
INDUSTRY REPORT

# Grantmaking Foundations

NAICS: 813211

SIC: 6732

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# Current Conditions

## Recent Developments

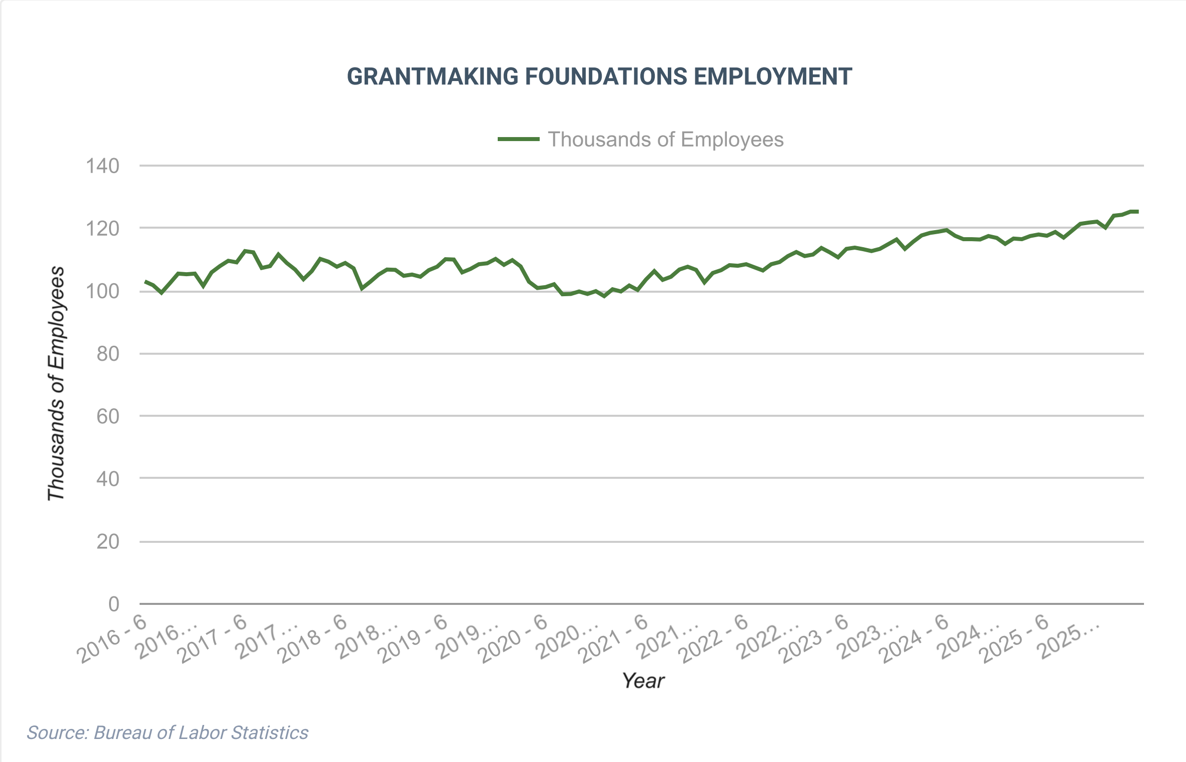
### Jul 2, 2026 -- AI Can Enhance Due Diligence Process

- Leading foundations are demonstrating how AI can make the grant due diligence process more streamlined, standardized, efficient, and equitable, according to Alliance magazine. AI allows foundations to produce higher-quality insights from the financial and grant data that they are already collecting. It can also streamline and standardize the grant review process. Key areas for caution include monitoring for embedded biases, ensuring data privacy, and ensuring that AI applications cite the data and information used to produce insights.
- Housing and shelter organizations are the nonprofits most likely to depend on government grants for 50% or more of their revenue, according to Candid, an information service specializing in reporting on US nonprofit companies. The US Department of Housing and Urban Development (HUD) will have its budget cut by 44% for 2026, and many housing and shelter organizations have told Candid that they will feel the impact in the form of grand reductions. Candid has found that 23% of housing nonprofits could run out of funding within three months without government support.
- There are very few resources available for capital grantmaking, the kind of philanthropy that funds construction, renovation, and equipment purchases for nonprofits, according to Havaca Ganguly, executive director of the Middendorf Foundation. Capital grantmaking is often considered a foundational pillar of philanthropic giving, according to Ganguly. Nonprofits that successfully manage large building or renovation projects often have specialized board members, staff with relevant expertise, or access to external support through funding or services donated free of charge. These would include project managers who represent the nonprofit's interests during construction, architects, and developers.
- Grantmaking foundation industry employment increased slightly and average wages for nonsupervisory employees decreased slightly during the first five months of 2026, according to the US Bureau of Labor Statistics. Grantmaking foundation industry sales are forecast to grow at a 5.55% compounded annual rate from 2026 to 2030, faster than the growth of the overall economy, according to Inforum and the Interindustry Economic Research Fund, Inc. Foundations generate revenue from endowment returns and donations.

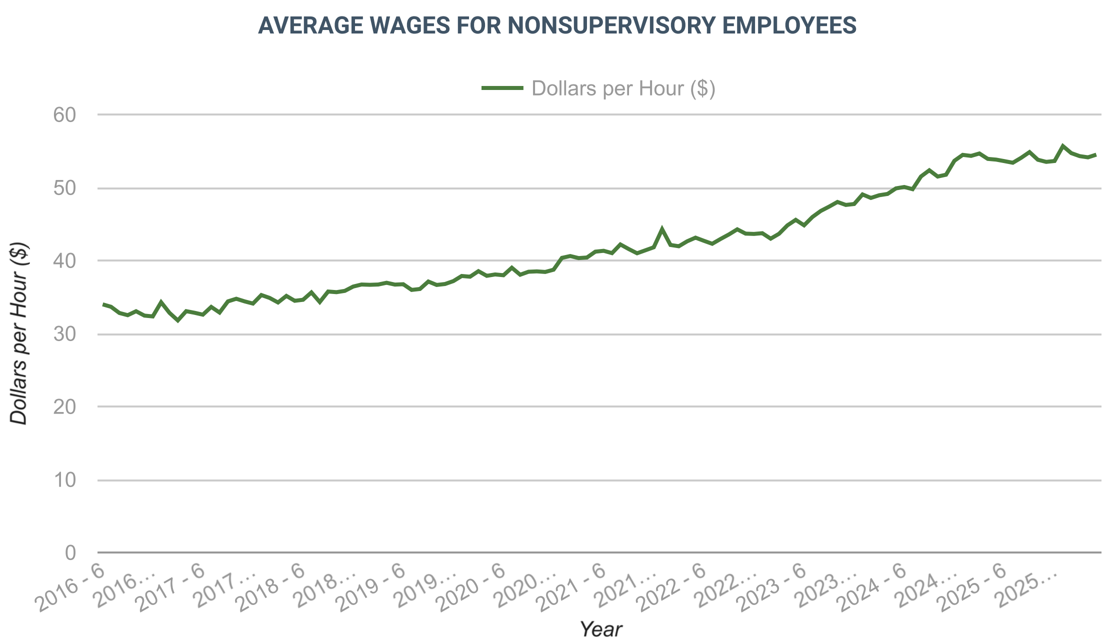
## Pricing and Input Costs

**Employment by grantmaking foundations increases** — Overall employment by grantmaking foundations changed 6.2% in May compared to a year ago, according to the latest data from the Bureau of Labor Statistics. Employment by grantmaking foundations grew 22.5% over the past ten years, faster than the 11.0% growth in overall private employment. Employment growth over the past three years was 13.2%, higher than private growth of 1.9%

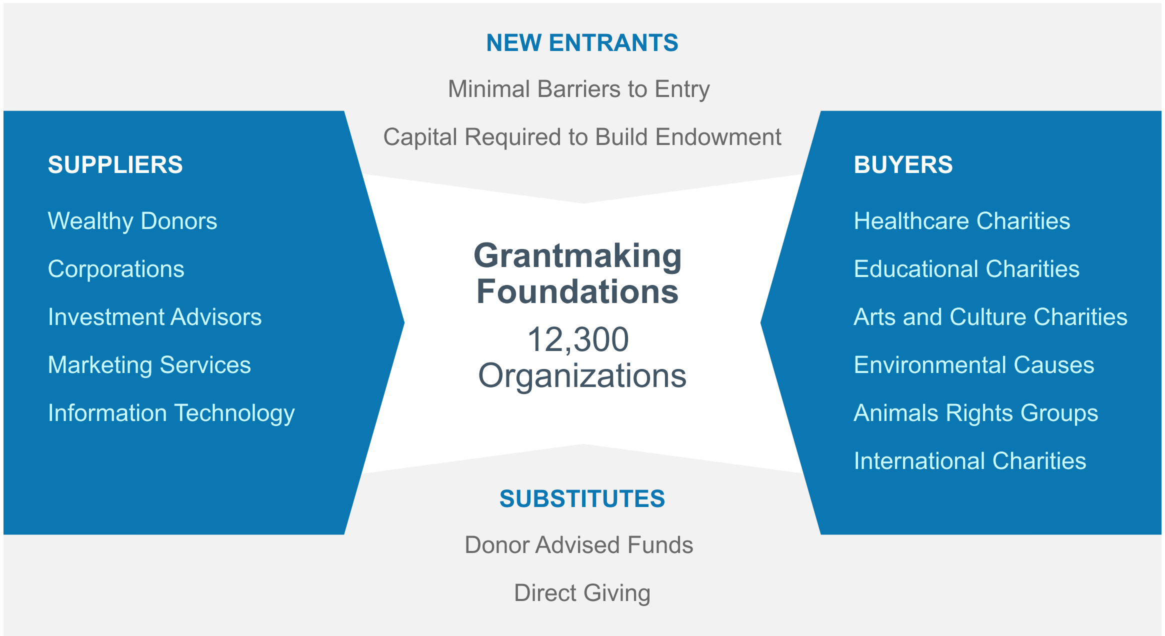



**Wages at grantmaking foundations rise** — Average wages for nonsupervisory employees at grantmaking foundations were $54.50 per hour in May, a 1.3% change compared to a year ago. Average wages at grantmaking foundations grew 56.4% over the past ten years, higher than the 50.7% growth in all private nonsupervisory employee wages. Wage growth over the past three years was 19.6%, higher than overall private wage growth of 12.1%.




