

A low-angle, upward-looking photograph of several modern skyscrapers with glass and steel facades, reaching towards a bright sky. The perspective creates a sense of height and architectural grandeur.

# 2021 Endowment & Foundation Survey



**CAPTRUST**

# ABOUT CAPTRUST AND THE 2021 SURVEY

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

## Corporate Structure and Ownership

- 36-year operating history
- Independently owned
- 1,088 employees
- More than 3,194 institutional clients
- More than \$700 billion in client assets under advisement
- 98% client retention (average since 2009)

## 2021 Endowment & Foundation Survey

We would like to thank the 157 organizations that participated in this year’s survey. We created this survey to assist nonprofits fulfill their missions in our shared communities. Responses in each section provide new insights into the sector.

- |                    |                      |                                    |
|--------------------|----------------------|------------------------------------|
| • Demographics     | • Performance Trends | • Governance                       |
| • Asset Allocation | • Spending Policy    | • Diversity, Equity, and Inclusion |
| • ESG              | • Fundraising        | • Future Concerns                  |

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

Source: CAPTRUST as of 02.15.2021

# INTRODUCTORY LETTER FROM THE EDITOR

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This year's edition of the CAPTRUST Endowment & Foundation Survey provides data-driven insights to help nonprofits and their leaders identify which practices create positive outcomes and which activities may not yield results. We not only benchmark several notable endowment and foundation practices, but we also seek to identify what the best-performing organizations are doing to make themselves stand out from the crowd.

The quantitative information will help organizations focus on driving best-in-class outcomes across a variety of functions. Investment concerns are one of three themes that stand out.

## Investments

Endowments and foundations investing in alternatives experience greater performance than other peers. Nearly all (95 percent) of organizations anticipating changing their exposure to the alternatives asset class also expect to increase their allocation.

## Environmental, Social, and Governance (ESG)

Investors that have not adopted ESG maintain a starkly different worldview than organizations that have. Nonadopters are more likely to believe ESG will detract from performance and less likely to have discussed allocating in the past 12 months.

## Board Development and Diversity

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

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



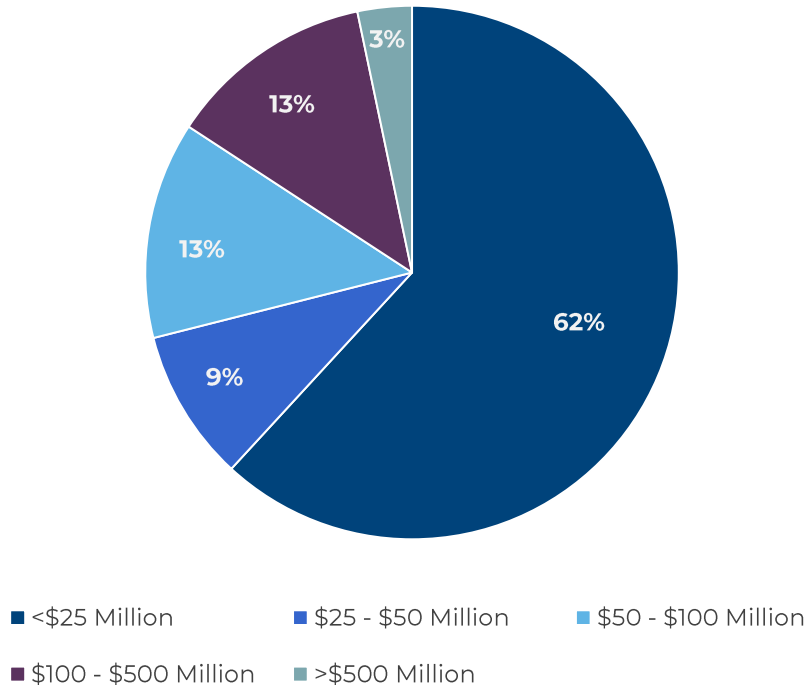
*James Stenstrom*

James Stenstrom | Director

# DEMOGRAPHICS

One hundred fifty-seven (157) organizations participated in CAPTRUST's 2021 Endowments and Foundations Survey. Of that group, 42% were public foundations, 58% were private, and more than half of respondents indicated program activities were a primary expenditure.

Organization Size and Worth in Millions



Respondents: 152

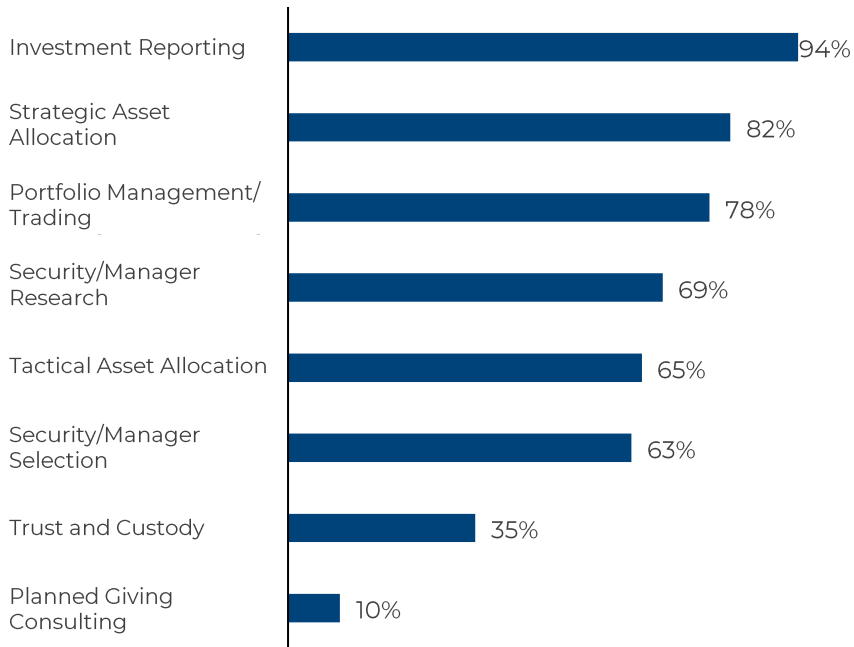
			Foundation Type		Debt Utilization	
			Public	Private	Long-Term Debt	No Debt
			42%	58%	23%	77%
Primary Expenditures	Grants/Scholarships	26%	57%	43%	14%	86%
	Hybrid	15%	50%	50%	27%	73%
	Program Activities	59%	34%	66%	25%	75%

Respondents: 156

# INVESTMENT VEHICLES AND SERVICE PROVIDERS

A whopping 94% of investment advisor services are dedicated to investment reporting with strategic asset allocation coming in at a close second at 82%.

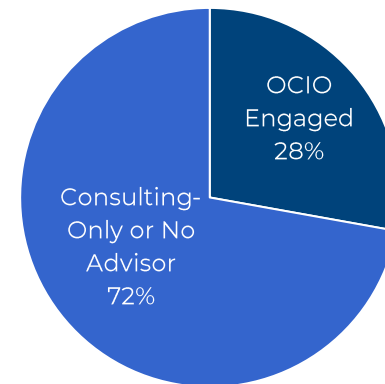
## Investment Advisor Services



Respondents: 104

As endowments and foundations conduct searches to identify investment advisor partners, requests for proposal inquire about outsourced chief investment officer (OCIO) discretionary portfolio management rather than advice within a consulting framework.<sup>2</sup>

As that trend would suggest, the proportion of nonprofit survey respondents engaging an OCIO increased from 24% in 2020 to 28%. However, despite the growth of discretionary management engagements, most endowments and foundations continue to employ a consulting relationship.



Respondents: 156

<sup>1</sup> 2019 CAPTRUST Endowment & Foundation Survey

<sup>2</sup> <https://www.thenonproffitimes.com/hr/endowments-looking-at-outsourced-chief-investment-officers/>

# INVESTMENT VEHICLES AND SERVICE PROVIDERS

## OCIO SERVICES

Utilizing an OCIO or discretionary investment management model enables an asset owner to delegate responsibility for all or part of their investment portfolio to a full-time investment advisor. The OCIO makes all investment decisions regarding where to allocate the assets under management, including which funds or asset classes (equities, bonds, property, commodities, cash, alternatives) to invest in. Their actions are taken on a discretionary basis, following agreement on an investment strategy and level of risk tolerance.

