimally in 2006 (see "Methodology" for details). The largest share of respondents (52 percent) did expect to raise their giving in the current year, and this share was down only slightly from 55 percent in 2005. The majority of these respondents projected gains in the range of 1 to 5 percent (31 percent) or 5 to 10 percent (19.5 percent).

Yet this potentially positive finding was tempered by the 32 percent of respondents who expected to reduce their giving in 2006. By comparison, prior surveys found that 25 percent of respondents had expected to reduce giving in 2005 and only 18 percent had anticipated reducing giving in 2004. While half of these funders expect to decrease 2006 giving in the more modest ranges of 1 to 5 percent (29.5 percent) and 5 to 10 percent (23.9 percent), these more numerous decliners will undoubtedly have a stronger downward pull on the overall level of giving than in the two prior years.

Community foundations were notably more likely to expect to increase their giving levels in 2006 than were corporate and independent foundations. They were also

and a 10.5 percent decline between 2000 and 2002. Yet the 5.5 percent increase in 2005 foundation giving fell below the rate of growth in assets in 2004. This finding may reflect foundations' continued caution following an unprecedented two-year decrease in their assets, as well as the practice among many larger foundations of basing their grants budgets on the average of their asset values over several prior years. (For an estimate of the change in foundation assets in 2005, see "Outlook for Foundation Giving in 2006.")

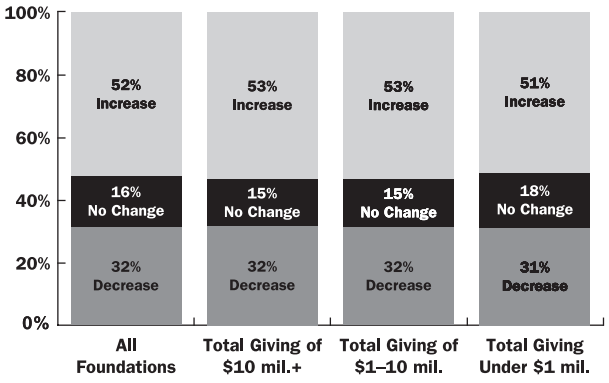
somewhat less likely to expect to decrease giving. In general, community foundations experienced far less of a dip in their assets in the early 2000s and have benefited from far larger asset gains (mainly from new gifts) in subsequent years. Larger foundations—those with at least $1 million in giving—were slightly more likely to expect to increase giving. However, nearly identical shares of respondents in all three giving ranges (under $1 million, $1 million to $10 million, and $10 million or more) expected to reduce giving.

Unfortunately, the global economic and political uncertainty that characterized 2005 can only be expected to grow in 2006. Combined with the factors that have adversely influenced the economic and political climate over the past few years—from unchecked growth in the national debt, to high energy costs, to the ongoing war in Iraq—new challenges will exacerbate conditions. These include an expected softening in the housing market and in other sectors of the U.S. economy that relied on low interest rates for borrowing and spending.

For endowed grantmakers, the lingering impact of the early 2000s economic downturn, a lack of strong and consistent growth in their assets, and continued variability in market performance will result in ongoing caution when establishing grants budgets. In addition, the fulfillment of multi-year pledges made near the end of the boom years led some foundations to give at unusually high levels relative to their assets. With the completion of their commitments, some of these foundations will return to lower, more sustainable levels of giving. Unforeseeable disasters may help to boost foundation giving marginally, as the response to the South Asian tsunami and Gulf Coast hurricanes did in 2005. Yet, to the extent that the world manages to avoid any new large-scale tragedies, it appears improbable that foundation giving will increase more than a few percentage points in 2006. Accounting for inflation, giving will be pretty much flat.

1. A total of 823 respondents to the Foundation Center's 2006 "Foundation Giving Forecast Survey" provided estimates of their 2005 fiscal year-end asset values. Independent foundations, which represent the vast majority of respondents (74.3 percent), reported a 2.4 percent overall increase. (The median change for independents was a 0.9 percent increase.) By comparison, community foundations, which represented 16.7 percent of the sample, reported a notably higher overall asset gain (7.9 percent).

Anticipated Changes in 2006 Giving by Size of Giving



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. A total of 808 foundations responded to this question.

Top 50 Foundations by Assets in 2004. Assets grew for 42 of the top 50 foundations in 2004, compared with the 47 that reported asset growth in the prior year. Two of these grantmakers—the Bill & Melinda Gates and Robert Wood Johnson foundations—posted asset increases of at least $1 billion. In contrast, the Lilly Endowment posted an asset loss of $2.3 billion, down 20.9 percent from the prior year, reflecting a drop in the value of Eli Lilly & Company stock. Two other grantmakers—the Robert W. Woodruff and David and Lucile Packard foundations—also posted double-digit decreases in their asset levels. As a result, combined assets of the 50 largest endowed foundations grew roughly 4 percent—falling below the 7.1 percent overall average for foundations.

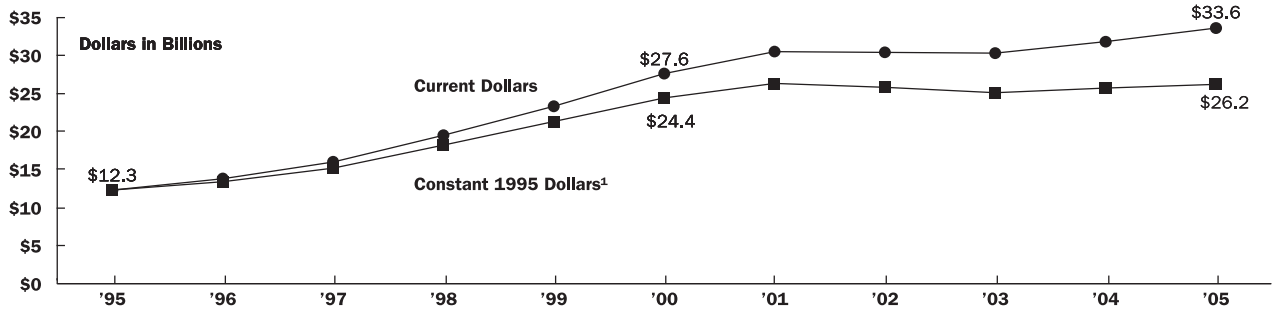
Gifts Received by Foundations in 2004. Total gifts and bequests to foundations decreased 3.5 percent in 2004 to $24 billion. This followed a 12.2 percent rise in 2003, which included a one-time $3.7 billion gift from the founder of Intel into the Gordon and Betty Moore Foundation. By comparison, the single largest gift reported in 2004 was the addition of $627 million into the Bill & Melinda Gates Foundation. The decrease in the level of gifts received in the latest year was concentrated among independent foundations. By comparison, the overall levels of gifts received by corporate, community, and operating foundations rose at double-digit rates.