*Source: Bureau of Labor Statistics*

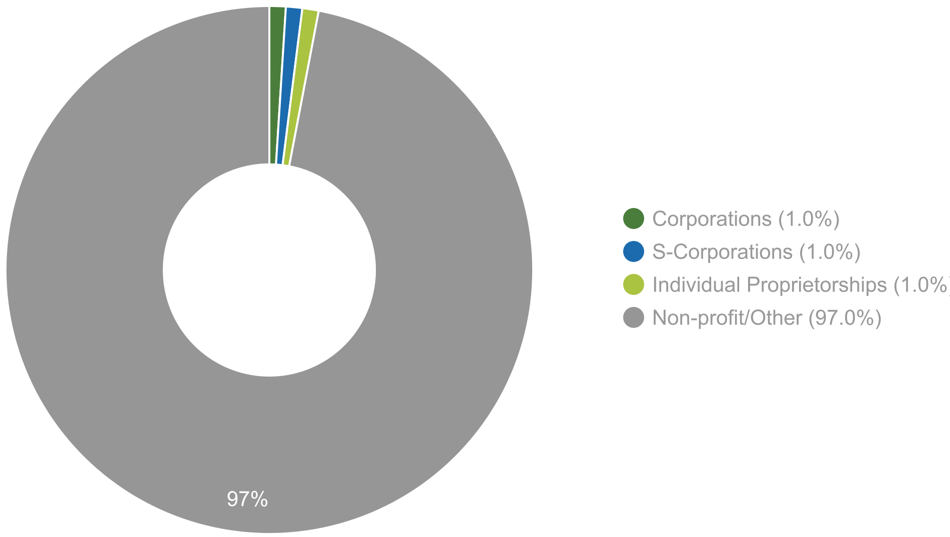
# Industry Structure




The average grantmaking foundation operates out of a single location, employs about 10 workers, and generates $10.6 million annually.

- According to the US government, the grantmaking foundation industry consists of about 12,300 firms that employ 118,200 workers and generates $130.4 billion in revenue.
- The 238 US foundations surveyed in 2019 received over $9.4 billion in gifts, distributed nearly $8.4 billion to organizations and individuals, and managed over $94.1 billion in assets, according to Candid and the Columbus Survey.
- The top 50 organizations account for about 51% of industry revenue.
- Large organizations include the Bill and Melinda Gates Foundation, the Ford Foundation, and the Silicon Valley Community Foundation (SVCF).
- Most foundations have less than $50 million in assets.

## Industry Demographics




*Source: US Census Bureau*

# Profits and Operations

## Profit Drivers

### Growing Donations

Public foundations rely on contributions from individuals, businesses, and government agencies for their funding and must establish a track record of achieving results and operating efficiently to attract and grow donations. Negative publicity regarding governance issues can cause donations to decline. Even private foundations with specific sources of funding can see declines if they fail to achieve results from their giving or have management issues.

### Improving Investment Returns

Endowed foundations rely primarily on investment returns to fund their giving. Changes in interest rates and financial market conditions affect overall returns, particularly for smaller funds that may lack the diversification of large funds. To improve returns, funds may rely on the advice of professional money managers, invest more in alternative investment vehicles, such as hedge funds, and take on greater portfolio risk. To avoid the temptation to take on more risk in pursuit of higher returns, endowments may restrict the types of investments allowed for the fund.

### Reducing Overhead Costs

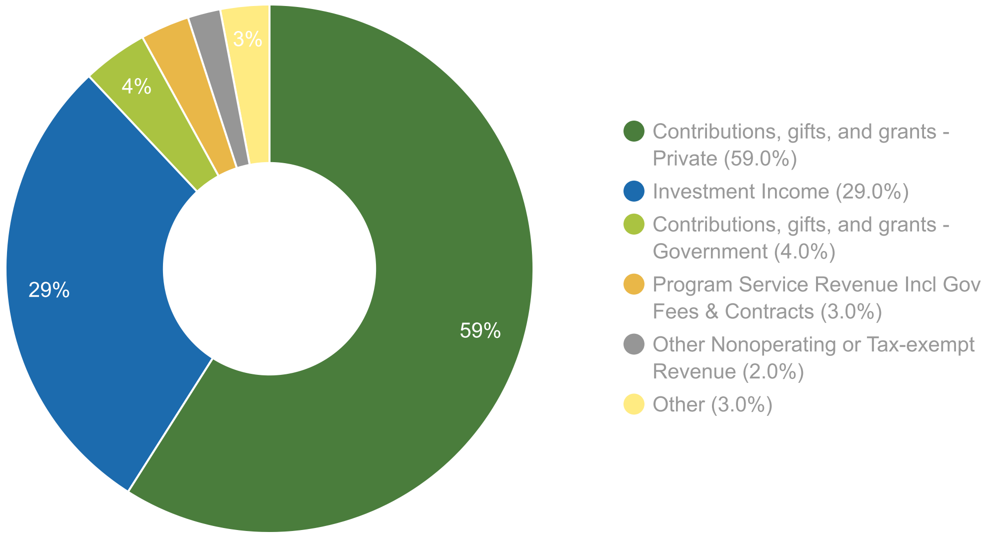
Efficient operations allow foundations to give a higher proportion of the income they generate through investments or donations. Small funds may rely on family members or volunteers for staffing to reduce overhead costs. Investing in foundation management software can help to streamline office functions and reduce the costs of meeting government reporting requirements.

## Products and Operations

Grantmaking foundations award grants from trust funds to support charitable activities.

- Foundations receive income in the form of private contributions, gifts and grants; investment gains; investment income; and public contributions, gifts, and grants.
- The vast majority of foundations (90%+) are independent foundations. Independent foundations also account for most of the assets and giving in the industry.
- Top areas of focus for giving include healthcare, education, human services, public affairs, arts and culture, environmental causes and animals, and international affairs.
- Generally, foundation endowments are meant to grow and support their designated purpose in perpetuity. Non-endowed funds do not have a permanent principal balance.

GRANTMAKING FOUNDATIONS REVENUE




*Source: US Census Bureau*

Grantmaking foundations are generally classified by their source of funding. A private foundation receives funding from individuals, a family, or a corporation. An independent foundation is a private foundation that is funded by an endowment from a single source, such as an individual or a group of individuals. A family foundation is funded by an endowment from a family who is typically involved in governance. Corporate foundations exist as separate legal entities with close ties to the corporation and tend to make grants in fields related to corporate activities or the related community. Private operating foundations primarily operate their own charitable activities but may also make grants.

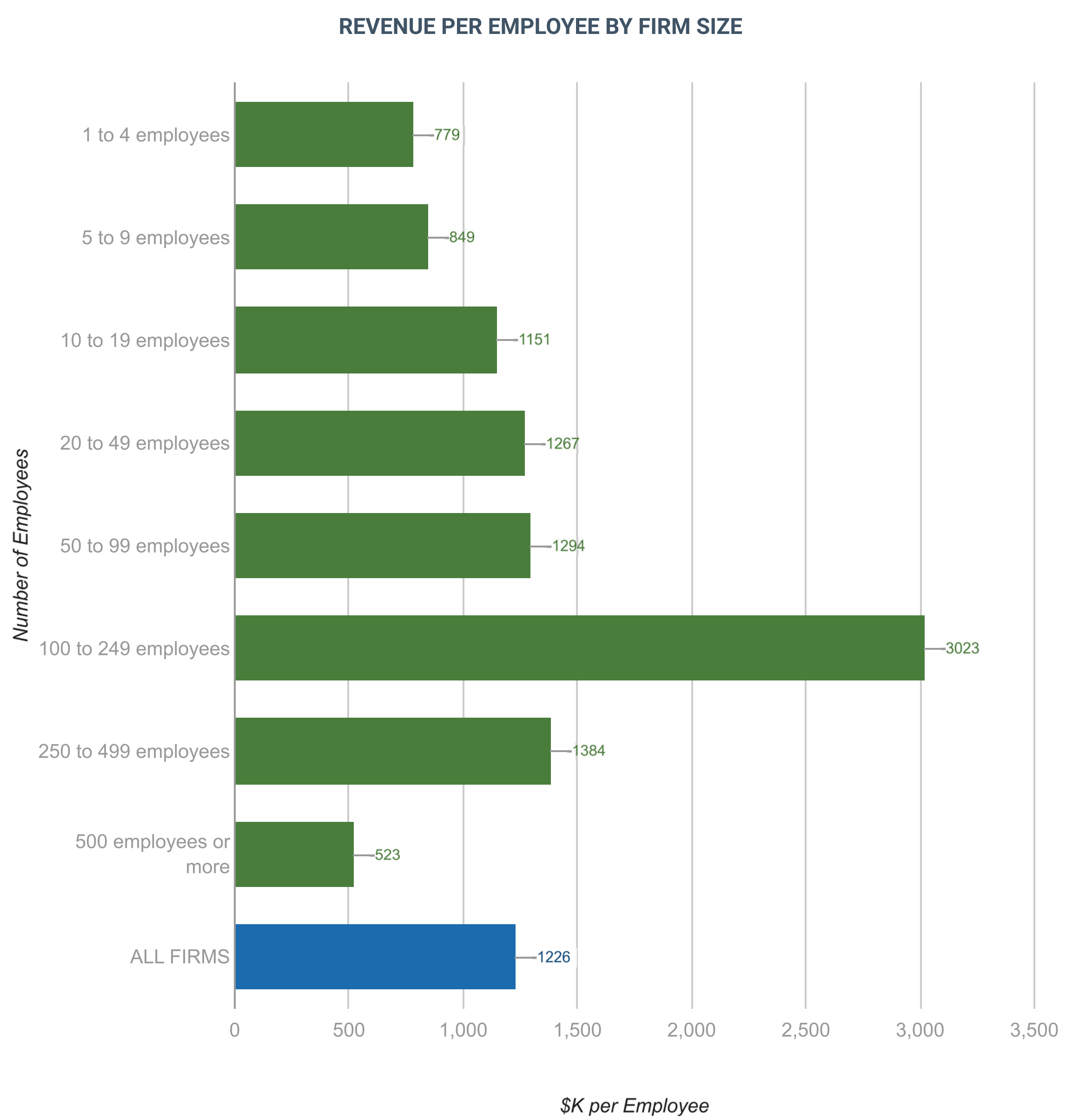
Public foundations receive funding from multiple sources, including individuals, government agencies, and fees. Community foundations, which are public foundations dedicated to improving a defined geographical location, receive funds from individuals, families, and businesses to support nonprofits in the community.