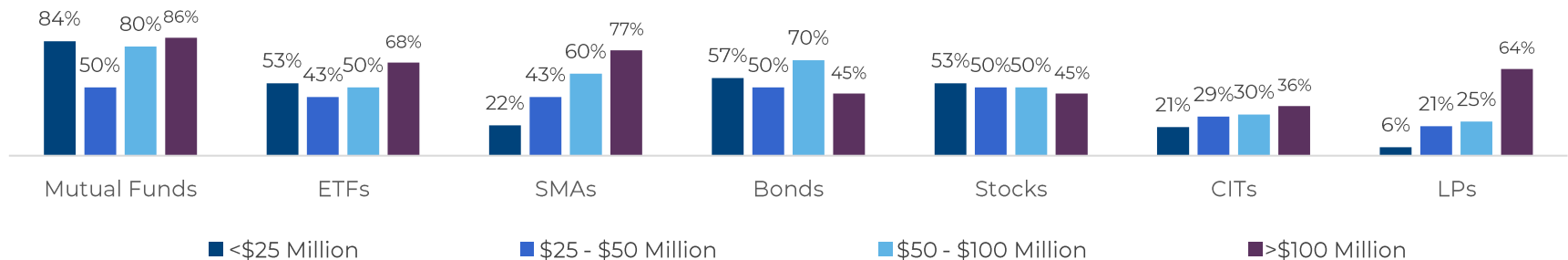
Frequency Rank	OCIO Service
1	Portfolio management/trading
2	Strategic asset allocation
3	Tactical asset allocation
4	Trust and custody
5	Security/manager selection
6	Security/manager research

Respondents: 31

## INVESTMENT VEHICLES

The most common investment vehicles in portfolios include mutual funds, exchange-traded funds (ETFs), and individual securities. Organizations with larger portfolios more commonly utilize separately managed accounts (SMAs), collective investment trusts (CITs), or limited partnerships (LPs). The prevalence of LPs for larger organizations aligns with the ability for larger portfolios to access various alternative investments. Though mutual funds are sometimes derided as a retail investment solution, the largest and smallest endowments and foundations use them at nearly identical rates.

### Investment Vehicles Used



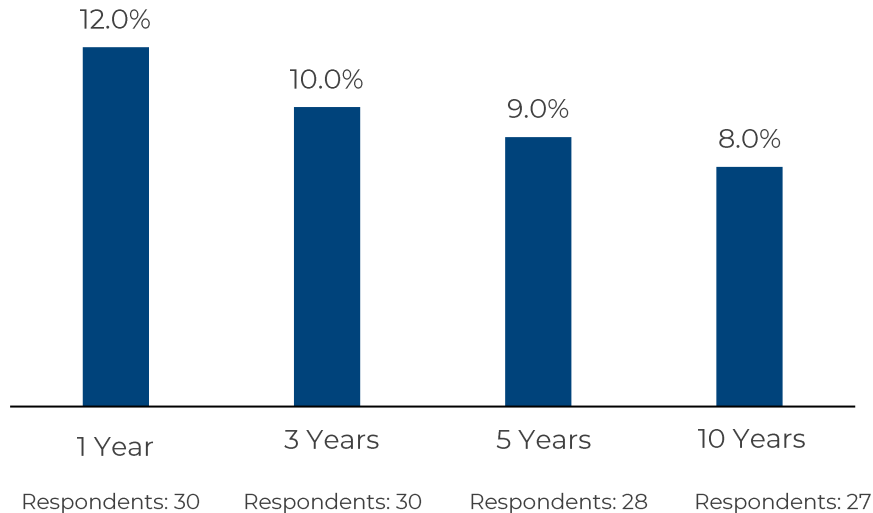
Respondents: 138

# PERFORMANCE TRENDS

The S&P 500 Index returned over 22% in the second half of 2020 alone and over 15% the first half of 2021. The strong equity market rebound following the COVID-19 drawdown fueled returns, and respondent organizations posted double-digit returns over shorter time periods. As shown below, over 5- and 10-year periods, the median organization posted returns above 8%. Most nonprofits outperform expected return goals over all trailing periods.

## Trailing Median Annualized Returns

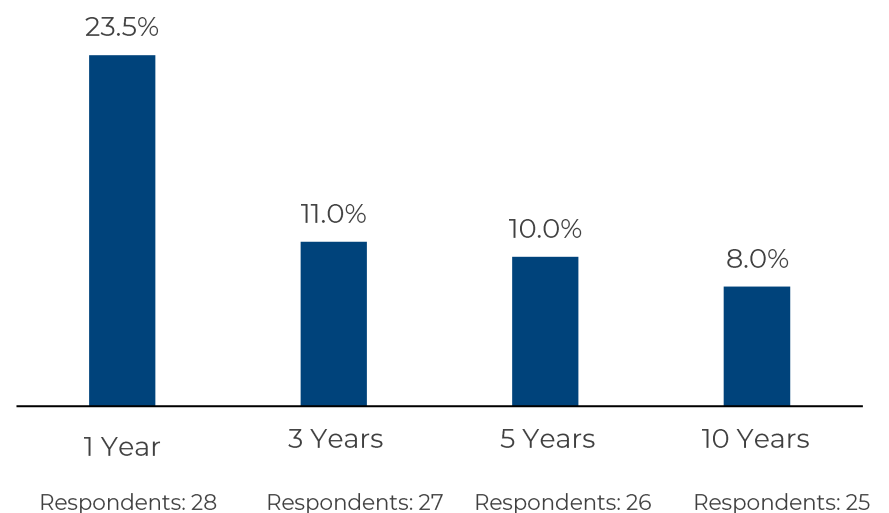
(Ending December 2020)



Trailing Time Period	Outperformed Expected Return
1 Year	90%
3 Years	80%
5 Years	86%
10 Years	78%

## Trailing Median Annualized Returns

(Ending June 2021)

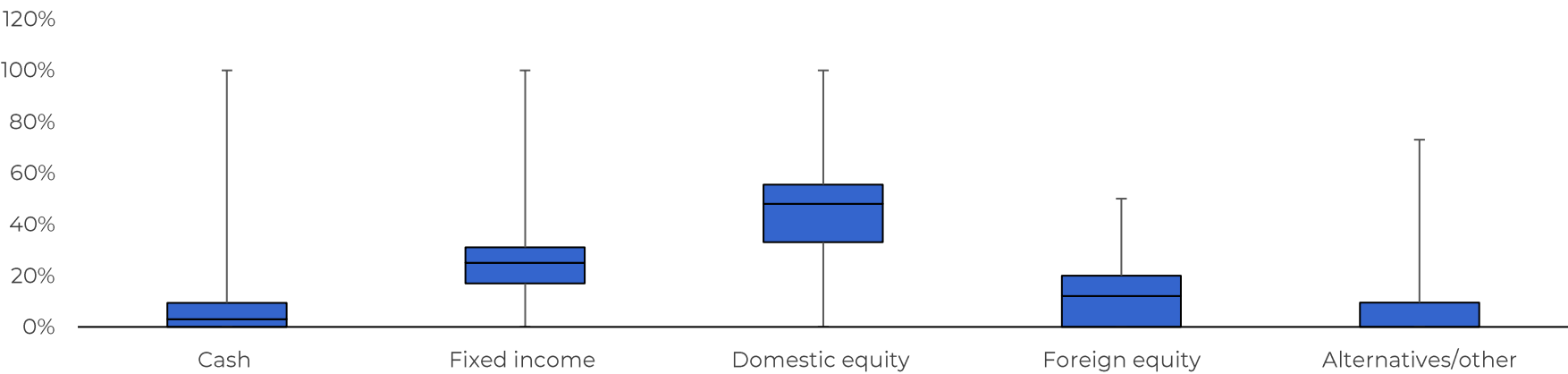


Trailing Time Period	Outperformed Expected Return
1 Year	89%
3 Years	89%
5 Years	77%
10 Years	76%

# ASSET ALLOCATION TRENDS

While more than 75% of organizations met their specific investment goals over the trailing periods, their investment strategies varied greatly. The chart below details the asset allocation quartiles across the organizations along with the change (if any) from last year's responses. For each of the three traditional asset classes with changes, allocations reflect an extension of last year's trend. Two years ago, fixed income (30%) and foreign equity (16%) represented larger shares of the portfolios and nonprofits focused less on domestic equity (43%).

Asset Allocation Quartiles



Respondents: 115

	Cash	Fixed Income	Domestic Equity	Foreign Equity	Alternatives/other
Minimum	0%	0%	0%	0%	0%
1st Quartile	0%	17% (↓2%)	33% (↓1%)	0% (↓10%)	0%
Median	3%	25% (↓3%)	48% (↑3%)	12% (↓2%)	0% (↓5%)
3rd Quartile	9% (↑4%)	31% (↓4%)	56% (↑5%)	20%	10%
Maximum	100%	100%	100%	50%	73%

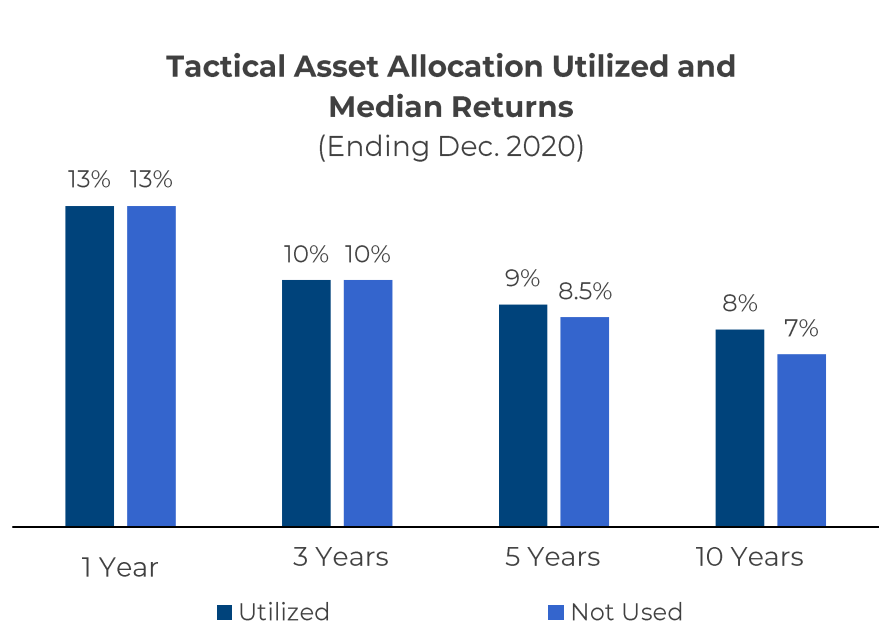
For clarity, the change relative to last year's survey is omitted for minimum and maximum allocations.