INDEPENDENT FOUNDATIONS

Independent Foundation Giving Grew Slightly Ahead of Inflation in 2005

Estimated 2005 Independent Foundation Giving. Independent foundations, including family foundations and most of the "new health foundations" (formed from health care conversions), represented almost 89 percent of foundations and accounted for 73.3 percent of giving. In 2005, their estimated giving grew 4.4 percent, or a far more modest 0.9 percent after inflation. This gain followed a 3.4 percent rise in 2004 and matched the 4.4 percent median increase in 2005 giving reported by the 641 large and mid-size independent foundations responding to the latest "Foundation Giving Forecast Survey."

After inflation, grant dollars have more than doubled since 1995



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. Figures estimated for 2005.

[1] Percent change in constant 1995 dollars based on annual average Consumer Price Index, all urban consumers (Source: U.S. Department of Labor, Bureau of Labor Statistics, as of February 2006).

Independent foundations gave a record $24.3 billion in grants in 2005, up by an estimated $1 billion from 2004. This surpassed the previous record of $23.7 billion recorded in 2001. Adjusted for inflation, however, total giving by independent foundations totaled less than the 2001 peak amount.

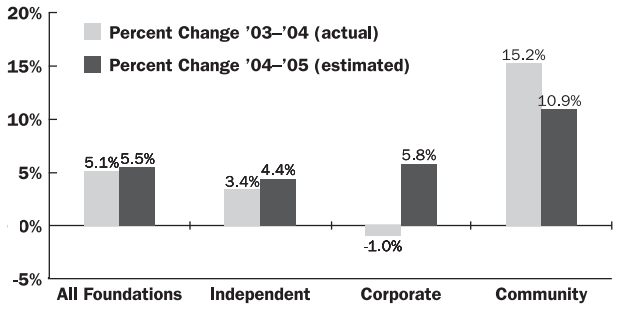
Independent Foundation Assets Through 2004. Assets of independent foundations rose 6.5 percent in 2004, following a 9.6 percent gain in the prior year. These two consecutive years of growth propelled assets to a record $425.1 billion in the latest year—surpassing the peak of $408.7 billion reported for 2000. In inflation-adjusted dollars, however, assets totaled less in 2004 than in 2000.

Ratio of 2005 Independent Foundation Giving to 2004 Assets. Each year independent foundations must pay out at least 5 percent of the value of their assets in the preceding year. (They may carry forward payout in excess of 5 percent over several years.) In 2005, estimated giving represented 5.7 percent of overall independent foundation assets at the close of 2004, just slightly below the 5.8 percent payout rate in the prior year.

Large Independent Foundations with Increased Assets in 2004. The 9 percent rise in the Standard & Poor's 500 Index in 2004 contributed to the 7 percent median growth in the assets of the 50 largest independent foundations in 2004. Because these larger foundations are more likely to hold stocks, growth in their assets tends to follow the general direction of the market. Of the top 50 independent foundations, 43 realized gains in the value of their assets, with the majority posting increases of under 10 percent. A total of 26 reported asset growth of $100 million or more, down from 40 in 2003. Among foundations showing the biggest gains in assets were the Bill & Melinda Gates Foundation (up $2 billion, including $627 million in new gifts into the foundation) and the Robert Wood Johnson Foundation (up $1.1 billion due to a rise in the value of Johnson & Johnson Company stock, its primary holding).

Large Independent Foundations with Decreased Assets in 2004. Seven of the top 50 independent foundations reported reduced assets in 2004. The three foundations with the largest percentage declines all had portfolios mainly concentrated in one stock. These were the Lilly Endowment (Eli Lilly & Company), Robert W. Woodruff (Coca-Cola), and David and Lucile Packard foundations (Hewlett Packard).

Community foundations showed strongest gains in estimated 2005 giving



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. All figures based on unadjusted dollars.

Change in Foundation Statistics, 2003 to 2004

	2003	2004	% Change
All Foundations			
No. of Foundations	66,398	67,736	2.0
Total Giving	$ 30,309	$ 31,844	5.1
Total Assets	$476,713	$510,481	7.1
Gifts Received	$ 24,858	$ 23,989	-3.5
Independent			
No. of Foundations	58,991	60,031	1.8
Total Giving	$ 22,568	$ 23,334	3.4
Total Assets	$399,138	$425,103	6.5
Gifts Received	$ 15,846	$ 13,655	-13.8
Corporate			
No. of Foundations	2,549	2,596	1.8
Total Giving	$ 3,466	$ 3,430	-1.0
Total Assets	$ 15,447	$ 16,645	7.8
Gifts Received	$ 3,234	$ 3,667	13.4
Community			
No. of Foundations	699	700	0.1
Total Giving	$ 2,532	$ 2,916	15.2
Total Assets	$ 34,153	$ 38,782	13.6
Gifts Received	$ 3,476	$ 3,859	11.0
Operating			
No. of Foundations	4,159	4,409	6.0
Total Giving	$ 1,744	$ 2,164	24.1
Total Assets	$ 27,975	$ 29,951	7.1
Gifts Received	$ 2,302	$ 2,808	22.0

Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. Dollars in millions. Percent change represents current dollars. Includes only foundations that awarded grants in the latest fiscal year.