A private foundation generates income by investing the initial donation and often disburses the bulk of its investment income each year to designated charitable activities. Foundations award grants based on the preferences of the foundation managers and grantors and typically have defined boundaries or areas of focus, such as a certain geographic region or philanthropic interest. A foundation may fund a single entity, such as a museum or university, or issue numerous grants to different organizations. A one-time grant may fund a single large project, while multiple-year funding provides a steady flow of support over time. Project grants provide support for specific set of charitable activities, while unrestricted grants allow the grantee to determine how to use funds. A foundation may review thousands of grant applications each year.

A private foundation has a minimum distribution requirement (MDR) of at least 5% of assets annually in the form of grants or through charitable activities. A private operating foundation does not have an MDR but is required to spend a certain percentage of assets on charitable activities. A donor-advised fund (DAF) is a special type of giving vehicle established with a public charity, such as a community foundation, which gives the donor advisory privileges over how the funds are spent. DAFs are an alternative to setting up a new foundation.

A private foundation is governed by its donor(s) or a board consisting of family and/or other chosen individuals selected by the donor. Staff require a broad range of skills, including the ability manage donor relations, human resources, and community relations.




*Source: US Census Bureau*

# Industry Trends

### Asset Balances

Asset balances increased in 2024 fueled by a mix of investment returns and incoming contributions, accounting for about 75% and 25% of the increase respectively, according to FoundationMark. Foundation assets have increased at a compound annual growth rate of 8.8% during the past five years, or a cumulative 50% since 2019. Foundation assets have doubled during the past decade.

### Grantmaking Increases

Grants made by foundations exceeded $100 billion for the third straight year in 2024, according to Giving USA. Almost $1 out of every $5 contributed to charity was from a foundation in each of those years. Giving by foundations in the five years ending in 2024 was higher than any other period since Giving USA has tracked this data. US charitable giving increased 6.3% year over year to $592.50 billion in 2024. Individual giving – which comprises two-thirds of all giving – was boosted by the rising stock market and personal income. Strong GDP and corporate pre-tax profits extended the recent gains in corporate giving. Corporate giving reached its highest level on record in both current and inflation-adjusted dollars. The strong stock market contributed to increased foundation asset values, with foundation grantmaking surpassing the $100 billion mark for the third straight year. Bequest giving, which often fluctuates from one year to the next, decreased slightly.

### International Giving Remains Strong

Global giving by US foundations has risen to record levels, driven by increases by community foundations and grantmaking by the Bill and Melinda Gates Foundation. International giving increased 17.7% year over year in 2024, according to Giving USA. The major recipients of international grants include organizations with a focus on health, climate change, and disaster relief. The average grant for non-US locations is $90,400 which is more than triple the size of the average US grant of $27,200, according to Foundation Source.

### MIxed Performance for Community Foundations

Grants made by community foundations increased in 2023, the first year in which total reported grantmaking outpaced fundraising. Asset values for community foundations increased 11% in 2023 after decreasing 10% in 2022, increasing 27.4% in 2021, 8.9% in 2020, 10.7% in 2019, and 1.0% in 2018, according to the Council on Foundations. Grants from community foundations increased 11% in 2023, 17.4% in 2022, 11.6% in 2021, and 36.7% in 2020, decreased 4.7% in 2019, and increased 8.7% in 2018. Gifts received by community foundations increased 11% in 2023, decreased 20.8% in 2022, increased 56.4% in 2021 and 41% in 2020, decreased 6.7% in 2019, and increased 7.3% in 2018. Changes in gift totals tended to vary more than grants.

### Giving for Disaster Relief

The scope and severity of disasters have varied over time, leading to fluctuations in foundation giving. Total giving related to disaster philanthropy by US foundations decreased to $1.7 billion in 2022 from $4.3 billion in 2020, according to Candid and the Center for Disaster Philanthropy. The 1,000 largest US funders, gave $860.2 million to support disasters in 2022 compared to $111.4 million in 2012. This is the third-highest amount of funding since the first report published in 2014. When epidemic funding is removed, the funders in the Foundation 1000 datasets gave a record $547.5 million to disasters in 2022 – a 105.6% increase from the 2021 total and more than the first five years of Measuring the State of Disaster Philanthropy report (2012-2016) combined.

**Industry Indicators** have moved to Current Conditions

# Industry Challenges

## Industry Risks

### Vulnerability to Economic Conditions

Grantmaking foundations are sensitive to economic conditions because the value of assets and donor capability to give can drop during periods of uncertainty. The value of assets for the industry decreased 17.2% during the 2007-2009 recession and gifts received from donors decreased 15.6%, according to the Foundation Center. Growth for giving amounts and the total number of foundations slowed and total giving decreased 2.1% in 2009. Some foundations determine annual grant budgets based on a rolling average of asset values, an approach that mitigates the impact of asset losses on giving within a single year.

### Market Risk Challenges Investments

Fluctuations in interest rates, corporate earnings, and global financial markets can create a challenging investment environment for foundations. Return on investment is generally a significant and sometimes the only source of revenue. During periods of lower than average returns, foundation investors must often take on additional portfolio risk in order to earn enough to issue the required annual payout (5%) and account for inflation.

### Impacts of Government Regulation

Private foundations are subject to strict and extensive federal rules. Regulations govern financial transactions between foundations and its largest contributors and officers; amounts paid toward operating costs, grants, and charitable programs; compensation for staff and board members; and business holdings. Excise tax provisions are meant to prevent conduct that could lead to abuse, such as transactions that benefit persons who have special relationships with the foundation, a practice known as ‘self-dealing.” The possibility of unfavorable changes in tax laws creates uncertainty.

### Facing Public Scrutiny

Grantmaking foundations, particularly public foundations, face scrutiny from the public to provide transparency. Unscrupulous organizations have used foundations as a vehicle to dodge taxes and provide family and friends with cushy jobs and unreasonably generous salaries. While charitable organizations are generally prohibited from activity related to political campaigns and lobbying, the overlap between philanthropy and political giving grows increasing complex. When individual donors support controversial or partisan causes, the spill over from public reaction can affect the reputation of the donor’s foundation and the designated charities.

### Grantees Fail to Deliver

Foundations ultimately have little control over grantees, which may fail to deliver or even misuse funds. Well-intentioned programs may lack effective management, underestimate required funding, and run out of cash. Foundations that do not perform due diligence, require annual progress reports, or provide some oversight of grantee activity create additional risk and may discover that the outcomes fall short of expectations.

## Company Risks

### Succession Planning

A lack of succession planning can lead to the demise of a foundation. Many foundations, particularly family foundations, are established with the intention of turning over control to the next generation. Integrating younger family members involves careful planning; foundations may groom future board members by requiring work with other charities or providing a small separate pot of funds as a test. Lack of involvement and interest from the next generation can jeopardize the future of a family foundation.

### Managing Internal Conflict

The shared leadership structure of most foundation boards can create conflict, particularly disagreements over how to disburse grants. Each generation or board or family member may have different values and concerns from the founders, making adherence to the original mission a challenge. Unclear expectations, lack of training and development, and conflicts of interest further complicate decision making.

# Geographic Breakdown

Data provided for the Grantmaking Foundations industry. (Bureau of Labor Statistics, Q4-2025)

| STATE | NUMBER OF ESTABLISHMENTS | % OF TOTAL US ESTABLISHMENTS | ANNUAL CHANGE Q4-2024 VS. Q4-2025 | % CHANGE Q4-2024 VS. Q4-2025 |
|---|---|---|---|---|
| **Alabama** | 62 | 0.5% | 4 | 6.9% |
| **Alaska** | 43 | 0.4% | -1 | -2.3% |
| **Arizona** | 119 | 1.0% | -4 | -3.3% |
| **Arkansas** | 133 | 1.1% | 16 | 13.7% |
| **California** | 2078 | 17.7% | -47 | -2.2% |
| **Colorado** | 262 | 2.2% | 23 | 9.6% |
| **Connecticut** | 325 | 2.8% | -7 | -2.1% |
| **Delaware** | 11 | 0.1% | 0 | 0.0% |
| **Florida** | 533 | 4.5% | 31 | 6.2% |
| **Georgia** | 209 | 1.8% | -3 | -1.4% |
| **Hawaii** | 58 | 0.5% | 0 | 0.0% |
| **Idaho** | 94 | 0.8% | 4 | 4.4% |
| **Illinois** | 348 | 3.0% | -14 | -3.9% |
| **Indiana** | 158 | 1.3% | 4 | 2.6% |
| **Iowa** | 133 | 1.1% | 4 | 3.1% |
| **Kansas** | 79 | 0.7% | 3 | 3.9% |
| **Kentucky** | 79 | 0.7% | 3 | 3.9% |
| **Louisiana** | 65 | 0.6% | 1 | 1.6% |
| **Maine** | 45 | 0.4% | 5 | 12.5% |
| **Maryland** | 620 | 5.3% | 5 | 0.8% |
| **Massachusetts** | 421 | 3.6% | 6 | 1.4% |
| **Michigan** | 387 | 3.3% | 16 | 4.3% |
| **Minnesota** | 297 | 2.5% | 19 | 6.8% |
| **Mississippi** | 27 | 0.2% | 0 | 0.0% |
| **Missouri** | 98 | 0.8% | 3 | 3.2% |
| **Montana** | 93 | 0.8% | -1 | -1.1% |