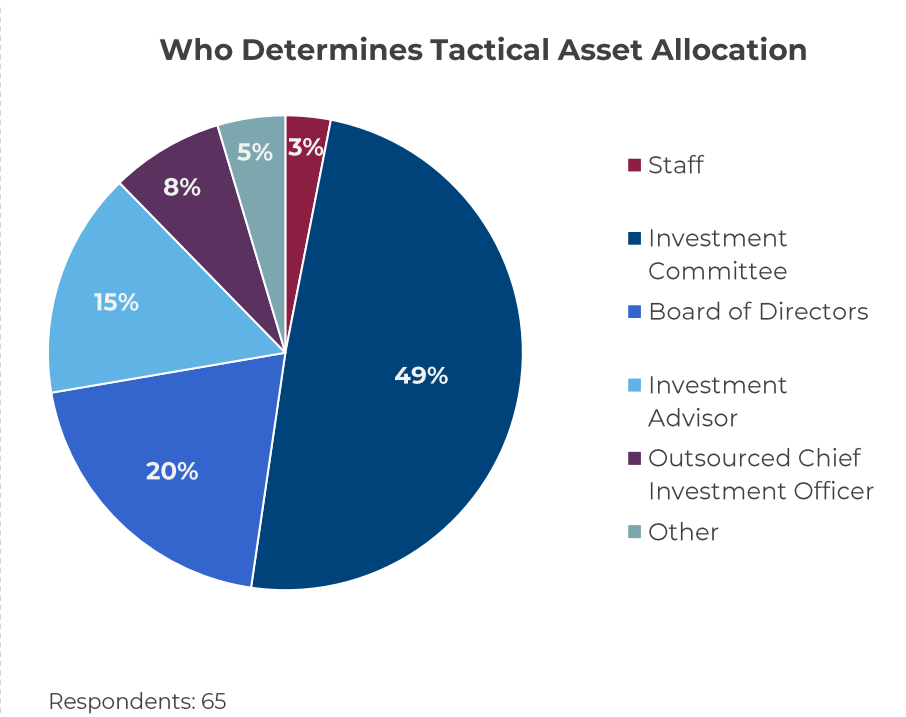
# TACTICAL ASSET ALLOCATION

## Tactical Asset Allocation

Nearly 80% of organizations use tactical asset allocation. Based on median trailing return data, there is no material difference in reported returns (ending December 2020) between organizations that implement tactical asset allocation and those that do not.



Respondents: 24



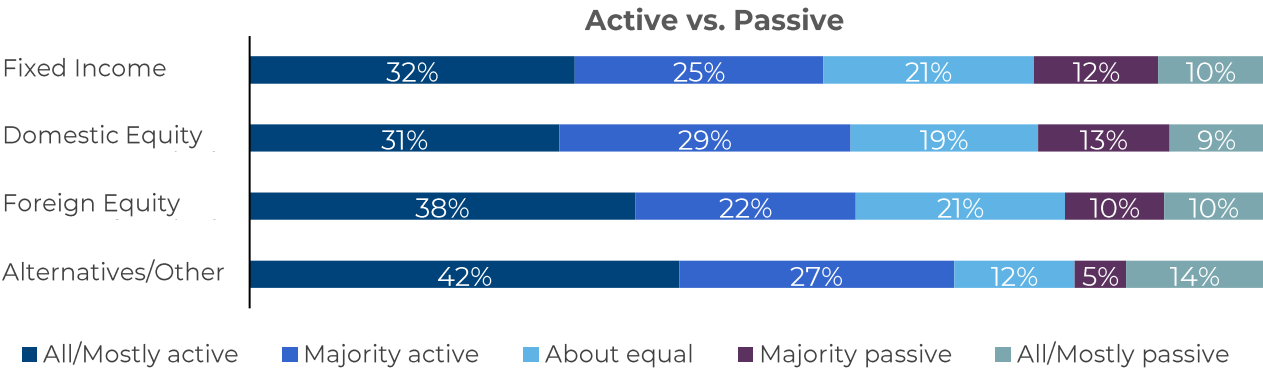
Respondents: 65

For the second consecutive year, responses suggest deferring tactical asset allocation decisions to an investment advisor or OCIO can lead to performance gains. Organizations whose fiscal year ended in June 2021 reported higher median returns by 1% each over 3-, 5-, and 10-year periods when tactical allocation decision making was made externally by one of those two groups.

# ASSET ALLOCATION

## Active vs. Passive

This year most investors used active management in every asset class. However, last year the emphasis toward active strategies existed only within alternatives.



Respondents: 91

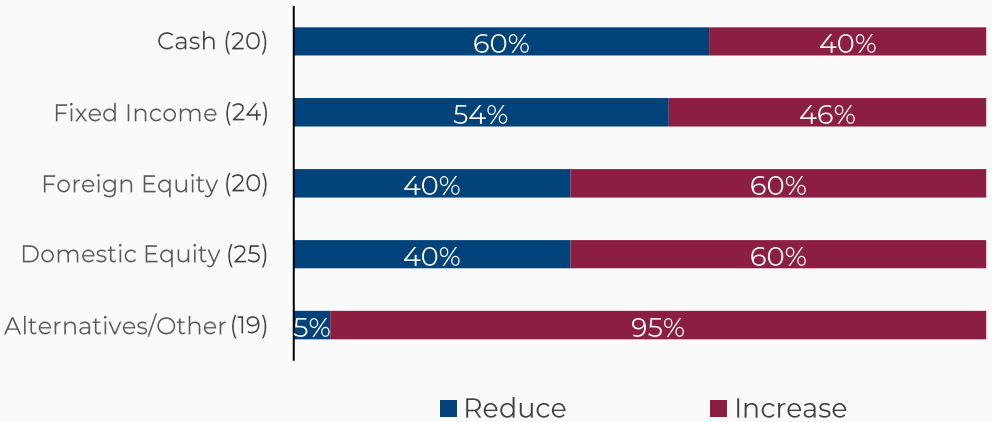
## Changes in Asset Allocation

Across the five asset classes, most respondents indicated no anticipated adjustments to asset allocation in the coming year. Among those expecting a change, the most frequent reason was to increase exposure to alternatives.

As nonprofits seek to maintain required levels of return to support their philanthropic mission, many investors expected traditional asset classes to deliver lower returns over the next 10 years.

The expectation that foundations and endowments need more aggressive investment portfolios to meet their current return goals also explains a bias to decrease exposure to cash and fixed income in favor of domestic and foreign equities.