CORPORATE FOUNDATIONS

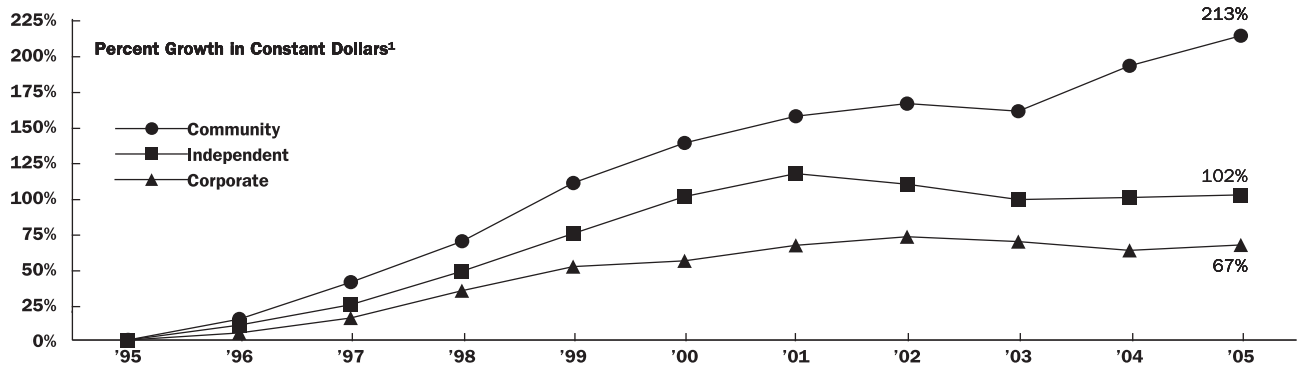
Giving by Corporate Foundations Rebounded in 2005

Estimated 2005 Corporate Foundation Giving. Estimated giving by corporate foundations increased 5.8 percent in 2005 to a record $3.6 billion. This followed a 1 percent dip in 2004. Gains in the value of existing corporate foundation assets, increases in the level of new gifts into foundations, and exceptional giving in response to the South Asian tsunami and Gulf Coast hurricanes all contributed to this growth. Conversely, the loss of some corporate foundation giving in the wake of corporate mergers modestly diminished the overall increase. The median change in 2005 giving reported by the 72 large and mid-size corporate foundations responding to the Foundation Center's latest "Foundation Giving Forecast Survey" was an increase of 7.1 percent.

Corporate Foundation Giving as a Share of Corporate Giving Overall in 2004. *Giving USA* estimated overall corporate contributions, including both foundation and direct corporate giving, at $12 billion in 2004. According to the Foundation Center, corporate foundation giving of $3.4 billion accounted for close to 29 percent of all corporate contributions, down from 31 percent in 2003. Generally, corporate foundation giving represents cash contributions, while a notable portion of corporate direct giving may reflect in-kind gifts of product. Therefore, if only cash giving was being tracked, corporate foundations would account for a larger share of overall corporate support.

Corporate Foundation Assets Through 2004. Assets of corporate foundations rose 7.8 percent in 2004, following a 7.1 percent increase in the prior year. Asset dollars reached a record $16.6 billion, up from $15.4 billion. The 2004 asset level was also more than double the total in 1994. Adjusted for inflation, however, assets in the latest year remained below the record set in 2000.

After inflation, community foundations reported fastest cumulative growth in giving since 1995



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. Figures estimated for 2005.

[1] Percent change in constant 1995 dollars based on annual average Consumer Price Index, all urban consumers (Source: U.S. Department of Labor, Bureau of Labor Statistics, as of February 2006).

Ratio of 2005 Corporate Foundation Giving to 2004 Assets. Like independent foundations, corporate foundations must pay out each year at least 5 percent of the value of their assets in the preceding year. However, because corporate foundations generally make grants based on annual contributions from their companies and retain relatively few assets, their ratio of giving to assets tends to be much higher. Estimated giving in 2005 represented 21.8 percent of corporate foundation assets at the close of 2004, down slightly from 22.2 percent in the previous year.

Corporate Foundation Pay-in vs. Payout in 2004. Strong corporate profits in many industries helped corporate foundations to increase gifts into their foundations (pay-in) by 13.4 percent in 2004. This $3.7 billion in new gifts exceeded the grant payout by $237 million (6.9 percent), helping to build corporate assets. Eleven companies made gifts of $50 million or more into their foundations in 2004, up from nine in 2003. The leaders in 2004 were Wells Fargo Foundation ($216.9 million), Wal-Mart Foundation ($148.4 million), Aventis Pharmaceuticals Health Care Foundation ($114.7 million), J.P. Morgan Chase Foundation ($111.6 million), and Verizon Foundation ($100.6 million).

Giving increased 15 percent among top 25 foundations by giving; the median change in giving was +11.8 percent