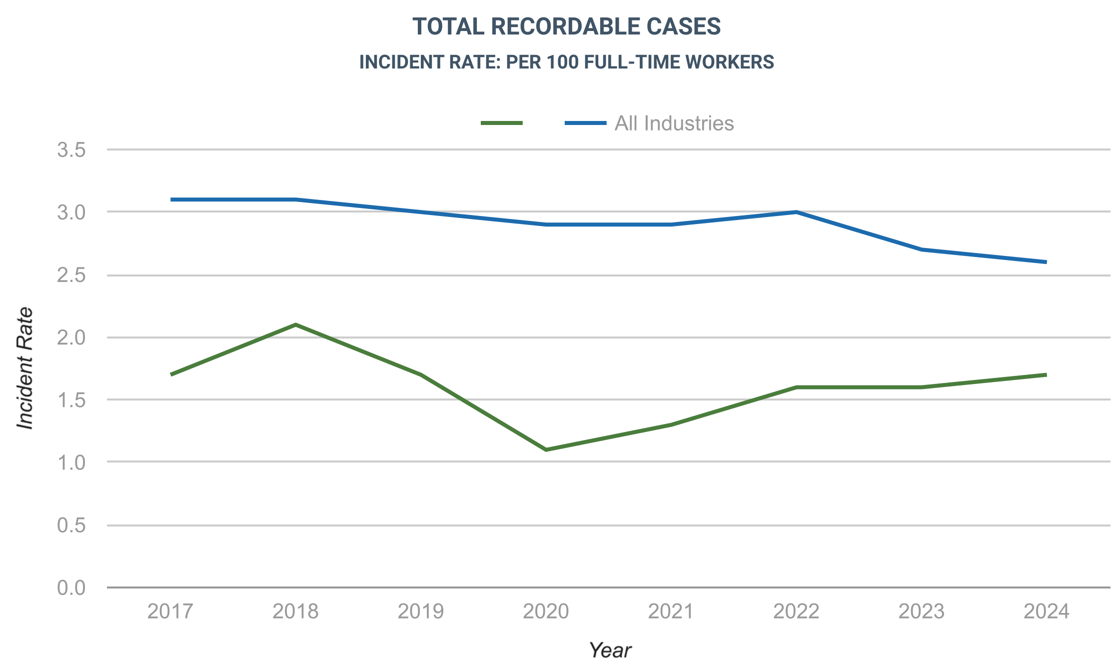
| | | | | |
|---|---|---|---|---|
| **Nebraska** | 49 | 0.4% | 1 | 2.1% |
| **Nevada** | 43 | 0.4% | -1 | -2.3% |
| **New Hampshire** | 74 | 0.6% | 3 | 4.2% |
| **New Jersey** | 304 | 2.6% | 13 | 4.5% |
| **New Mexico** | 108 | 0.9% | 3 | 2.9% |
| **New York** | 1321 | 11.2% | -8 | -0.6% |
| **North Carolina** | 380 | 3.2% | 12 | 3.3% |
| **North Dakota** | 23 | 0.2% | 1 | 4.5% |
| **Ohio** | 228 | 1.9% | -13 | -5.4% |
| **Oklahoma** | 97 | 0.8% | -4 | -4.0% |
| **Oregon** | 217 | 1.8% | -19 | -8.1% |
| **Pennsylvania** | 626 | 5.3% | 41 | 7.0% |
| **Rhode Island** | 109 | 0.9% | -2 | -1.8% |
| **South Carolina** | 53 | 0.5% | -4 | -7.0% |
| **South Dakota** | 28 | 0.2% | 1 | 3.7% |
| **Tennessee** | 112 | 1.0% | -4 | -3.4% |
| **Texas** | 378 | 3.2% | -9 | -2.3% |
| **Utah** | 74 | 0.6% | 1 | 1.4% |
| **Vermont** | 54 | 0.5% | 2 | 3.8% |
| **Virginia** | 219 | 1.9% | 11 | 5.3% |
| **Washington** | 346 | 2.9% | 0 | 0.0% |
| **West Virginia** | 27 | 0.2% | 4 | 17.4% |
| **Wisconsin** | 86 | 0.7% | 0 | 0.0% |
| **Wyoming** | 19 | 0.2% | 2 | 11.8% |
| **United States** | **11752** | **100.0** | **101** | **0.9%** |

Source: Bureau of Labor Statistics

# Occupational Safety

## Recordable Cases

The rate of recordable cases in was 1.7% in 2024, lower than the rate across all industries, according to the latest data from the Occupational Safety and Health Administration.

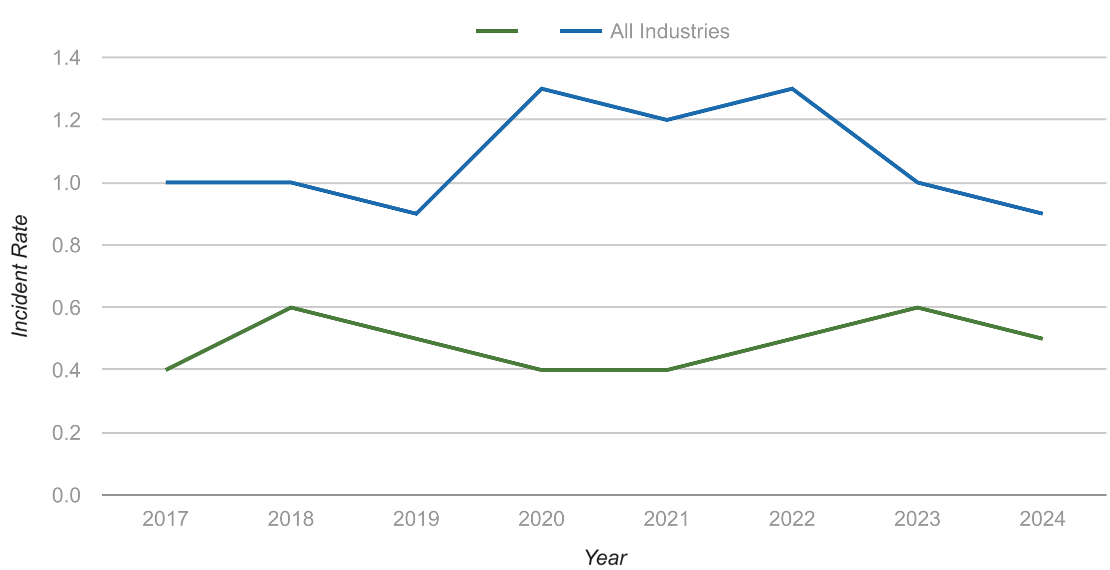



*Source: Bureau of Labor Statistics*

## Cases with Days Away From Work

The rate of cases with days away from work in was 0.5% in 2024, lower than the rate across all industries, according to the latest data from the Occupational Safety and Health Administration.




*Source: Bureau of Labor Statistics*

## Cases with Job Restriction or Transfer

The rate of cases with job restriction or transfer in was 0.4% in 2024, lower than the national average in 2024, according to the latest data from the Occupational Safety and Health Administration.

*BLS uses OSHA data and calculates the incidence rates as the number of injuries and illnesses per 100 full-time workers and were calculated as: (N/EH) x 200,000, where N = number of injuries and illnesses, EH = total hours worked by all employees during the calendar year, 200,000 = base for 100 equivalent full-time workers (working 40 hours per week, 50 weeks per year).*

# Financial Benchmarks

# Cash Management

## Cash Management Challenges

### Maintaining Giving Levels During Weak Economic Conditions

During periods of economic weakness, foundations face lower income due to lower investment returns and reduced giving by donors. At the same time, the needs for their giving often increase during difficult economic times. They must carefully monitor income projections and grant requests to avoid overcommitting funds while also maximizing the impact of their giving.

> 36% of holding, investment, and trust offices said they go to their accountant or bookkeeper for cash flow advice, while 17% turn to their banker, 16% turn to a colleague or industry partner, and 38% do not seek advice, according to a survey of small businesses by Barlow Research Associates.
>
> *Source: Barlow Research Flash Panel 2023*

### Managing Variable Investment Returns

Returns on investments by foundations can be variable as market conditions change. They must manage a portfolio of investments to achieve a targeted rate of return for a given level of risk. When returns fall, they may be forced to take on riskier investments to try and make up for any shortfalls. Large funds are better able to diversify their investments and rely on advice from professional money managers, while small funds may be more vulnerable to market swings.

### Efficiently Processing Contributions and Payments

To improve cash flow and reduce overhead costs, foundations need to efficiently process contributions from donors and distribute funds to grantees. Detailed tracking of contributions and disbursements can help in fundraising efforts and is also required for transparency and maintaining nonprofit status.

## Working Capital

### Sell and invoice

Foundations generate revenue from endowment returns and donations. As tax-exempt organizations, foundations can accept contributions of cash and appreciated property tax-free, and contributors can claim donations as tax deductions. Endowments are permanent, and building the principal balance takes time and may require soliciting multiple donors. Non-endowed funds have no permanent principal balance and rely on donations.

### Collect

Donors may contribute cash, securities, real estate, or other types of investments. Planned giving programs allow donors to make multiple contributions over time.

Collection periods range 36 to 59 days, and receivables average about 6-8% of assets.

### Manage Cash

Returns from an endowment provide a stream of funds for general foundation operations and grants to charitable organizations. A foundation’s endowment provides a base of financial resources, reduces dependence on other sources of funding, and facilitates long term financial planning. Returns fluctuate from year to year, depending on asset allocation and general economic conditions. Donations to foundations may also help fund grants and operations. Donors contributed 52 cents to their endowments for every 68 disbursed as grants and related charitable expenses in 2022, according to Foundation Source.

By law, private foundations are required to spend 5% of assets held for charitable purposes. Qualifying distributions include grants to public charities, nonprofits, and individuals (scholarships, emergency aid); non-investment related administrative expenses; equipment; direct charitable activities (research, publications, technical assistance, conferences, communications); and program-related investments (loans, investments made to organizations related to foundation's purpose).

Endowed funds issue grants annually, usually towards the end of the calendar year, with a slight bump during the summer months, according to Foundation Source. In 2018, foundations awarded almost 21% of all grant money during December. Non-endowed funds offer more timing flexibility and do not have restrictions to maintain the principal.

### Pay

Grant amounts vary considerably. While the average community foundation grant was $28,000 in 2022, average grants for small foundations (assets of less than $1 million) were $11,000, and average grants for foundations with assets over $10 million were $32,000, according to the Foundation Source. The Bill and Melinda Gates Foundation contributed $83.3 billion to domestic and international charitable activities from 2000 through 2024.

Payroll costs vary but average about 9-11% of sales. Some foundations provide compensation for board members or directors. However, the IRS imposes penalties on "self-dealing" activities, particularly those that pay salaries to family members, substantial donors or other "disqualified persons." Family foundations often operate without the benefit of professional staff and try to minimize administrative expenses by limiting the use of outside professionals.

Foundations are nonprofit organizations and must adhere to regulations to maintain tax-exempt status. Private foundations are exempt from federal income tax but must pay a 1-2% excise tax on the organization's investment assets. Organizations can pay lower excise taxes if they distribute more each year.

Rent averages 1-2% of sales and advertising averages 1-2% of sales.