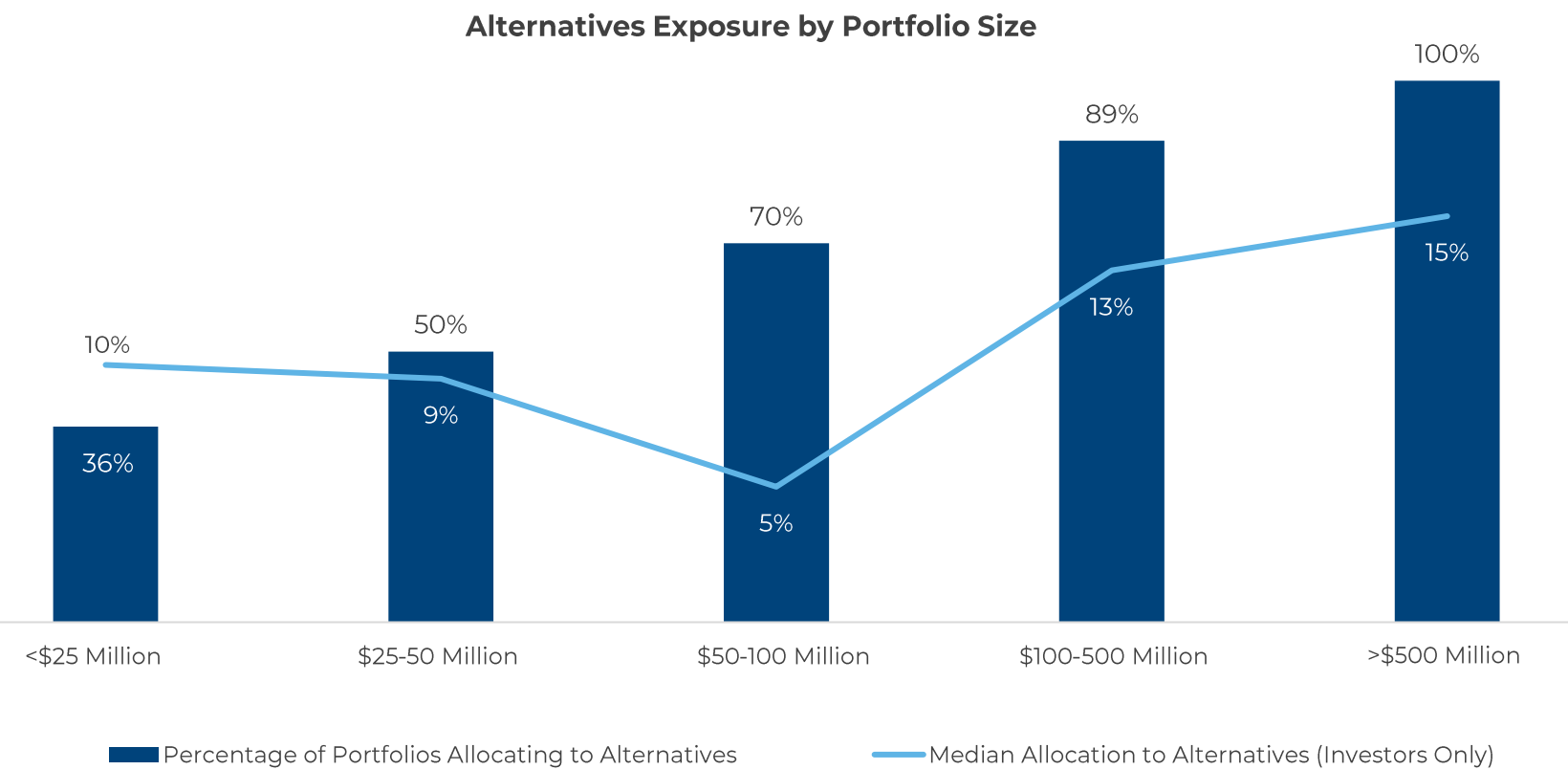
## Ratio of Organizations Planning to Change Asset Allocation



Number of responses in each category shown in parentheses above

# ALTERNATIVE INVESTMENTS

Larger endowments and foundations allocate to alternatives at a higher rate than their smaller peers, and every respondent with over \$500 million in investable assets uses the asset class. Furthermore, investors with more than \$100 million in assets allocated a larger proportion of their portfolio to alternatives.



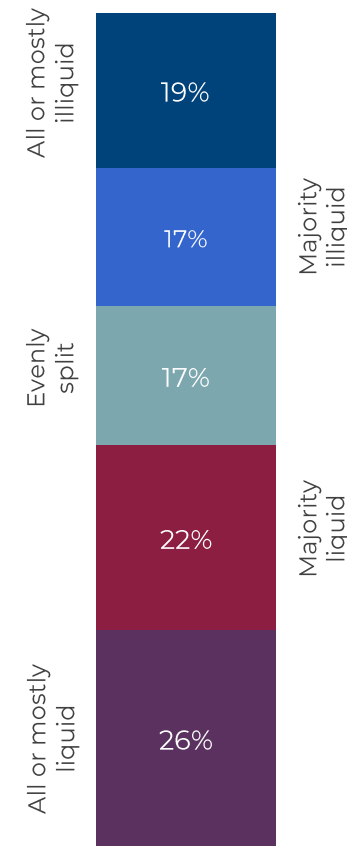
Respondents: 143

# ALTERNATIVE INVESTMENTS

More and more, endowments and foundations are considering whether to add alternative investments into their institutions' portfolio. However, it is important for investment committees and boards looking into the suitability and usage of these investment strategies to focus on the liquidity needs of the organization.

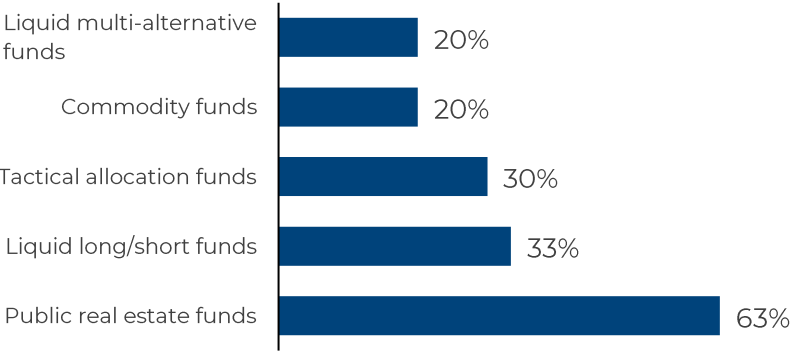
Real estate serves as the most popular alternative investment regardless of the liquidity category. Though commodities can provide outsized returns in certain market conditions, few nonprofits directly invest in the asset class after a decade of challenging performance.

Q. Approximately how much of your alternatives exposure is liquid versus illiquid?



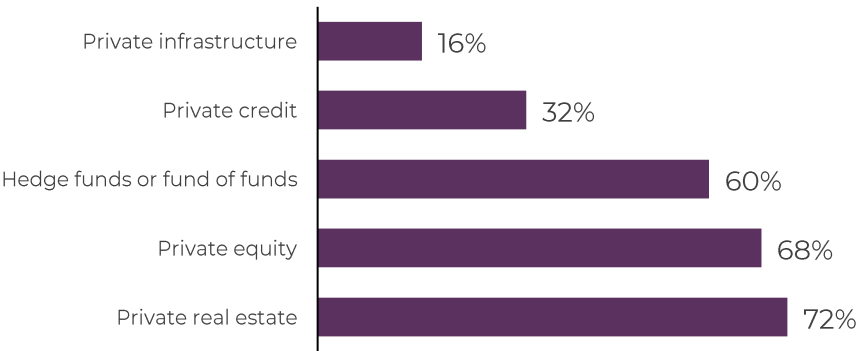
Respondents: 54

Liquid Alternatives Strategies



Respondents: 30

Illiquid Alternatives Strategies

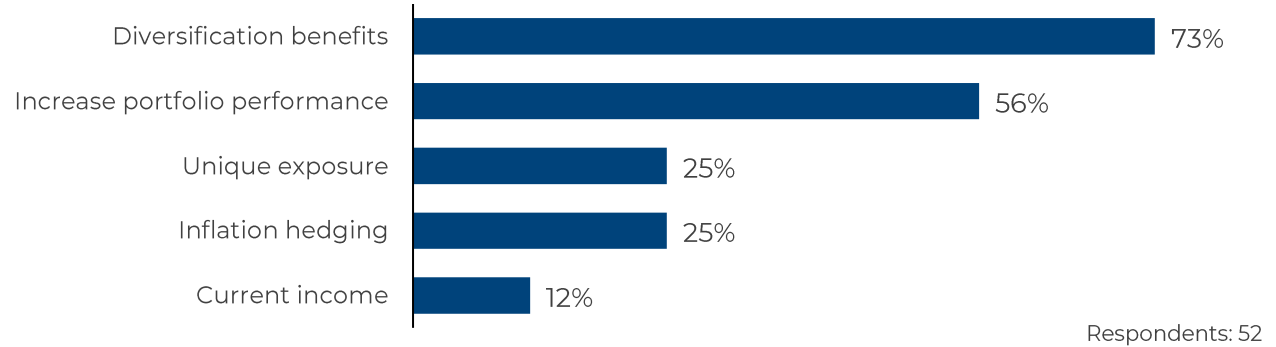


Respondents: 25

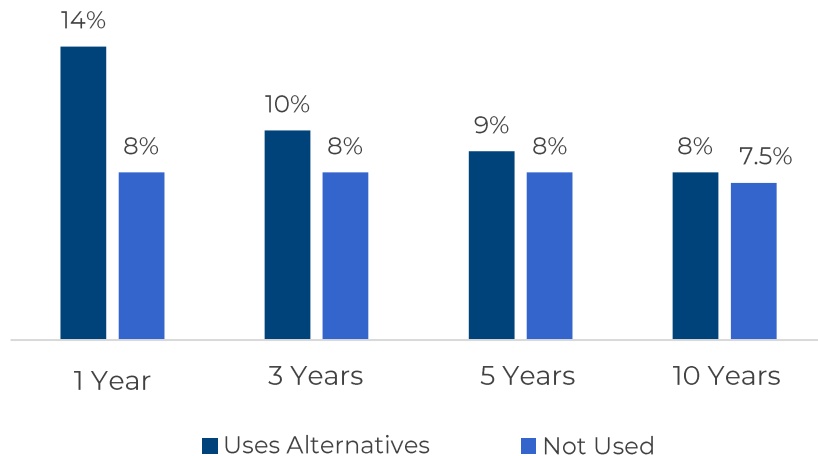
# ALTERNATIVE INVESTMENTS

Among nonprofits investing in alternatives, diversification of benefits is the driving force.