	Foundation	Total Giving '03[1]	Total Giving '04[1]	% Change	Rank '03
1.	Bill & Melinda Gates Foundation	$1,182,827	**$1,255,763**	6.2	1
2.	Ford Foundation	431,643	**522,872**	21.1	3
3.	Merck Patient Assistance Program	380,860	**519,999**	36.5	6
4.	Bristol-Myers Squibb Patient Assistance Foundation	401,840	**506,640**	26.1	4
5.	Lilly Endowment	462,337	**428,978**	-7.2	2
6.	Robert Wood Johnson Foundation	390,600	**359,500**	-8.0	5
7.	David and Lucile Packard Foundation	277,892	**302,778**	9.0	7
8.	Janssen Ortho Patient Assistance Foundation	214,136	**289,783**	35.3	10
9.	William and Flora Hewlett Foundation	258,048	**268,428**	4.0	9
10.	Annenberg Foundation	213,210	**251,664**	18.0	11
11.	W.K. Kellogg Foundation	195,007	**244,343**	25.3	13
12.	Gordon and Betty Moore Foundation	85,490	**225,986**	164.3	34
13.	John D. and Catherine T. MacArthur Foundation	195,115	**209,996**	7.6	12
14.	Andrew W. Mellon Foundation	179,159	**181,186**	1.1	16
15.	Roche Patient Assistance Foundation	106,246	**173,796**	63.6	N/A
16.	Annie E. Casey Foundation	172,797	**171,355**	-0.8	17
17.	Starr Foundation	188,856	**168,168**	-11.0	15
18.	Wal-Mart Foundation	119,801	**154,537**	29.0	21
19.	California Endowment	152,021	**153,243**	0.8	18
20.	Lilly Cares Foundation	113,311	**146,702**	29.5	23
21.	Rockefeller Foundation	130,081	**143,203**	10.1	20
22.	New York Community Trust	117,992	**139,639**	18.3	22
23.	Charles Stewart Mott Foundation	104,236	**115,253**	10.6	27
24.	Aventis Pharmaceuticals Health Care Foundation	102,530	**114,669**	11.8	29
25.	Peninsula Community Foundation	49,065	**109,135**	122.4	69
	Total	**$6,225,099**	**$7,157,616**	**15.0**	

Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. Dollars in thousands. Aggregate foundation fiscal information in tables and figures is based on data provided to the Center as of January 2006. Fiscal data on individual foundations included in this table may be more current.

[1] Total giving includes grants, scholarships, and employee matching gifts; excludes set-asides, loans, PRIs and program expenses. For some operating foundations, program expenses are included.

N/A = Not available.

Top Corporate Foundations by Giving in 2004. For the third straight consecutive year, the Wal-Mart Foundation ranked as the largest corporate foundation donor. The foundation gave $154.5 million in 2004, up 29 percent from $119.8 million in the prior year. Other top-ranked corporate foundations that raised giving by at least 25 percent in 2004 included the Wells Fargo Foundation (up 39.4 percent to $64.7 million), Prudential Foundation (up 33.4 percent to $27.6 million), Caterpillar Foundation (up 29.7 percent to $15.4 million), Wachovia Foundation (up 29.3 percent to $41 million), and Guidant Foundation (up 29 percent to $14.7 million).

COMMUNITY FOUNDATIONS

Community Foundation Giving Reached Record Level in 2005

Estimated 2005 Community Foundation Giving. Community foundations represented only 1 percent of all grantmaking foundations but roughly 9 percent of the giving. In 2005, their giving rose an estimated 10.9 percent to a record $3.2 billion. The median change in 2005 giving reported by the 140 large and mid-size community foundations responding to the Foundation Center's latest "Foundation Giving Forecast Survey" was an even higher 12.3 percent increase. Adjusted for inflation, community foundation giving rose 7.2 percent in the latest year, reaching a record level.

Assets increased by 3.5 percent among top 25 foundations by assets; the median change in assets was +6.4 percent

	Foundation	Assets '03	Assets '04	% Change	Rank '03
1.	Bill & Melinda Gates Foundation	$ 26,810,518	**$ 28,798,609**	7.4	1
2.	Ford Foundation	10,015,613	**10,685,961**	6.7	3
3.	J. Paul Getty Trust	9,100,188	**9,642,414**	6.0	4
4.	Robert Wood Johnson Foundation	7,933,761	**8,991,086**	13.3	5
5.	Lilly Endowment	10,849,402	**8,585,049**	-20.9	2
6.	W. K. Kellogg Foundation	6,801,844	**7,298,384**	7.3	6
7.	William and Flora Hewlett Foundation	6,190,363	**6,525,004**	5.4	7
8.	David and Lucile Packard Foundation	5,982,468	**5,328,293**	-10.9	8
9.	Andrew W. Mellon Foundation	4,719,646	**5,301,067**	12.3	10
10.	Gordon and Betty Moore Foundation	4,846,115	**5,042,534**	4.1	9
11.	John D. and Catherine T. MacArthur Foundation	4,530,411	**5,023,223**	10.9	11
12.	California Endowment	3,572,425	**3,729,572**	4.4	14
13.	Starr Foundation	3,577,379	**3,546,600**	-0.9	13
14.	Annie E. Casey Foundation	3,106,521	**3,295,300**	6.1	15
15.	Rockefeller Foundation	3,026,669	**3,237,184**	7.0	16
16.	Kresge Foundation	2,504,554	**2,752,258**	9.9	18
17.	Annenberg Foundation	2,695,762	**2,603,501**	-3.4	17
18.	Duke Endowment	2,307,707	**2,542,620**	10.2	21
19.	Charles Stewart Mott Foundation	2,376,108	**2,527,897**	6.4	20
20.	Casey Family Programs	2,049,707	**2,184,894**	6.6	N/A
21.	McKnight Foundation	1,914,001	**2,073,755**	8.3	23
22.	Robert W. Woodruff Foundation	2,464,363	**2,050,758**	-16.8	19
23.	Harry and Jeanette Weinberg Foundation	1,986,758	**2,027,562**	2.1	22
24.	Carnegie Corporation of New York	1,824,315	**1,956,024**	7.2	25
25.	John S. and James L. Knight Foundation	1,845,869	**1,393,341**	5.1	24
	Total	**$133,032,468**	**$137,688,888**	**3.5**	

Source: The Foundation Center, *Foundation Growth and Giving Estimates,* 2006. Dollars in thousands. Aggregate foundation fiscal information in tables and figures is based on data provided to the Center as of January 2006. Fiscal data on individual foundations included in this table may be more current.

N/A = Not available.

Community foundation giving grew roughly twice as fast as did independent and corporate foundation giving in 2005. Contributing to the faster growth in community foundation giving were double-digit asset gains in 2003 and 2004 and exceptional disbursements from donor-advised funds.