### Report

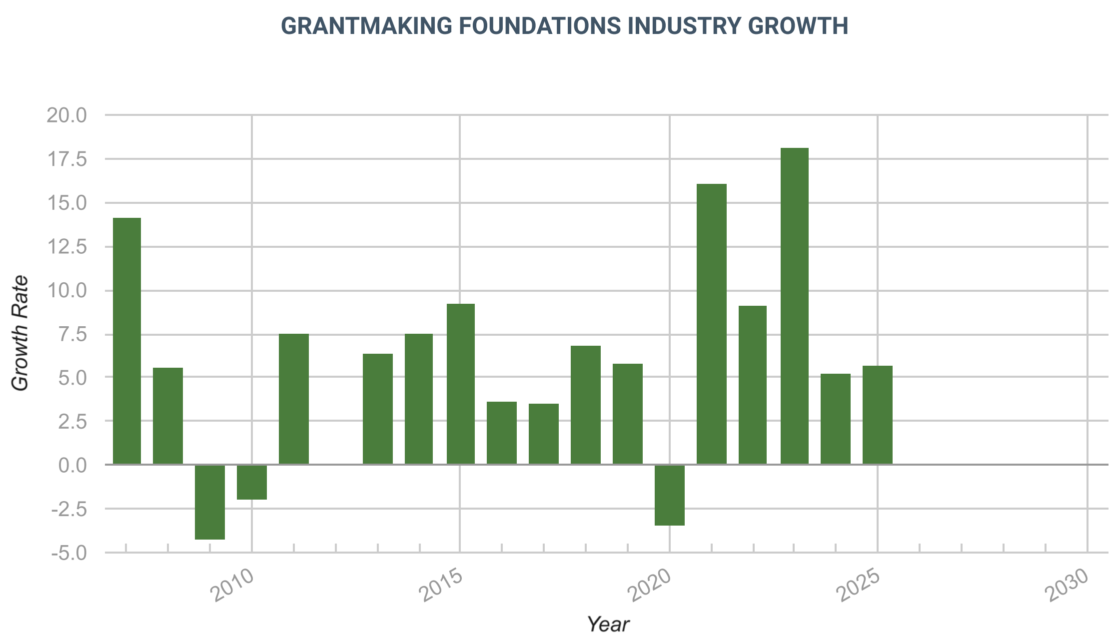
After-tax net profit averages 11-14% of sales. A foundation's asset base defines it size; small foundations generally have assets of less than $1 million; medium foundations $1 million to $10 million; and large foundations $10 million to $50 million. Returns reflect portfolio performance and generally follow trends similar to that of the overall financial market.

Key metrics include the total value of grants awarded annually, average number of grants, and average size of a grant. A foundation's distribution ratio is the amount of charitable distributions relative to the value of its assets and must exceed 5% for a private foundation. Distribution rates tend to increase along with the value of assets. Donor-advised funds tend to have higher distribution rates than the industry average.

# Industry Forecast

Based on forecasts stated in nominal dollars, sales for the US grantmaking foundations industry are forecast to grow at a 5.55% compounded annual rate from 2026 to 2030, faster than the growth of the overall economy.

Last Update: January 2026




Source: Interindustry Economic Research Fund, Inc.

*Vertical IQ forecasts are based on the Inforum inter-industry economic model of the US economy. Inforum forecasts were prepared by the Interindustry Economic Research Fund, Inc.*

## Other Services Sector Forecast

The sector forecast discusses the outlook, trends, and data that contains this industry.

### Forecast Outlook

Projections indicate slow but steady economic growth in the coming years, with inflation-adjusted GDP rising about 1.8% in 2026 and 2.1% in 2027. PCE growth may slow to 1.8% in 2026 and grow 2.1% in 2027, while nonresidential fixed investment gains about 2.1% in 2026 and 3.0% in 2027. The unemployment rate may climb from approximately 4.2% in 2025 to 4.5% in 2026 and 4.3% in 2027. In the longer run, real GDP will rise with growth of the labor force and labor productivity. However, the rate of labor force growth is likely to diminish, barring immigration reform that allows greater numbers. Adjustments forced by the pandemic, together with new technologies such as artificial intelligence and 3-D printing, could boost labor productivity. Greater productivity gains and higher immigration could support stronger growth of real GDP than currently is projected. GDP inflation could rise to 2.7% in 2026 and slow to 2.2% in 2027, with nearly identical rates for PCE inflation, but further increases in tariffs and decreases in immigrant labor supplies could push price levels higher and delay improvement of inflation. Real disposable income may gain about 1.7% in 2026 and 2.2% in 2027, with slow rise though continuation of elevated inflation rates would slow the process. Already-elevated policy uncertainty rose further following the 2024 elections and the start of the new presidential administration, leaving the economic outlook particularly unclear. Although consensus forecasts briefly indicated an elevated likelihood of recession in the coming year, at around 40% in July 2025, optimism among economic forecasters improved and the consensus decreased to 35% in December.

After near-record lows in 2025, improving consumer sentiment in the forecast period bodes well for Other Services industries. Following a drop in real disposable income in 2022, rising employment, higher wages, and lower inflation supported strong real income growth. Real disposable income in 2026 and following years could be supported by continuing healthy nominal wage growth and lower inflation rates following adjustments related to tariffs. However, tighter immigration controls will limit growth of the population and numbers of workers, and to some degree this will limit growth of household income. High interest rates reduce demand by raising the costs of debt-financed spending. While this typically affects vehicle sales and residential construction in particular, it also raises costs for credit card purchases and a variety of other commerce. Substantial deleveraging of households continued for years during and after the Great Recession, and debt service payments remain low relative to household income. Defaults have risen somewhat for consumer and credit card loans, though default rates remain low relative to norms prior to the Great Recession. Further reduction of policy interest rates potentially could help by lowering costs for some borrowers, though vehicle financing and mortgage interest rates are determined by market forces and might fall more slowly. Subsiding inflation and greater stability of economic policy ultimately will support growth of personal consumption and residential construction spending in years ahead. Still, tighter immigration policy could limit expansion of the labor supply and job growth, and a consequently smaller population implies lower levels of consumer spending. Substantially higher tariffs on consumer goods could be particularly painful for households, and real income could suffer if average prices rise.

The extent of recovery and growth for the sector in years ahead nonetheless remains uncertain. Much ultimately will depend on changes in consumer and business practices. The share of time worked remotely prior to the pandemic was well below 10%. This changed abruptly between January 2019 and May 2020, as the share rose from 7.2% to 61.5%. Since the lockdown of 2020, remote work practices faded to some extent, but they remain far more common than in earlier years. In the twelve months ending in December 2025, an average of about 27% of workdays were spent at remote locations. This suggests lower demand for mass transit, office space, and other personal and business needs related to commuting and working in corporate environments. It similarly might suggest stronger demand for housing, home office furnishings and equipment, personal spending on food and beverages, household telecommunications services, and other goods and services necessary to facilitate cooperative efforts by geographically dispersed employees.

Many businesses and nonprofit organizations in these and other industries depend heavily on the availability of foreign-born workers, and both native and foreign-born people require the repair and other services that these organizations provide. It remains to be seen how domestic policy will affect these sectors. Changes in workday routines during the pandemic led to changes in spending habits for those who are employed, for example, eating at home instead of in delis and restaurants. In addition to changes for those who are working, changes may be seen for those who chose to retire or otherwise did not return to work. Labor force participation fell for people aged 55 years and above, and participation remains lower; this might imply a greater inclination to eat at home, but it also suggests additional time to enjoy travel and leisure activities. As the Baby Boom generation retires, these shifts will continue to unfold, potentially driving demand for accommodation and food services higher as leisure opportunities increase for this large segment of the population.

### Recent Trends

Moderately strong US economic expansion over several years was interrupted by policy disruptions that produced a small contraction in Q1 2025. Still, the widely anticipated mild recession never materialized, and the economy has remained resilient despite elevated uncertainty following the November 2024 elections and early months of President Trump's second term. Growth continued in the face of sharply higher interest rates, tightening trade and immigration policies, and retaliatory tariffs, with real GDP rising about 2.0% in 2025 despite a brief 0.6% SAAR decline in Q1. Labor markets weakened somewhat but remained relatively tight, with unemployment averaging about 4.2% in 2025 and payroll employment exceeding pre pandemic levels by 7.3 million, though job growth slowed markedly amid constrained labor supply and softer demand. GDP inflation, while subsiding from pandemic-era peaks, remained volatile and elevated near 2.7% in 2025, with new tariffs threatening renewed price pressures even as the Federal Reserve cut policy rates by 175 basis points between September 2024 and December 2025. Heightened policy uncertainty, higher trade barriers, and reduced immigration are expected to raise production costs, strain certain industries, and weigh on real household incomes, leaving the near-term economic outlook uncertain. Still, 2025 passed without development of recession that many economists feared, though labor markets gradually weakened and other signs of strain persist.

This collection of private businesses encompasses automotive repair, dry cleaning, death care, beauty salons and other personal care, religious organizations, and more. The sector substantially serves households, though it also provides repair and other services to business and government sectors. It contains a significant number of nonprofit organizations; about 18% of employees in this sector are employed at nonprofit organizations, a far greater share than the norm for other industries. Some of these received substantial support and saw much activity throughout the pandemic, including many food banks and organizations that provided aid to struggling households. Still, nonprofit organizations and other businesses faced the typical disruptions to their activities during and after the pandemic.

Consumer sentiment sank as inflation soared in 2022, leaving confidence at record lows. Federal aid bills passed in 2020 and 2021 boosted income and supported strong consumer spending on goods and residential investment, but reduction of aid and high inflation caused real disposable income to decline substantially in 2022; recovery followed, with rapid growth in 2023 diminishing to about 1.8% growth in 2025. Consumer sentiment improved as inflation fell and real income rose, but sentiment sank again to near-record lows in 2025 as policy uncertainty surged. Inflation-adjusted Personal Consumption Expenditure (PCE) fell 2.5% in 2020, followed by annual increases culminating with approximately 2.5% gains in 2025. High tariffs on consumer goods could shift spending toward services, though spending on goods has remained high since the pandemic.

Recovery remains uneven; relative to real spending levels in Q4 2019, spending on durable goods was particularly strong, rising 33.9%, while spending on nondurable goods rose 18.9%. These figures imply that real spending (quantities purchased) remains skewed relative to pre-pandemic norms. At the same time, spending on services has increased 14.6%, significantly behind the 23.9% increase for total goods spending. These figures imply that real spending (quantities purchased) remains skewed relative to earlier patterns. Still, total spending on services has seen significant increase after lagging badly, though certain components have yet to regain earlier levels. Demand for internet access, telecom, and other services was boosted by millions of workers and students suddenly stuck at home with few opportunities to leave, together with millions who suddenly needed to work remotely. This drove demand for additional and improved IT services, together with need for electronic equipment. As the economy healed more recently, spending patterns have begun to shift once again.