While alternative investments may have generated some relative return frustration in recent years, they continue to deliver sizeable benefits over the long term.

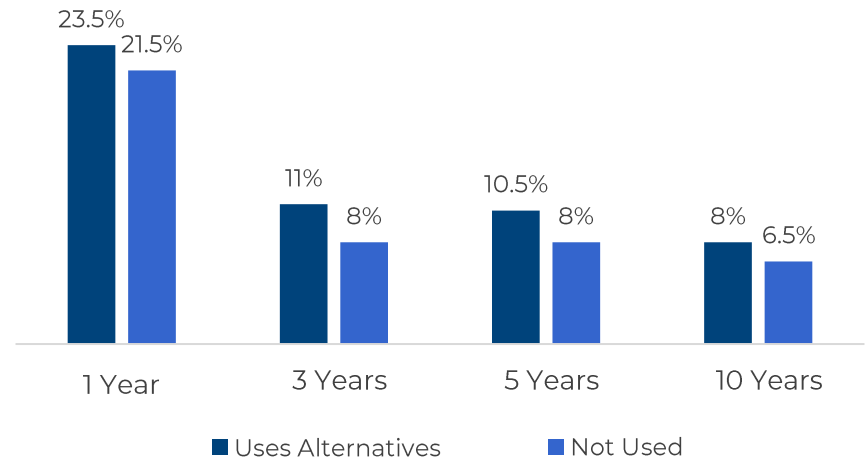


**Returns Ending December 2020**



Respondents: 34

**Returns Ending June 2021**

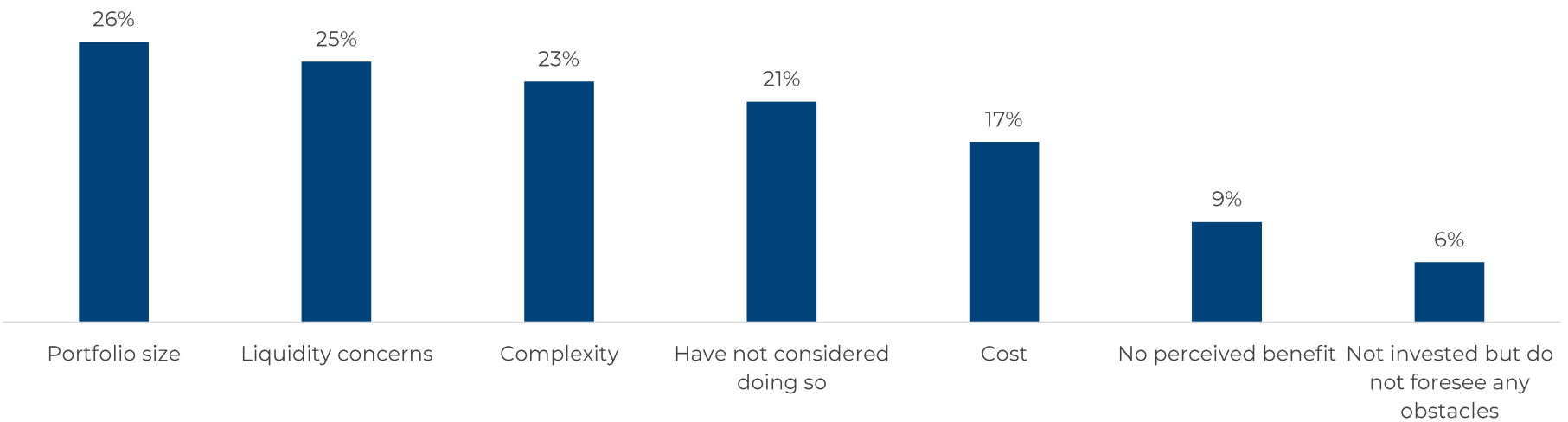


Respondents: 46

# ALTERNATIVE INVESTMENTS

While the reasons for not implementing an allocation to alternatives varies, portfolio size and liquidity concerns dominated survey responses. Meanwhile, 9% of respondents felt investing in alternatives yielded no benefit.

Biggest Obstacles When It Comes to Investing in Alternatives



Respondents: 34

### The Bottom Line

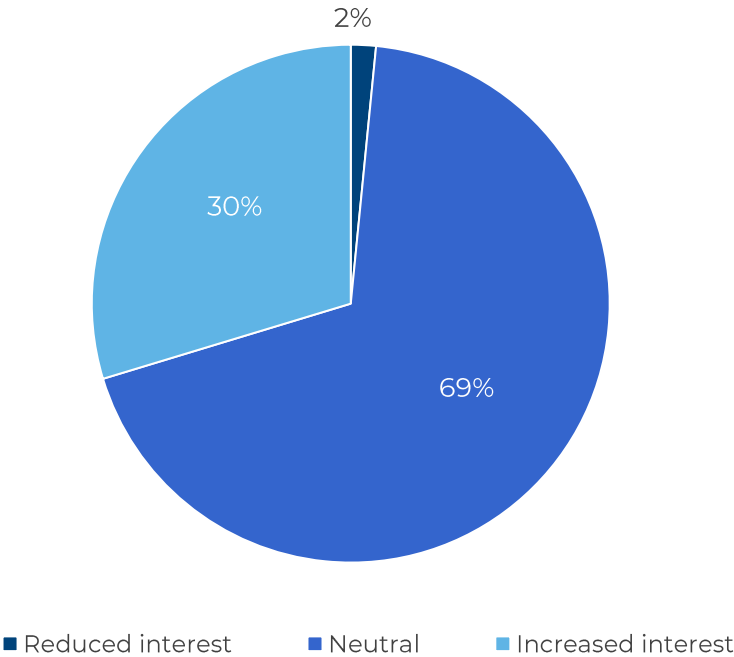
A decade-long bull market in equities and a challenging fixed income environment provide ample factors forcing investors to consider alternative investments. When making that decision, nonprofits can take comfort in the fact that over the past decade, portfolios with alternatives have outperformed counterparts ignoring the asset class.

# ESG, IMPACT, AND MISSION-ALIGNED INVESTING

## Perceptions Shape Adoption Trends

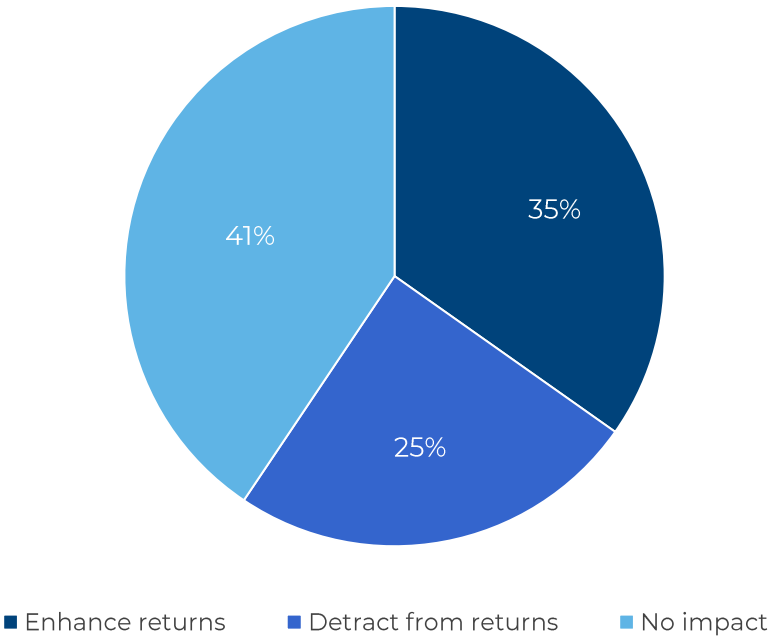
Environmental, social, and corporate governance (ESG), impact, or other mission-aligned investing resonates with endowments and foundations. Not only do investment committees maintain interest in ESG and similar strategies, 30% of organizations report growing donor interest. In the meantime, expectations about the performance impact of ESG and values-based investing remains split.

Donor Interest



Respondents: 64

ESG Performance Expectations



Respondents: 69

# ESG, IMPACT, AND MISSION-ALIGNED INVESTING

## Adopters

Adopters believe ESG strategies enhance returns at twice the rate of nonadopters. Consultants to organizations using these strategies consistently discussed the topic, and investors using ESG strategies expect to increase exposure at a higher rate than nonadopters.

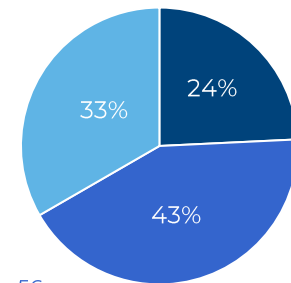
## Nonadopters

Organizations not adopting ESG are more than four times as likely to believe such strategies detract from returns. Consultants of organizations not employing ESG were also significantly less likely to discuss the topic.