Community foundations clearly benefited from having a broad pool of individual donors. In general, individuals tend to be more directly responsive to changes in economic cycles. Whereas endowed foundations typically try to maintain stable levels of giving, despite economic fluctuations, individuals can raise or lower giving at will. In response to the economic upswing of 2003 and 2004, it appears that many individual donors chose to either establish new funds at community foundations or increase the level of giving from their existing funds. Community foundations are also not beholden to the increases or decreases in wealth of a single donor, donor family, or corporation. With a diverse pool of donors, the increased funding of many donors can more than balance out those that have reduced giving.

An additional factor leading to faster growth in community foundation giving may be that donor-advised funds are becoming an increasingly attractive alternative to establishing independent foundations. Given the steadily weakening market returns of the past two years, maintaining a separate endowed institution may no longer seem as appealing an option.

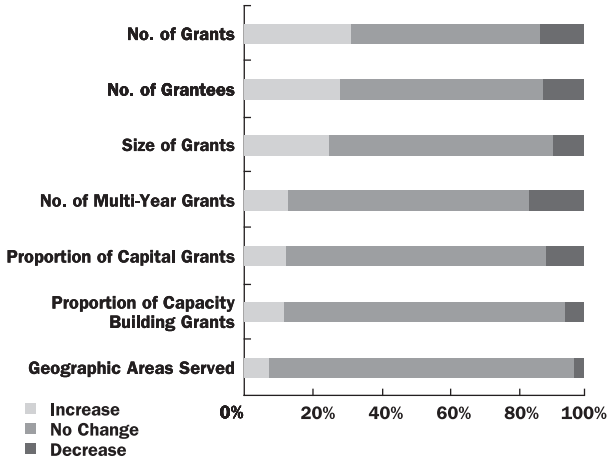
GRANTMAKING STRATEGIES

Asset Recovery Has Minimal Impact in 2005

Two years of modest growth in assets appeared to have a minimal impact on foundations' grantmaking strategies. According to the Foundation Center's latest "Foundation Giving Forecast Survey," 31.5 percent of respondents reported increasing the number of grants they awarded in 2005, nearly unchanged from 32.3 percent in the prior year. Similarly, close to 13 percent of respondents expected to reduce the number of grants they awarded, down only slightly from the 14 percent that reported a decrease in 2004. Approximately 28 percent of survey respondents reported increasing their number of grantees in 2005, while about 12 percent indicated a decrease—largely consistent with the results from the previous survey. In a period of more robust asset growth, the shares reporting an increase in their number of grants and grantees would undoubtedly be larger.

While survey respondents seem to be holding steady on their number of grants and grantees, they appeared slightly more inclined to increase the size of their grants and to provide capital support. Among survey respondents, 25.1 percent indicated that the size of their grants increased, up from the 23.4 percent that reported an increase in 2004. Moreover, 12.2 percent of respondents reported an increase in the proportion of their giving allocated for capital grants in 2005, up from 9.9 percent that reported an increase in 2004. Still, these represented fairly modest changes.

Changes in Foundation Grantmaking Strategies, 2005



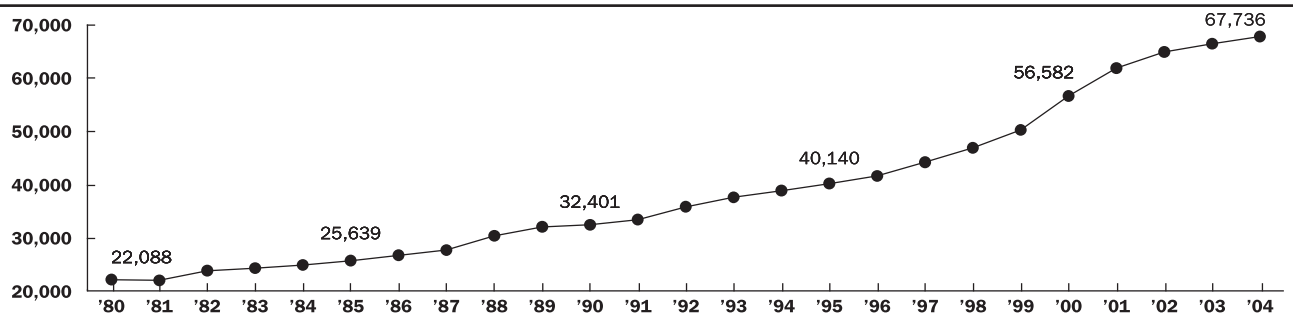
Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. A total of 854 foundations responded to this question.

Community Foundations with Increased Giving in 2004. Ten of the top 25 community foundations posted giving increases of at least $10 million in 2004, with the biggest gains reported by the Foundation for the Carolinas (up $63 million to $82.8 million), Peninsula Community Foundation (up $60.1 million to $109.1 million), and California Community Foundation (up $30.3 million to $91.3 million). All three foundations received sizable infusions of new funds in 2004.

Community Foundation Assets Through 2004. Community foundation assets rose 13.6 percent in 2004, following a 14.7 percent increase in the preceding year. Growth in the value of existing assets and new gifts into foundations helped to boost community foundation assets to a new record of $38.8 billion (inflation-adjusted assets are also at a record level). Since 1994, community foundation assets have more than tripled.

Gifts Received by Community Foundations in 2004. Benefiting from positive, albeit slower, growth in the stock market and a continued expansion in the economy, donors raised their level of new gifts into community foundations by 11 percent in 2004. Gifts totaled $3.86 billion in the latest year—just above the peak of $3.83 billion recorded in 2000. Overall, 75 community foundations reported aggregate gifts totaling $10 million or more in 2004, up from the 65 reported in 2003. Community foundations receiving at least $100 million in new gifts were Community Foundation Silicon Valley, California Community Foundation, Peninsula Community Foundation, Seattle Foundation, and Community Foundation for Greater Atlanta. Notably, four of these five are on the West Coast, which bodes well for community foundation giving in that region.