Reduced personal and business activity during the pandemic brought dramatic reduction in travel, with substantial consequences for the repair and maintenance component of other services. Following annual new car and light truck sales of around 17 to 18 million units, sales plunged to just 8.6 million SAAR in April 2020. Annual sales recovered slightly in 2021, though shortages of computer chips restrained vehicle production late in the year, resulting in lower annual sales in 2022. Improved domestic production and foreign supply allowed recovery to 15.5 million units in 2023, 15.9 million in 2024, and about 16.1 million in 2025. Low supplies of new vehicles drove dramatic price increases for both new and used vehicles. Despite high prices, vehicle inventory levels plummeted before eventually recovering; this contributed to dramatic swings in aggregate inventory accumulation that amplified volatility in GDP. Both new and used-vehicle markets may take years to fully recover. After an 11.0% drop in vehicle miles traveled in 2020, travel activity finally regained its 2019 level in 2024, though many continue to work remotely. Auto rental companies and others faced serious difficulties with vehicle supply shortages, and rental rates soared. Similar shortages affected the broader market for transportation and other equipment, as well as for consumer goods. These constraints force many to maintain and repair vehicles and other equipment that otherwise might have been replaced.

Activity at many nonprofit institutions that serve households dipped as the pandemic took hold, but overall real activity levels generally recovered by 2021; by Q3 2025, real gross output rose 12.5% from Q4 2019 levels. These nonprofit institutions include many in the other services and related industries including religious, civic, grantmaking, and professional organizations, together with nonprofit organizations in the health care, social, arts, recreation, and education industries. Receipts earned from sales of goods and services by nonprofit organizations initially dropped by greater amounts, but these also recovered in 2021; inflation-adjusted receipts gained 17.4% between Q4 2019 and Q2 2025. Within the nonprofit sector, performance varied widely, with some suffering greater decline and recovering more slowly. For example, social advocacy organizations initially saw small declines during the pandemic but saw real gross output rise 36.0% by Q3 2025, while professional advocacy organizations realized strong gains early in the pandemic, but recently they subsided to a level 0.2% below the Q4 2019 level. Foundations and grantmaking institutions saw far greater losses in 2020, though inflation-adjusted output was up 27.5% in Q3 2025. Religious organizations saw moderate declines in 2020 and beyond. Total gross output of nonprofit institutions gained 4.1% in 2024 and, more recently, 6.8% SAAR growth in Q3 2025.

For-profit businesses in the sector saw a similar range of dynamics in recent years. Real spending for personal care and clothing services fell nearly 60% during the pandemic, and levels were still not recovered by Q3 2025. Hairdressing salons, laundry and drycleaning services, and repair and rental of clothing and shoes faced significant losses and incomplete recovery by Q3 2025. Real spending on vehicle maintenance and repair saw initial moderate losses, then significant gains, and small losses again by Q3 2025, but maintenance and repair services for recreational vehicles and sporting equipment gained 37.7% over the same period. Repair of electronics and repair of furniture, furnishings, and floor coverings realized healthy gains since the pandemic.

### Macroeconomic Indicators

| | History | | | | | Forecast | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 | *2026* | *2027* | *2028* | *2029* | *2030* |
| ***Nominal, Annual Growth Rates*** | | | | | | | | | | |
| **GDP** | 11.0 | 9.8 | 6.7 | 5.3 | 4.8 | *4.6* | *4.4* | *4.2* | *4.1* | *4.1* |
| **Personal Consumption** | 13.3 | 9.7 | 6.5 | 5.6 | 5.2 | *4.6* | *4.3* | *4.2* | *4.1* | *4.1* |
| **Nonresidential Fixed Investment** | 7.4 | 12.9 | 10.7 | 4.3 | 5.9 | *4.0* | *4.3* | *3.9* | *4.0* | *4.0* |
| **Structures** | 0.5 | 20.3 | 22.7 | 0.9 | -0.8 | *3.9* | *4.0* | *4.6* | *4.4* | *4.5* |
| **Equipment** | 7.5 | 9.1 | 7.6 | 5.7 | 9.6 | *4.0* | *4.4* | *3.2* | *3.8* | *3.9* |
| **Intellectual Property** | 11.2 | 12.7 | 7.1 | 5.2 | 6.3 | *4.1* | *4.3* | *4.1* | *3.9* | *3.8* |
| **Residential Investment** | 23.0 | 4.1 | -5.5 | 6.2 | 1.2 | *3.8* | *5.7* | *5.7* | *5.7* | *5.3* |
| **Exports** | 18.7 | 18.2 | 1.2 | 4.6 | 2.6 | *2.9* | *3.9* | *4.7* | *5.2* | *5.0* |
| **Imports** | 22.8 | 16.3 | -2.9 | 6.6 | 4.3 | *-0.5* | *3.1* | *4.4* | *4.4* | *4.2* |
| **Government Consumption & Investment** | 5.2 | 5.9 | 6.3 | 6.3 | 4.6 | *3.4* | *3.2* | *2.9* | *3.0* | *3.0* |
| ***Quantities, Annual Growth Rates*** | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **GDP** | 6.2 | 2.5 | 2.9 | 2.8 | 2.0 | *1.8* | *2.1* | *2.0* | *2.0* | *2.0* |
| **Personal Consumption** | 8.8 | 3.0 | 2.6 | 2.9 | 2.5 | *1.8* | *2.1* | *2.1* | *2.1* | *2.1* |
| **Nonresidential Fixed Investment** | 6.2 | 6.5 | 7.3 | 2.9 | 3.8 | *2.1* | *3.0* | *2.9* | *3.0* | *3.0* |
| **Structures** | -2.7 | 3.5 | 16.7 | 1.1 | -4.3 | *0.2* | *0.9* | *2.0* | *1.9* | *2.0* |
| **Equipment** | 7.1 | 2.8 | 2.9 | 3.5 | 7.7 | *2.1* | *3.6* | *2.8* | *3.4* | *3.4* |
| **Intellectual Property** | 10.4 | 11.7 | 6.2 | 3.5 | 5.0 | *3.0* | *3.5* | *3.5* | *3.3* | *3.3* |
| **Residential Investment** | 10.6 | -8.1 | -7.8 | 3.2 | -1.4 | *0.6* | *2.9* | *3.3* | *3.4* | *3.1* |
| **Exports** | 6.5 | 7.6 | 2.8 | 3.6 | 0.9 | *0.9* | *2.2* | *3.1* | *3.6* | *3.4* |
| **Imports** | 14.6 | 8.5 | -0.9 | 5.8 | 3.2 | *-2.1* | *1.7* | *2.9* | *2.9* | *2.7* |
| **Government Consumption & Investment** | -0.1 | -1.2 | 3.5 | 3.8 | 1.2 | *0.1* | *0.3* | *0.3* | *0.4* | *0.3* |
| ***Prices, Annual Growth Rates*** | | | | | | | | | | |
| **GDP** | 4.6 | 7.1 | 3.7 | 2.5 | 2.7 | *2.7* | *2.2* | *2.1* | *2.1* | *2.1* |
| **Personal Consumption** | 4.1 | 6.6 | 3.8 | 2.6 | 2.7 | *2.8* | *2.2* | *2.0* | *2.0* | *2.0* |
| ***Labor and Income*** | | | | | | | | | | |
| **Real Disposable Income Growth** | 3.9 | -5.6 | 5.7 | 2.9 | 1.8 | *1.7* | *2.2* | *2.1* | *2.2* | *2.2* |
| **Employment Growth** | 3.2 | 3.5 | 1.7 | 1.3 | 0.7 | *0.4* | *0.8* | *0.4* | *0.3* | *0.2* |
| **Unemployment Growth** | 5.3 | 3.6 | 3.6 | 4.0 | 4.2 | *4.5* | *4.3* | *4.1* | *4.1* | *4.1* |
| ***Interest Rates*** | | | | | | | | | | |
| **Treasury Bills, 3-Month** | 0.0 | 2.0 | 5.1 | 5.0 | 4.1 | *3.5* | *3.1* | *3.1* | *3.1* | *3.1* |
| **Treasury Bonds, 10-Year** | 1.4 | 3.0 | 4.0 | 4.2 | 4.3 | *4.1* | *4.0* | *4.0* | *4.0* | *4.0* |

## Sector Components

- Repair and Maintenance
- Personal and Laundry Services
- Religious, Grantmaking, Civic, Professional, and Similar Organizations
- Private Households

## Forecast Drivers

- Disposable income
- Consumer spending
- Aggregate employment

### The Inforum LIFT Model

LIFT (Long-term Interindustry Forecasting Tool) is an interindustry-macro (IM) model of the U.S. economy. The model incorporates annual economic and demographic data from government statistical agencies, and relationships among the data are employed to simulate and to project economic developments. It is useful for forecasting and for addressing questions that involve interactions between industries and the interplay between industry and the macro economy.

The LIFT model provides historical data and forecasts for:

- **Sectoral detail** (121 commodities, 71 industries, 83 consumption categories) - Output, employment, value added, personal consumption, residential and nonresidential investment, government expenditures, exports, imports, and more.
- **Macroeconomic variables** - GDP, net exports, inflation, population, unemployment rate, household income, and more.

LIFT employs a "bottom-up" approach to macroeconomic modeling. This structure supports analysis of how changes in one industry, such as increased productivity or changing international trade patterns, affect related sectors and the aggregate quantities. In this way, the model works like the actual economy, building the macroeconomic totals from details of industry activity.

The model is well-suited to the exploration of policy questions or analysis where both industry and macroeconomic behavior are important. The model has been used to identify impacts of tax policies, tariffs and free trade agreements, carbon taxes or cap and trade programs, infrastructure improvements, electrification of the vehicle fleet, port closures and other disruptions, immigration, defense spending cuts, health care finance, deficit reduction, and many other scenarios.

# Capital Financing

## SBA Loan Data

The following table provides Small Business Administration loan data at the most granular industry classification. The data includes 20 years of 7(a) and 504 SBA loans, with the annual trend chart available by clicking the respective metric. The SBA's fiscal year runs from Oct 1 to Sept 30; annual references are for the completed fiscal year and year-to-date otherwise. Tables with multiple rows display detailed industry information within the broader industry profile.