**Q. How do you believe ESG, impact, mission-aligned, or other responsible investing strategies impact investment performance?**



Adopters Respondents: 35

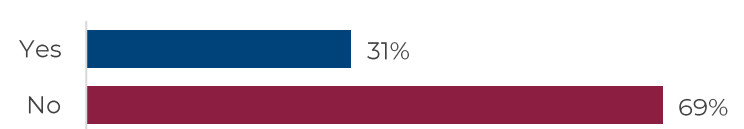


Nonadopters Respondents: 56

**Q. Within the last year, has your organization discussed ESG, impact, or other mission-aligned investing with your investment advisor or consultant?**



Adopters Respondents : 35



Nonadopters Respondents : 56

Percentage of respondents anticipating increasing exposure to ESG, impact, mission-aligned, or other responsible investing strategies in the next year.

Adopters Respondents : 35 **+34%↑**

Nonadopters Respondents : 56 **+31%↑**

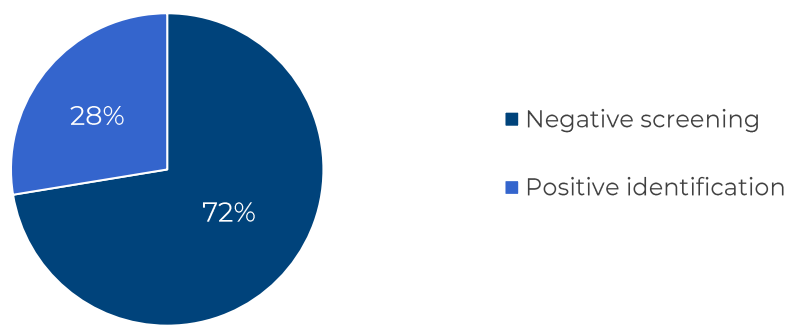


# ESG, IMPACT, AND MISSION-ALIGNED INVESTING

## Continued Gains for ESG

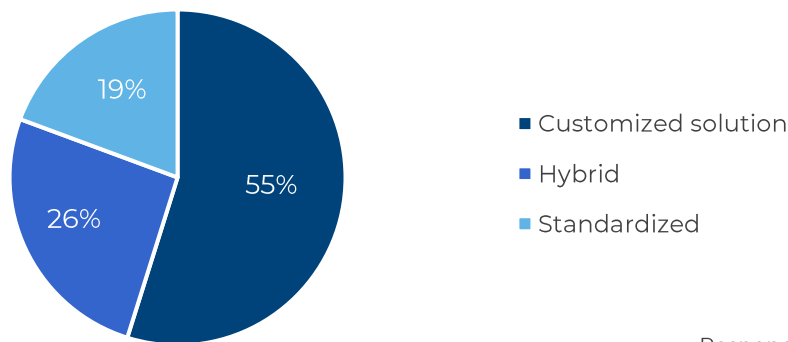
The proportion of endowments and foundations invested in any ESG, impact, or other mission-aligned investing strategies increased to 38%. With a year-over-year increase of 27%, this marks the second consecutive survey with more organizations allocating to ESG or other values-based strategies.

Screening Methodology



Respondents: 31

Implementation Method



Respondents: 31

## Correlation of Expression and Implementation

Positive screening methodologies drove growth in ESG allocations. Meanwhile, investor-specific customized portfolios continue to wane, coming in at 55% this year.

The implementation landscape is shifting away from excluding companies based on certain practices. Instead, endowments and foundations are gravitating toward companies seen as responsible corporate citizens.

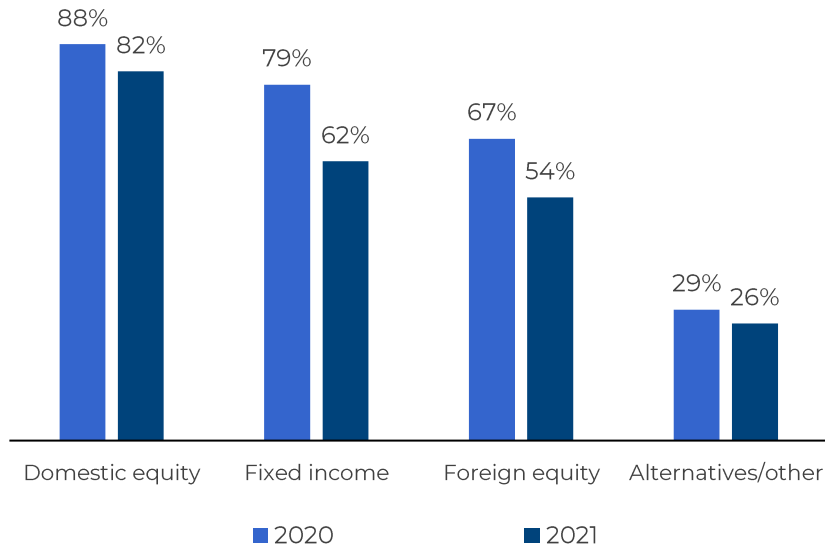
	Customized	Hybrid	Standardized Products
Negative Screening	67%	19%	14%
Positive Identification	25%	50%	25%

Respondents: 35

# ESG, IMPACT, AND MISSION-ALIGNED INVESTING

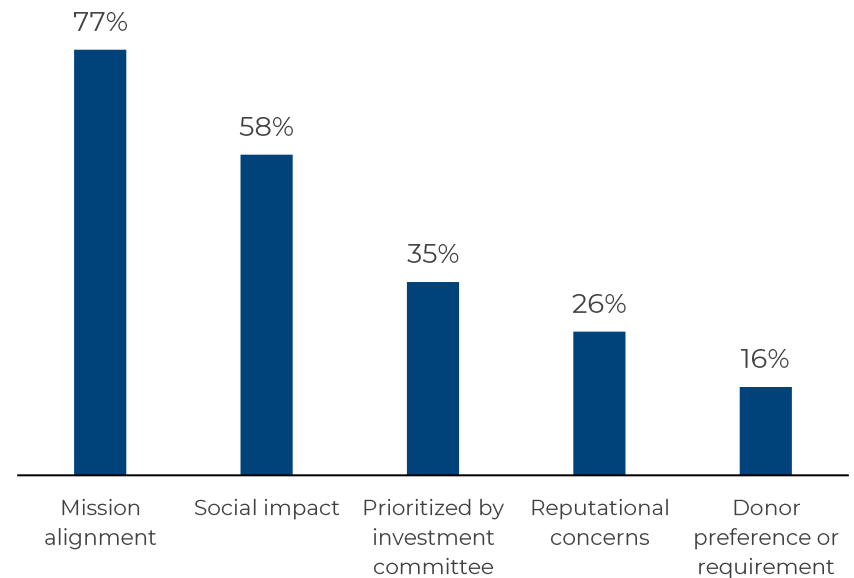
Usage across all major asset classes declined in 2021. Organizations shifted to values-based investing, with three-fourths attributing the change to mission alignment.

**Asset Class Utilized**



Respondents: 50

**Reasons for Adoption**



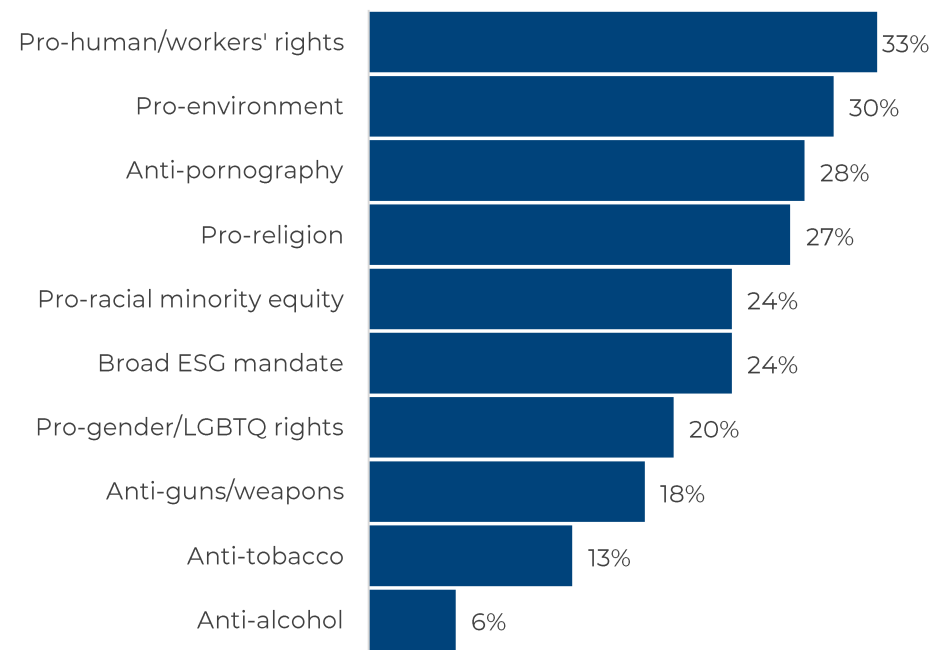
Respondents: 50

In addition to about half (47%) of ESG investors believing such strategies enhance returns, 77% of investors are allocating to align their investment portfolio with their mission and values. Respondents identified promoting a social impact as the second most important reason, while the two external motivations—reputational concerns and donor preference or requirements—were the least cited rationales.