Number of active private and community foundations increased by just over 1,300 in 2004



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006.

FOUNDATION DEVELOPMENT

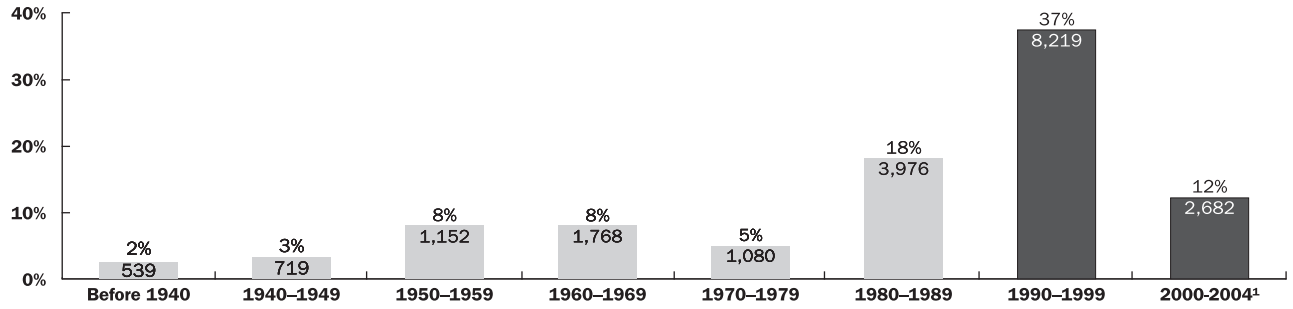
Growth in Number of Grantmaking Foundations Slowed

Number of U.S. Foundations. For more than two decades, the nation's foundation community has expanded each year. In 1994, active grantmaking foundations numbered roughly 38,800. In 2004, the number of grantmaking independent, corporate, community, and operating foundations had reached close to 68,000. Among the 29,000 foundations added between 1994 and 2004, close to 90 percent are independent foundations.

Number of Newly Active Foundations. Although the number of active grantmaking foundations experienced uninterrupted growth over the past two decades, the rate of establishment has slowed since the 2001 recession. In 2004, the net increase in the number of grantmaking foundations was 1,338, a rise of 2 percent. This represented the smallest gain in number recorded since 1994 and the lowest rate of growth reported since 1990. Slower growth in the field suggests that new foundations—primarily independent foundations—will provide less of a boost to giving than they have in prior years, particularly during the late 1990s and early 2000s. At the same time, community foundations may represent a larger share of overall foundation giving if new donors choose to establish advised funds in lieu of creating their own foundations.

Number of Larger Foundations by Decade. Among the nearly 22,000 foundations that held assets of at least $1 million or gave $100,000 or more in 2004, half were established in the 1990s and early 2000s. The vast majority of this establishment took place in the 1990s—especially during the economically robust latter years of the decade. However, 12.2 percent of larger foundations have been formed since 1999, and these 2,682 new larger foundations already surpass the number of active larger foundations formed in any *decade* prior to the 1980s.

Nearly half of larger foundations were established after 1989



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. Based on Foundation Center survey of 21,997 grantmaking foundations with assets of at least $1 million or making grants of $100,000 or more in 2003–2004. Establishment data was not available for 1,262 foundations. The number above each bar indicates the number of foundations formed in that period and still active in 2003-2004.

[1]Data incomplete for period 2000–2004.