7(a) Loans

| INDUSTRY | TOTAL GROSS LOAN AMOUNT | NO. OF LOANS | CHARGE-OFF (% OF DOLLARS) | CHARGE-OFF (% OF LOANS) | TOP LENDERS (LAST 5 YEARS) |
|---|---|---|---|---|---|
| 813211 **Grantmaking Foundations** | $70,000 | 3 | 17.46% | 33.33% | Top Lenders |

*Transactions since 2007. Updated through March 31, 2026*



## Capital Financing Overview

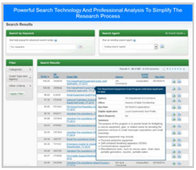
The initial cost to establish a private foundation is about $250,000, according to Foundation Source. While no minimum endowment requirement exists, most active endowments have assets in excess of $1 million and the largest US foundation (The Bill and Melinda Gates Foundation) holds $77.2 billion in assets. A foundation's endowment is its primary asset, usually cash accounts that are invested in equities, bonds, or other investment vehicles that are set aside so that the original principal grows over time. An endowment can also grow through additional gifts from donors. Sources of capital include wealthy donors, corporations, a nonprofits' excess cash from operations, or a fundraising campaign, which may include galas, auctions, or black-tie dinners. Donors may solicit family, friends, and colleagues with common interests for financial support. Board members often play a key role in raising funds. Crowdfunding is a more contemporary approach to fundraising.

An organization's investment and asset allocation strategies affect endowment growth and returns. Foundations generally invest in equities, fixed income, alternative strategy (private equity, real estate, hedge funds), and short-term security vehicles. Private and community foundations' endowed funds posted double-digit returns in 2024, a with long-term returns also positive, according to a study from the Council of Foundations and Commonfund Institute. The average annual return among the 154 private foundations participating in the latest annual study was 10.3% for the year ended December 31, 2024, while the 101 community foundations participating in the study returned an average 11% for the period. Private and community foundations had returned 12.6% and 14.1%, respectively, for the year ended December. 31, 2023. Average stated policy spend rate, the percentage of an endowment's market value that a foundation plans to withdraw annually to support its operations and charitable activities, was 5% for private foundations and 4.5% for community foundations. Consistently higher returns for private foundations reflect their larger allocation to equity markets (public and private combined) and their smaller allocation to fixed income securities. Council of Foundations data for 2021 showed a continued increase in the number of foundations that have adopted responsible investment policies, particularly the practice of investing in accord with environmental, social, and governance (ESG) criteria.

Foundations may invest in computerized information systems to manage day-to-day activities. Specialized software helps organizations manage the grant application, review, payment, and progress reporting processes.

Because the foundation industry is regulated, systems that automate accounting and finance operations are especially important, as is the ability to generate the necessary documentation to support nonprofit status.

## Examples of Equipment Purchases



**Foundation Management Software**

*$2,500 and up*

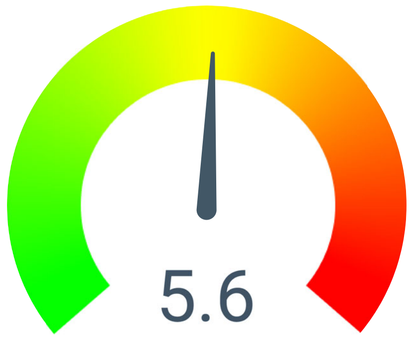
Web-based software for managing foundation accounting, fundraising, and grantmaking.

# Business Valuation

There are no reported sales in the Grantmaking Foundations industry in our searched timeframe. Consider viewing business valuation metrics for a similar or related industry for additional context.

# Credit Underwriting

## Industry Risk Rating




**Industry Risk Rating:**
Stable/Satisfactory

| | | |
|---|---|---|
| **Business Exit Rates:** | 2.5 | Much lower than US average for all businesses |
| **Cyclical Sensitivity:** | 10.0 | Very High sensitivity |
| **Barriers to Entry:** | 5.0 | Moderate initial capital; moderate regulatory/technical barriers; moderate concentration |
| **External Risk:** | 8.0 | Very high external risk |
| **Industry Outlook:** | 6.5 | Higher than GDP; severe cyclical risk |
| **Financial Summary:** | 1.3 | Very high margins; Very high liquidity; Very low leverage |

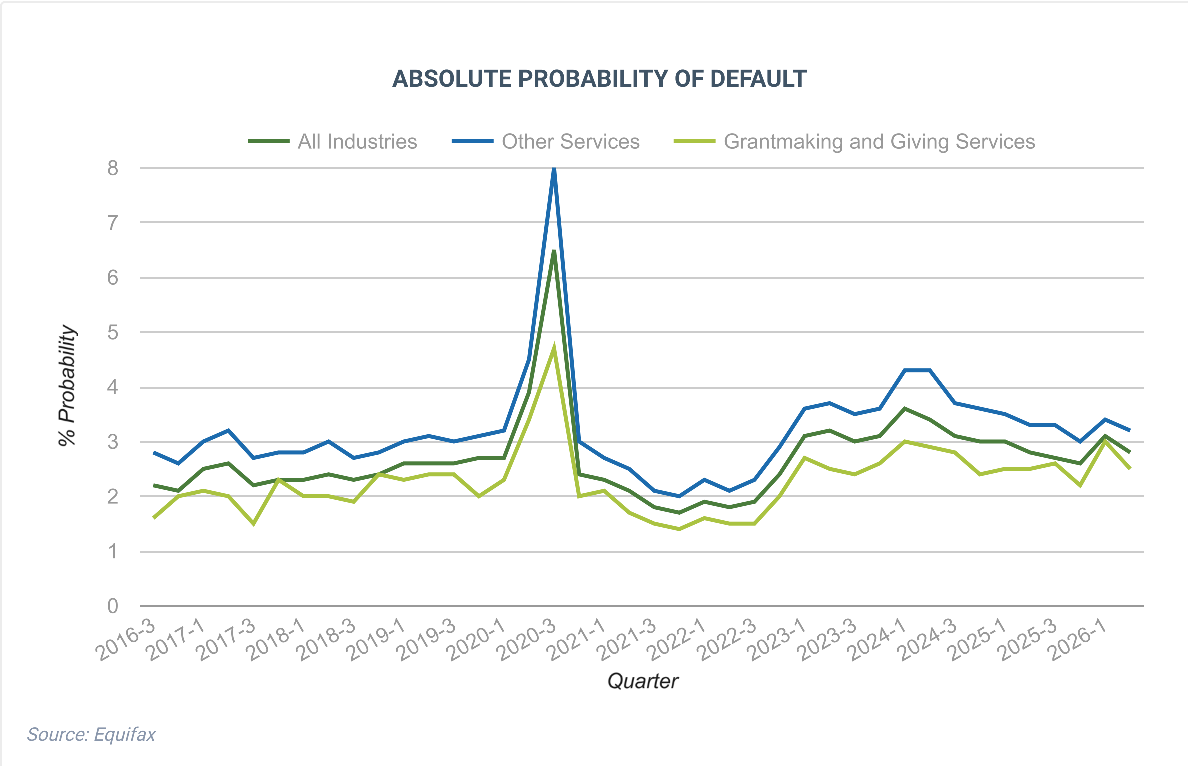
## Key Metrics

| METRIC | VALUE | COMPARISON |
|---|---|---|
| **Performance During 2007—2009 Recession** | -35.0% | 0.0% GDP |
| **Business Exit Rate 2022—2023** | 6.63% | 9.3% All Industries |
| **Compound Annual Growth Forecast (2026—2030)** | 5.55% | 4.21% GDP |
| **SBA 7(a) Charge-Off Rate by Number of Loans (2010-2022)** | 0.00% | 4.26% All Industries |
| **SBA 7(a) Charge-Off Rate by Gross Loan Amount (2010-2022)** | 0% | 1.36% All Industries |

## Equifax AbsolutePD® (Probability of Default) by Industry

*AbsolutePD uses predictive modeling to provide full visibility of overall portfolio risk for an industry.* [Learn more.]

AbsolutePD of 2.5% in Q2 for grantmaking and giving services was higher than its average value of 2.3% for the past ten years. Grantmaking and giving services AbsolutePD was lower than the value of 2.8% for all industries, and lower than the value of 3.2% for the other services sector overall.




## Underwriting Considerations

- Does the foundation have its endowment in more conservative or more risky investments?
- A Field Exam and 3rd party audits on the company are highly recommended due to the potential for misuse of funds.
- How are decisions made as to where and how much of funds are dispersed?

# Call Prep Questions

## Working Capital

**How big is your foundation's endowment?**

A foundation's endowment provides a base of financial resources, reduces dependence on other sources of funding, and facilitates long term financial planning. A foundation's asset base defines it size; small foundations generally have assets of less than $1 million; medium foundations $1 million to $10 million; and large foundations $10 million to $50 million.

**What was the return on your foundation's investment over the last few years?**

Returns reflect portfolio performance and generally follow trends similar to that of the overall financial market. Returns fluctuate from year to year, depending on asset allocation and general economic conditions.

**What is your foundation's distribution ratio?**

A foundation's distribution ratio is the amount of charitable distributions relative to the value of its assets and must exceed 5% for a private foundation. Distribution rates tend to increase along with the value of assets. Donor-advised funds tend to have higher distribution rates than the industry average.

**What is your foundation's funding cycle?**

Endowed funds issue grants annually, usually towards the end of the calendar year, with a slight bump during the summer months, according to Foundation Source. Non-endowed funds offer more timing flexibility and do not have restrictions to maintain the principal.

**What are your foundation's main staffing expenses?**

Some foundations provide compensation for board members or directors. However, the IRS imposes penalties on "self-dealing" activities, particularly those that pay salaries to family members, substantial donors or other "disqualified persons." Family foundations often operate without the benefit of professional staff and try to minimize administrative expenses by limiting the use of outside professionals.

**How many grants does your foundation distribute annually?**

Key metrics include the total value of grants awarded annually, average number of grants, and average size of a grant.

## Capital Financing

**What does your foundation consider when managing its endowment?**

While no minimum endowment requirement exists, most active endowments have assets in excess of $1 million and the largest US foundation (The Bill and Melinda Gates Foundation) holds $77.2 billion in assets.

### What financial instruments have provided growth for your foundation's endowment?

A foundation's endowment is its primary asset, usually cash accounts that are invested in equities, bonds, or other investment vehicles that are set aside so that the original principal grows over time.