# ESG, IMPACT, AND MISSION-ALIGNED INVESTING

We found a lack of goal uniformity in ESG, impact, and mission-aligned investing strategies across nonprofit investors.

When asked which investing values align with personal views, pro-human and workers' rights lead the pack (33%). Meanwhile, anti-weapons (18%), anti-tobacco (13%), and anti-alcohol (6%) were the least popular ESG, impact, and mission-aligned investing strategies.



Respondents: 106

Implementation Frequency	Responsible Investing Style
1	Mission-related investments
2	Social
3	Broad mandate ESG
4	Governance
5	Impact
6	Environmental
7	Sustainability

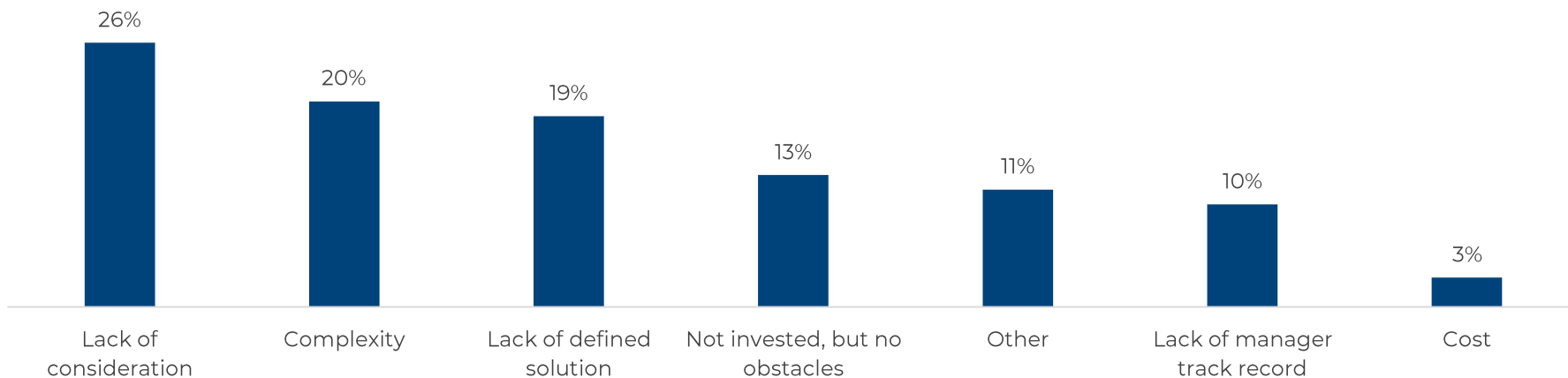
Respondents: 31

The broad range of ESG, impact, and mission-aligned investing suggests no one-size-fits-all solution will match the values of nonprofits.

# ESG, IMPACT, AND MISSION-ALIGNED INVESTING

Individual nonprofit board members have unique perspectives on why ESG may not fit within their organization. Though endowments and foundations varied in their rationale for not using ESG, impact, and mission-aligned investing strategies, lack of consideration remains the largest obstacle. Interestingly, cost was the least selected deterrent.

## Obstacles



Respondents: 70

### The Bottom Line on ESG

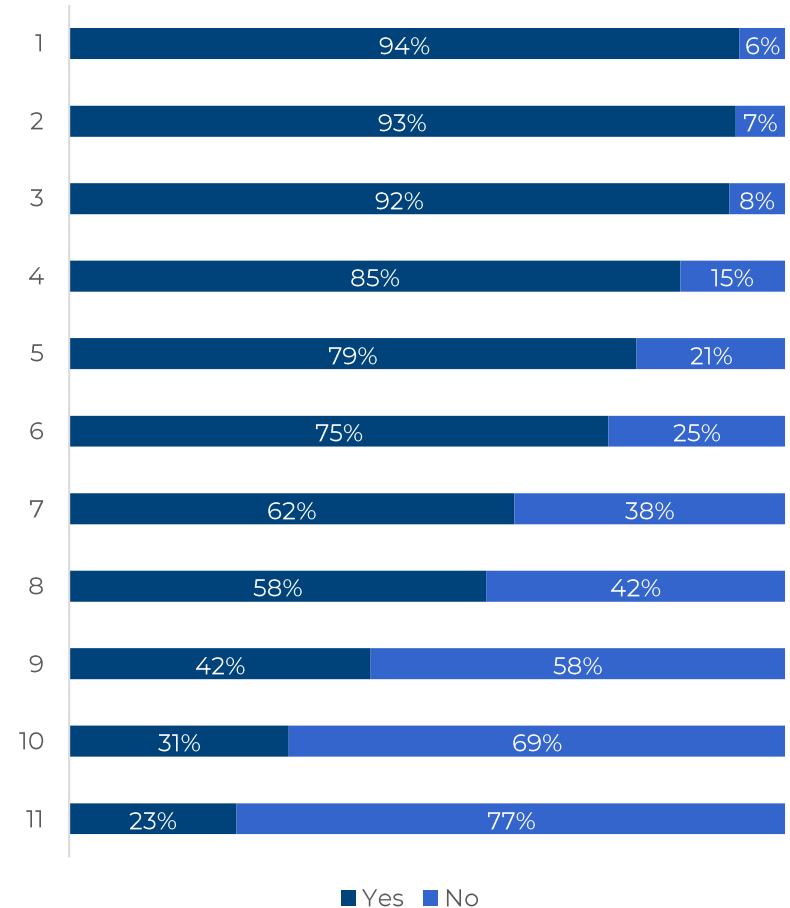
Endowments and foundations adopting ESG, impact, and mission-aligned investments maintain vastly different perspectives on the practice than those that avoid similar strategies. Chiefly, they maintain staggeringly different views on how ESG strategies may impact performance. This suggests, unless views change, there is a limit of how prolific ESG adoption may become.

Implementation strategies often reflect the consensus of a group decision. Increasingly, new adaptors allocate to ESG strategies, that incorporate a best-efforts approach to their core values rather than a fixed approach to avoiding companies with specific business practices. Whether this trend continues or whether this initial broad ESG approach serves as a prelude to a more rigid implementation standard remains unclear.

# GOVERNANCE

Nonprofits had investment, spending, and conflict-of-interest policies, and documented responsibilities for committees/boards. Eighty percent of respondents use a separate investment committee dedicated to the investment portfolio. Seventy-six percent have new board member orientation, however, fewer than half educate board or committee members on fiduciary responsibilities and standards.

- 1 Do you have a formal investment policy?
- 2 Do you have a formal policy on conflicts of interest?
- 3 Do you have formal governance documents that define board- or committee-level roles and responsibilities?
- 4 Do you provide new board member orientation?
- 5 Do you have a separate finance or investment committee that oversees investable assets?
- 6 Do you have a formal documented spending policy?
- 7 Is your spending policy a separate document from the investment policy statement?
- 8 Does your investment committee overlap with the committee responsible for mission-related spending?
- 9 Have you conducted fiduciary training for board, finance, or investment committee members?
- 10 Does your organization have a formal debt policy?
- 11 Do you include training on investment topics as part of orientation?



Respondents: 79

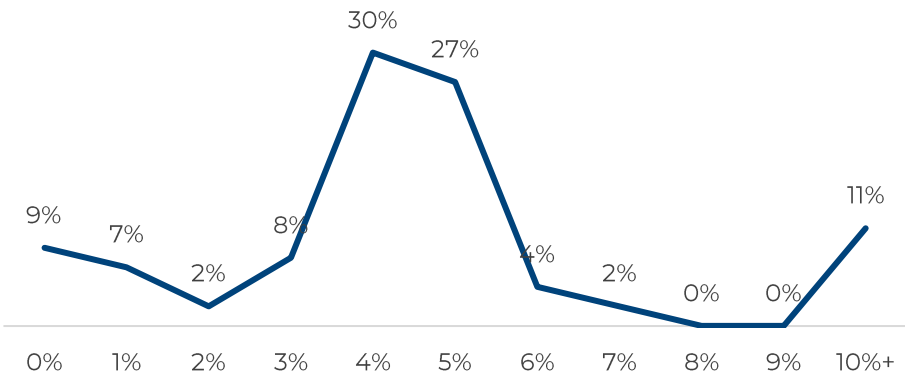
# GOVERNANCE

Organizations spent a median of 4% in the prior fiscal or calendar year. Some outliers spent nothing while 10 respondents paid out over 10% of assets.

For the most recent fiscal year, 51% of organizations' actual spending matched the targeted spending rate. More endowments and foundations spent below their targeted rate (29%) than beyond the budgeted amount (20%).

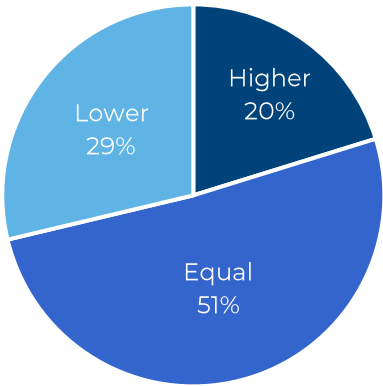
While most do not intend to change their annual spending targets, many endowments and foundations considering a change plan to increase their spending. In the current and upcoming year expectations to increase spending rather than outpace it are lower by almost a 5-to-1 ratio.