Top 50 Foundations by Total Giving, 2004

	Foundation	State	Foundation Type[1]	Total Giving[2]	Assets	Fiscal Date
1.	Bill & Melinda Gates Foundation	WA	IN	**$1,255,762,783**	$28,798,609,188	12/31/2004
2.	Ford Foundation	NY	IN	**522,872,210**	10,685,961,044	9/30/2004
3.	Merck Patient Assistance Program[3]	NJ	OP	**519,998,639**	0	12/31/2004
4.	Bristol-Myers Squibb Patient Assistance Foundation[3]	NJ	OP	**506,639,972**	1,886,799	12/31/2004
5.	Lilly Endowment	IN	IN	**428,977,921**	8,585,049,346	12/31/2004
6.	Robert Wood Johnson Foundation	NJ	IN	**359,500,275**	8,991,086,132	12/31/2004
7.	David and Lucile Packard Foundation	CA	IN	**302,778,355**	5,328,293,452	12/31/2004
8.	Janssen Ortho Patient Assistance Foundation[3]	NJ	OP	**289,783,393**	5,364,051	12/31/2004
9.	William and Flora Hewlett Foundation	CA	IN	**268,427,895**	6,525,004,389	12/31/2004
10.	Annenberg Foundation	PA	IN	**251,663,628**	2,603,501,021	6/30/2005
11.	W. K. Kellogg Foundation	MI	IN	**244,342,812**	7,298,383,532	8/31/2005
12.	Gordon and Betty Moore Foundation	CA	IN	**225,986,140**	5,042,534,007	12/31/2004
13.	John D. and Catherine T. MacArthur Foundation	IL	IN	**209,996,176**	5,023,223,000	12/31/2004
14.	Andrew W. Mellon Foundation	NY	IN	**181,186,431**	5,301,066,615	12/31/2004
15.	Roche Patient assistance Foundation[3]	NJ	OP	**173,795,882**	0	12/31/2004
16.	Annie E. Casey Foundation	MD	IN	**171,354,926**	3,295,299,665	12/31/2004
17.	Starr Foundation	NY	IN	**168,167,773**	3,546,599,566	12/31/2004
18.	Wal-Mart Foundation	AR	CS	**154,537,406**	18,881,075	1/31/2005
19.	California Endowment	CA	IN	**153,242,789**	3,729,571,524	2/28/2005
20.	Lilly Cares Foundation[3]	IN	OP	**146,701,709**	1,377	12/31/2004
21.	Rockefeller Foundation	NY	IN	**143,202,709**	3,237,183,825	12/31/2004
22.	New York Community Trust	NY	CM	**139,638,866**	1,810,817,540	12/31/2004
23.	Charles Stewart Mott Foundation	MI	IN	**115,252,795**	2,527,897,211	12/31/2004
24.	Aventis Pharmaceuticals Health Care Foundation	NJ	CS	**114,668,984**	0	12/31/2004
25.	Peninsula Community Foundation	CA	CM	**109,135,104**	565,416,429	12/31/2004
26.	Duke Endowment	NC	IN	**105,774,927**	2,542,619,779	12/31/2004
27.	Robert W. Woodruff Foundation	GA	IN	**104,139,757**	2,050,757,772	12/31/2004
28.	Walton Family Foundation	AR	IN	**101,240,263**	1,129,770,302	12/31/2004
29.	Harry and Jeanette Weinberg Foundation	MD	IN	**98,674,477**	2,027,561,526	2/28/2005
30.	Kresge Foundation	MI	IN	**97,714,540**	2,752,257,750	12/31/2004
31.	Donald W. Reynolds Foundation	NV	IN	**93,821,508**	1,248,736,254	12/31/2004
32.	Boehringer Ingelheim Cares Foundation[3]	CT	OP	**91,413,216**	8,953,503	12/31/2004
33.	California Community Foundation	CA	CM	**91,295,121**	762,726,071	6/30/2005
34.	John S. and James L. Knight Foundation	FL	IN	**90,358,608**	1,939,340,905	12/31/2004
35.	McKnight Foundation	MN	IN	**85,842,022**	2,073,754,860	12/31/2004
36.	Carnegie Corporation of New York	NY	IN	**84,345,200**	1,956,023,878	9/30/2004
37.	Open Society Institute[3]	NY	OP	**83,470,616**	329,344,522	12/31/2004
38.	Community Foundation for the National Capital Region	DC	CM	**83,251,153**	329,576,002	3/31/2005
39.	Foundation for the Carolinas	NC	CM	**82,821,824**	349,127,277	12/31/2004
40.	Ford Motor Company Fund	MI	CS	**77,916,903**	107,283,149	12/31/2004
41.	Richard King Mellon Foundation	PA	IN	**77,502,487**	1,742,201,835	12/31/2004
42.	Community Foundation Silicon Valley	CA	CM	**75,366,593**	760,821,244	6/30/2005
43.	Houston Endowment	TX	IN	**71,447,356**	1,461,271,723	12/31/2004
44.	Citigroup Foundation	NY	CS	**67,405,807**	N/A	12/31/2004
45.	Freeman Foundation	NY	IN	**65,311,141**	1,105,283,491	12/31/2004
46.	Wells Fargo Foundation	CA	CS	**64,747,007**	556,683,066	12/31/2004
47.	Boston Foundation	MA	CM	**64,092,145**	686,124,331	6/30/2005
48.	Whitaker Foundation	VA	IN	**63,876,625**	123,003,762	12/31/2004
49.	Greater Kansas City Community Foundation	MO	CM	**63,388,075**	895,377,250	12/31/2004
50.	Cleveland Foundation	OH	CM	**62,432,351**	1,632,621,913	12/31/2004

Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. Aggregate foundation fiscal information in tables and figures is based on data provided to the Center as of January 2006. Fiscal data on individual foundations included in this table may be more current.

[1]IN = Independent; CS = Corporate; CM = Community; OP = Operating.

[2]Includes grants, scholarships, and employee matching gifts; excludes set-asides, loans, PRIs, and program expenses.

[3]For some operating foundations, total giving amount includes grants and program expenses; for others, total giving amount includes only grants. Most operating foundations' qualifying distributions are paid out for administration of operating programs and not for grants.

N/A = Not available.