### What was your foundation's initial source of funds?

Sources of capital include wealthy donors, corporations, a nonprofits' excess cash from operations, or a fundraising campaign, which may include galas, auctions, or black-tie dinners.

### How does your foundation raise funds?

Donors may solicit family, friends, and colleagues with common interests for financial support. Board members often play a key role in raising funds. Crowdfunding is a more contemporary approach to fundraising.

### What is your foundation's investment strategy?

An organization's investment and asset allocation strategies affect endowment growth and returns. Foundations generally invest in equities, fixed income, alternative strategy (private equity, real estate, hedge funds), and short-term security vehicles.

### What kind of investment does your foundation have in technology and information systems?

Foundations may invest in computerized information systems to manage day-to-day activities. Specialized software helps organizations manage the grant application, review, payment, and progress reporting processes. Because the foundation industry is regulated, systems that automate accounting and finance operations are especially important, as is the ability to generate the necessary documentation to support nonprofit status.

## Profits and Operations

### What is your foundation's main source of funding?

What is your foundation's main source of funding?

### What type of foundation is your organization?

The vast majority of foundations (90%+) are independent foundations. Independent foundations also account for most of the assets and giving in the industry.

### What is your foundation's area of focus?

Top areas of focus for giving include healthcare, education, human services, public affairs, arts and culture, environmental causes and animals, and international affairs.

### What criteria does your foundation use when evaluating grant applications?

Foundations award grants based on the preferences of the foundation managers and grantors and typically have defined boundaries or areas of focus, such as a certain geographic region or philanthropic interest. A foundation may review thousands of grant applications each year.

### What types of grants does your foundation provide?

A foundation may fund a single entity, such as a museum or university, or issue numerous grants to different organizations. A one-time grant may fund a single large project, while multiple-year funding provides a steady flow of support over time. Project grants provide support for specific set of charitable activities, while unrestricted grants allow the grantee to determine how to use funds.

**Who sits on your foundation's board?**

A private foundation is governed by its donor(s) or a board consisting of family and/or other chosen individuals selected by the donor.

## Industry Risks

**How sensitive is your foundation's performance to economic conditions?**

Grantmaking foundations are sensitive to economic conditions because the value of assets and donor capability to give can drop during periods of uncertainty.

**How does your foundation compensate for weakness in financial markets?**

Fluctuations in interest rates, corporate earnings, and global financial markets can create a challenging investment environment for foundations.

**How does your foundation ensure regulatory compliance?**

Private foundations are subject to strict and extensive federal rules.

**How does your foundation maintain a good reputation?**

Grantmaking foundations, particularly public foundations, face scrutiny from the public to provide transparency.

**How does your foundation monitor grantee activity?**

Foundations ultimately have little control over grantees, which may fail to deliver or even misuse funds.

## Industry Trends

**How has your foundation's endowment performed over the last few years?**

Foundation assets have increased at a compound annual growth rate of 8.8% during the past five years, or a cumulative 50% since 2019, according to FoundationMark.

**How has your foundation's giving strategy changed over time?**

Giving by foundations in the five years ending in 2024 was higher than any other period since Giving USA has tracked this data.

**How important are international causes to your foundation's mission?**

Global giving by US foundations remains near record levels, driven by increases by community foundations and grantmaking by the Bill and Melinda Gates Foundation.

**What community programs has your foundation invested in?**

Grants made by community foundations increased in 2023, the first year in which total reported grantmaking outpaced fundraising.

### How important is disaster relief to your foundation’s mission?

The scope and severity of disasters have varied over time, leading to fluctuations in foundation giving.

# Industry Terms

**501(c)(3)**

IRS designation for a charitable, tax-exempt organization

**Alternative Strategy Investments**

Non-traditional investments, such as private equity, real estate, hedge funds

**Bequest**

Sum of money made available upon a donor’s death

**Community Foundation**

Public foundation dedicated to improving a defined geographical location, receives funds from individuals, families, and businesses to support nonprofits in the community

**Corporate Foundation**

Exists as a separate legal entity with close ties to the corporation and tends to make grants in fields related to corporate activities or the related community

**DAF**

Donor-Advised Fund, special type of giving vehicle established with a public charity, such as a community foundation, which gives the donor advisory privileges over how the funds are spent

**Disqualified Person**

Individual, corporation, partnership, trust, estate, or other foundation that has one or more special relationships with a private foundation

**Distribution Ratio**

Amount of charitable distributions relative to the value of its assets

**Endowed Fund**

Perpetual fund from which grants are given annually. The balance can never be spent.

**Family Foundation**

Funded by an endowment from a family who is typically involved in governance

**Form 990**

IRS form filed annually by private foundations and public charities

**Grantee**

The individual or organization that receives a grant

**Grantor**

The individual or organization that makes a grant

**In-kind Contribution**

A donation of goods or services rather than cash or appreciated property

**Independent Foundation**

Private foundation that is funded by an endowment from a single source, such an individual or a group of individuals

**MDR**

Minimum Distribution Requirement of at least 5% of assets annually in the form of grants or through charitable activities

**Non-endowed Fund**

Fund with no permanent principle balance that can distribute grants anytime

**Operating Foundation**

Primarily operate their own charitable activities but may also make grants

**Private Foundation**

Receives funding from individuals, a family, or a corporation

**Public Foundation**

Receives funding from multiple sources, including individuals, government agencies, and fees

**Self- Dealing**

Transactions between a private foundation and a disqualified person who receives improper benefits from the relationship

**Unrestricted Grant**

Allows the grantee to determine how to use funds

# Web Links

**[Candid]**

News, trends, statistics, and surveys

**[Council on Foundations]**

News, trends, and studies

**[Foundation Source]**

News, trends, statistics and studies on private foundations

**[The Chronicle of Philanthropy]**

News and trends about charities and foundations

**[Exponent Philanthropy]**

News, trends and advice for small foundations

# Related Profiles

**Business & Professional Associations**
*NAICS: 813910, 813920 SIC: 8611, 8621*

**Churches & Religious Organizations**
*NAICS: 813110 SIC: 8661*

**Civic & Social Organizations**
*NAICS: 813410 SIC: 8641, 8699*

**Social Advocacy Organizations**
*NAICS: 8133 SIC: 8399, 8641, 8699*

# Quarterly Insight

## 2nd Quarter 2026

### NIH Grantmaking Slowdown Affects American Science

The rate of competitive awards made by the National Institutes of Health has slowed down significantly this fiscal year, according to the American Association of Universities (AAU). Grantmaking foundations may see additional demand from research organizations and universities as a result. The NIH has awarded less than half the number of grants so far this fiscal year compared to the same period last year. The slowdown is disrupting the nation’s biomedical research enterprise, according to the AAU.

## 1st Quarter 2026

### Philanthropies may Benefit From Leaders With Lived Experience

Philanthropic organizations may benefit from embracing the value of leaders with lived experience, according to the Urban Institute. People whose lives have been shaped by public systems and institutions know firsthand how influential those systems can be. Recognizing their voices brings fresh perspective and smarter solutions to reform because no one understands the system's realities better than the people who have lived them. Organizations like JustLeadershipUSA and the Formerly Incarcerated College Graduates Network, for example, work to empower people who have experienced the criminal legal system. Such experience helps leaders better understand the communities they serve, develop more empathetic and person-centered leadership styles, and set priorities that reflect the needs of those affected by incarceration, according to the Urban Institute.

## 4th Quarter 2025

### Capital Grantmaking Resources Remain Scarce

There are very few resources available for capital grantmaking, the kind of philanthropy that funds construction, renovation, and equipment purchases for nonprofits, according to Havaca Ganguly, executive director of the Middendorf Foundation. Capital grantmaking is often considered a foundational pillar of philanthropic giving, according to Ganguly. Nonprofits that successfully manage large building or renovation projects often have specialized board members, staff with relevant expertise, or access to external support through funding or services donated free of charge. These would include project managers who represent the nonprofit’s interests during construction, architects, and developers.

## 3rd Quarter 2025

### Billionaires Show Strong Support For Education, Medical Research

Billionaires have publicly donated or pledged to give about $185 billion since 2015, according to Altrata, according to the Wall Street Journal. Top causes include education and medical research. Billionaires gave $90 billion to those two in the past 10 years. One of the most popular recipients outside of education and medical research is the Central Park Conservancy in New York, which received donations from 89 billionaires worth about

$100 million. Johns Hopkins University received $7.5 billion from close to 30 billionaires, but most of it came from Michael Bloomberg, who gave more than $5 billion.

## 2nd Quarter 2025

### Trump Administration Proposal Would Cut $163 Billion In Federal Funding

President Trump unveiled a budget plan with $163 billion in spending cuts to non-military programs. Grantmaking foundations may see increasing demand if federal funding in the form of grants is reduced. The agencies facing proposed reductions that would start on October 1 include the Environmental Protection Agency, the Energy Department, the Department of Education, the Department of Housing and Urban Development, and the Department of Health and Human Services, according to USA Today. The May 2 Trump administration proposal comes after courts have blocked many of those cuts, however.

## 1st Quarter 2025

### Trump Administration Plans To Review Federal Grants and Contracts

President Trump signed an executive order requiring all agencies to review grants and contracts for wasteful spending, fraud, and abuse. Demand for funding from grantmaking foundations may increase if federal grant funding decreases. The order also directed agency leaders to build a payment and contract recording system alongside employees of the Department of Government Efficiency (DOGE). Teams of DOGE personnel have been assigned to each agency to develop the system, which will be used to review and justify all expenditures made by employees.

## 4th Quarter 2024

### Executive Pay Increases Continue

Nonprofit executive pay is increasing but inflation is cutting into those gains, according to Candid's 2024 Nonprofit Compensation Report. Female executives continue to lag behind their male peers in both pay and representation at the highest levels, however. Median CEO compensation reached a new high of $132,077 in 2022, up from $118,541 in 2018. In nonprofits with budgets over $50 million, the median salary for male CEOs is $559,770, while the median salary for female CEOs is $430,640, a difference of $129,130. Female CEOs in this budget range now earn just 77 cents for every dollar earned by their male counterparts, a significant decline from 82 cents in 2012.

## 3rd Quarter 2024

### Community Foundations Lead Increase In Giving

Community foundations saw a bigger increase in giving in 2023 than independent or corporate foundations, according to the Foundation Giving Forecast Survey conducted by Candid. The median community foundation awarded 6.6% more grant dollars in 2023 while the median corporate foundation gave 1% more. The median independent foundation awarded the same amount in 2023 as in 2022.