Top 50 Foundations by Assets, 2004

Foundation	State	Foundation Type[1]	Assets	Total Giving[2]	Fiscal Date
1. Bill & Melinda Gates Foundation	WA	IN	**$28,798,609,188**	$1,255,762,783	12/31/2004
2. Ford Foundation	NY	IN	**10,685,961,044**	522,872,210	9/30/2004
3. J. Paul Getty Trust[3]	CA	OP	**9,642,414,092**	22,671,156	6/30/2004
4. Robert Wood Johnson Foundation	NJ	IN	**8,991,086,132**	359,500,275	12/31/2004
5. Lilly Endowment	IN	IN	**8,585,049,346**	428,977,921	12/31/2004
6. W. K. Kellogg Foundation	MI	IN	**7,298,383,532**	244,342,812	8/31/2005
7. William and Flora Hewlett Foundation	CA	IN	**6,525,004,389**	268,427,895	12/31/2004
8. David and Lucile Packard Foundation	CA	IN	**5,328,293,452**	302,778,355	12/31/2004
9. Andrew W. Mellon Foundation	NY	IN	**5,301,066,615**	181,186,431	12/31/2004
10. Gordon and Betty Moore Foundation	CA	IN	**5,042,534,007**	225,986,140	12/31/2004
11. John D. and Catherine T. MacArthur Foundation	IL	IN	**5,023,223,000**	209,996,176	12/31/2004
12. California Endowment	CA	IN	**3,729,571,524**	153,242,789	2/28/2005
13. Starr Foundation	NY	IN	**3,546,599,566**	168,167,773	12/31/2004
14. Annie E. Casey Foundation	MD	IN	**3,295,299,665**	171,354,926	12/31/2004
15. Rockefeller Foundation	NY	IN	**3,237,183,825**	143,202,709	12/31/2004
16. Kresge Foundation	MI	IN	**2,752,257,750**	97,714,540	12/31/2004
17. Annenberg Foundation	PA	IN	**2,603,501,021**	251,663,628	6/30/2005
18. Duke Endowment	NC	IN	**2,542,619,779**	105,774,927	12/31/2004
19. Charles Stewart Mott Foundation	MI	IN	**2,527,897,211**	115,252,795	12/31/2004
20. Casey Family Programs[3]	WA	OP	**2,184,894,330**	3,043,869	12/31/2004
21. McKnight Foundation	MN	IN	**2,073,754,860**	85,842,022	12/31/2004
22. Robert W. Woodruff Foundation	GA	IN	**2,050,757,772**	104,139,757	12/31/2004
23. Harry and Jeanette Weinberg Foundation	MD	IN	**2,027,561,526**	98,674,477	2/28/2005
24. Carnegie Corporation of New York	NY	IN	**1,956,023,878**	84,345,200	9/30/2004
25. John S. and James L. Knight Foundation	FL	IN	**1,939,340,905**	90,358,608	12/31/2004
26. Ewing Marion Kauffman Foundation	MO	IN	**1,859,797,000**	51,000,000	6/30/2005
27. New York Community Trust	NY	CM	**1,810,817,540**	139,638,866	12/31/2004
28. Richard King Mellon Foundation	PA	IN	**1,742,201,835**	77,502,487	12/31/2004
29. Doris Duke Charitable Foundation	NY	IN	**1,693,460,630**	59,167,979	12/31/2004
30. Cleveland Foundation	OH	CM	**1,632,621,913**	62,432,351	12/31/2004
31. James Irvine Foundation	CA	IN	**1,541,924,918**	49,407,820	12/31/2004
32. Alfred P. Sloan Foundation	NY	IN	**1,505,602,994**	59,742,875	12/31/2004
33. Houston Endowment	TX	IN	**1,461,271,723**	71,447,356	12/31/2004
34. Wallace Foundation	NY	IN	**1,364,654,036**	54,873,749	12/31/2004
35. Chicago Community Trust	IL	CM	**1,324,379,128**	61,677,060	9/30/2004
36. Brown Foundation	TX	IN	**1,314,216,005**	52,849,201	6/30/2005
37. W. M. Keck Foundation	CA	IN	**1,307,546,774**	48,658,855	12/31/2004
38. Donald W. Reynolds Foundation	NV	IN	**1,248,736,254**	93,821,508	12/31/2004
39. Lumina Foundation for Education	IN	IN	**1,196,062,690**	37,022,655	12/31/2004
40. William Penn Foundation	PA	IN	**1,185,344,692**	59,476,104	12/31/2004
41. Michael and Susan Dell Foundation	TX	IN	**1,178,008,895**	22,835,754	12/31/2004
42. Kimbell Art Foundation[3]	TX	OP	**1,166,864,334**	74,635	12/31/2004
43. Samuel Roberts Noble Foundation	OK	IN	**1,161,500,185**	6,674,662	12/31/2004
44. Walton Family Foundation	AR	IN	**1,129,770,302**	101,240,263	12/31/2004
45. Freeman Foundation	NY	IN	**1,105,283,491**	65,311,141	12/31/2004
46. California Wellness Foundation	CA	IN	**1,095,660,990**	40,505,102	12/31/2004
47. Marin Community Foundation	CA	CM	**1,071,953,470**	55,436,347	6/30/2005
48. Moody Foundation	TX	IN	**1,056,384,643**	57,621,881	12/31/2004
49. Daniels Fund	CO	IN	**1,040,647,749**	34,204,475	12/31/2004
50. Howard Heinz Endowment	PA	IN	**933,443,085**	36,557,675	12/31/2004

Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2006. Aggregate foundation fiscal information in tables and figures is based on data provided to the Center as of January 2006. Fiscal data on individual foundations included in this table may be more current.

[1] IN = Independent; CM = Community; OP = Operating.

[2] Includes grants, scholarships, and employee matching gifts; excludes set-asides, loans, PRIs, and program expenses.

[3] For some operating foundations, total giving amount includes grants and program expenses; for others, total giving amount includes only grants. Most operating foundations' qualifying distributions are paid out for administration of operating programs and not for grants.

METHODOLOGY

The original research upon which this preview report is based was conducted by the Foundation Center. Giving estimates for 2005 are based on figures reported by large and mid-size independent, corporate, and community foundations that responded to the Foundation Center's latest "Foundation Giving Forecast Survey," combined with year-end fiscal indicators. Actual 2004 giving and asset figures were taken from the Foundation Center's annual surveys of larger private and community foundations, foundation web sites, annual reports and other publications, and the IRS Form 990-PF information return. A more extensive analysis of the 2004 data will be presented in *Foundation Yearbook,* to be published in June.

2006 Foundation Giving Forecast Survey

In early January 2006, the Foundation Center mailed its annual "Foundation Giving Forecast Survey" to approximately 3,500 large and mid-size U.S. independent, corporate, and community foundations. The survey included questions on foundations' giving and assets in 2005, directions for giving in 2006, recent changes in funding strategies, and giving in response to hurricanes Katrina and Rita, as well as other disasters.

A total of 853 foundations (24 percent of surveyed foundations) provided estimates of their 2005 giving. Roughly one-quarter of respondents came from each of the four major regions: Midwest (28 percent), Northeast (25.1 percent), West (22.1 percent), and South (24.7 percent).

The 853 survey respondents accounted for 29 percent of total estimated giving by independent, corporate, and community foundations in 2005. By foundation type, the 140 community foundation respondents represented 38 percent of total estimated giving by community foundations, while the 641 independent foundation respondents accounted for 30 percent of estimated independent foundation giving and the 72 corporate foundation respondents represented 17 percent of estimated corporate foundation giving. The assessment of prospects for 2006 giving is based on information reported by 808 respondents: 132 community, 608 independent, and 68 corporate foundations.

Endnote

1. According to the Foundation Center's February 2006 report, *Snapshot of Philanthropy's Response to the Gulf Coast Hurricanes,* corporations and corporate foundations announced commitments and pledges totaling $351.5 million for hurricane-related relief and recovery efforts through mid-November 2005. Independent and family foundations provided $117.7 million, while community foundations announced gifts totaling $5.2 million.

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ISBN 1-59542-092-4