**Q. For your most recent completed fiscal year, what was the spending rate?**



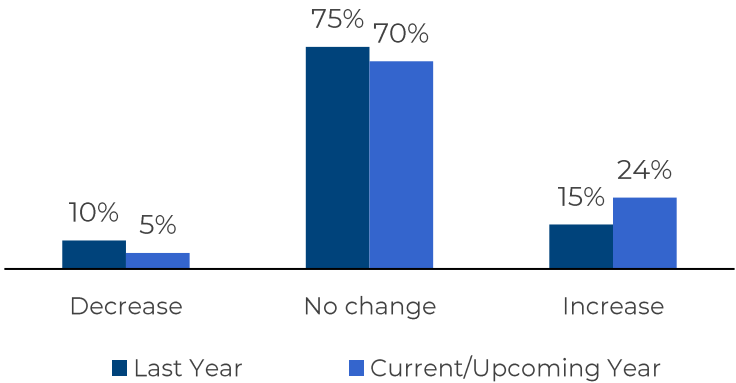
Respondents: 92

**Last Year Budgeted Spending vs. Actual Spending**



Respondents: 94

**Changes in Annual Spending**



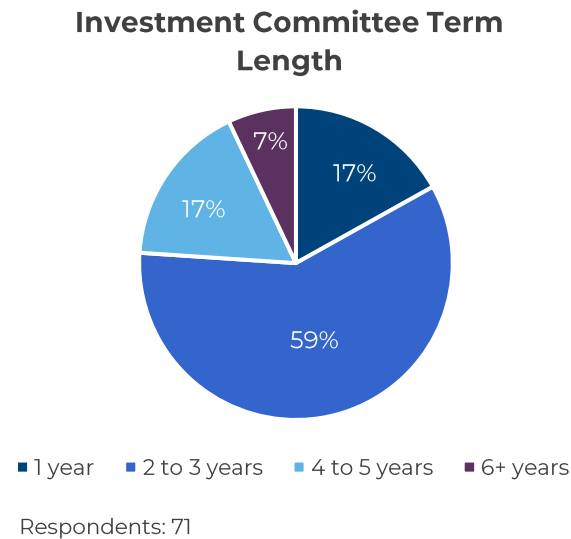
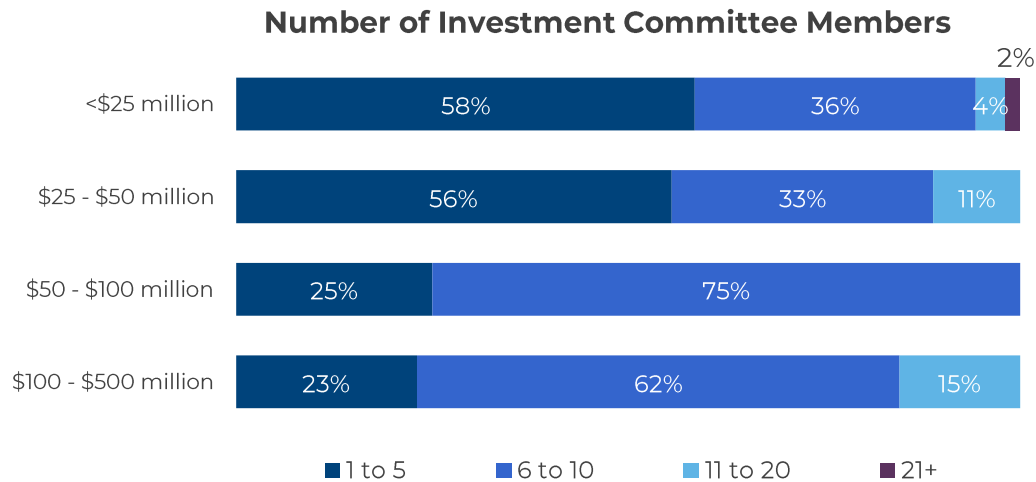
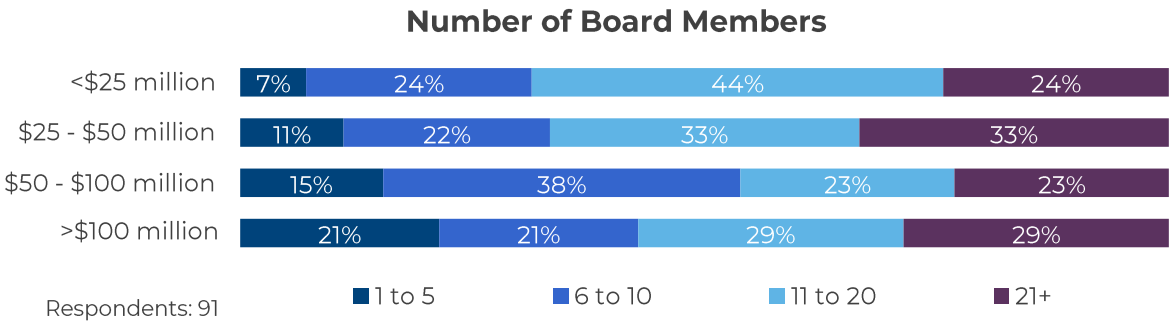
Respondents: 93

# GOVERNANCE

Endowments and foundations should create a framework for successful oversight of financial assets. Organizations with larger amounts of invested capital tend to have smaller boards and larger investment committees. That seeming contradiction highlights that board membership is not a requirement to sit on the investment committee for most nonprofits (67%).

To maintain board continuity, 84% of endowments and foundations stagger their terms. To maintain oversight independence, 58% of organizations place limitations on board member terms.

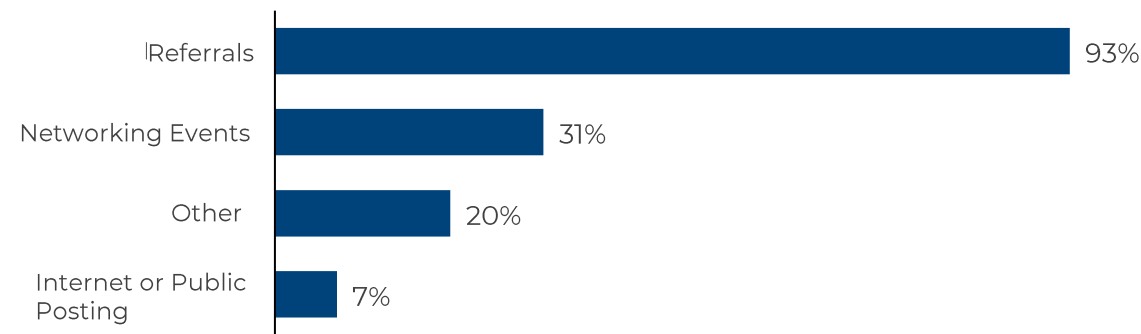
Given the need for focus and timely decision making, 93% of investment committees limit membership to 10 or fewer participants.



# GOVERNANCE

Existing board members (85%) and executive leadership (66%) most often conduct board recruitment. Referrals are by and large the most common method used to hire new board members.

Strategies for New Board Recruitment

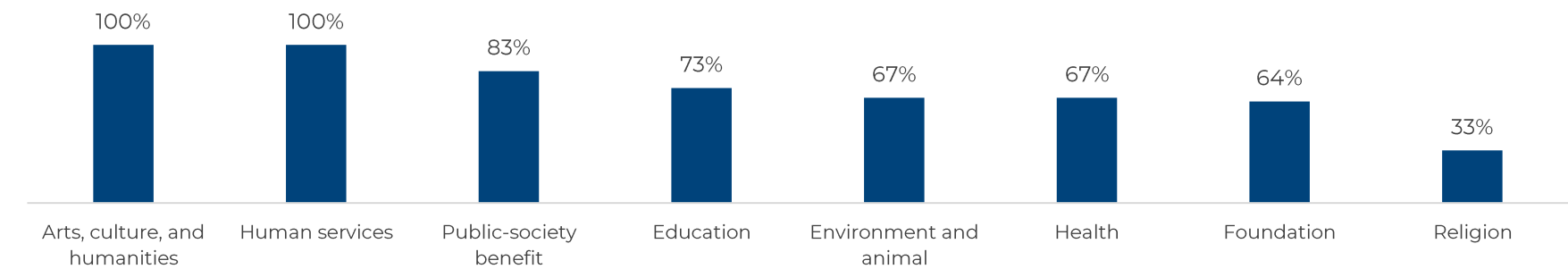


Respondents: 83

Most organizations (66%) either expect or require board members to donate. Board gifting varied dramatically across sectors. Most religious organizations reported no financial commitment. Respondents from the arts, culture, humanities, and human services sectors indicated boards require or expect donations.

More than half of organizations expect or require donations of \$1,000 or less.

Expectation or Requirement of Contribution by Sector



Respondents: 53



# FUNDRAISING

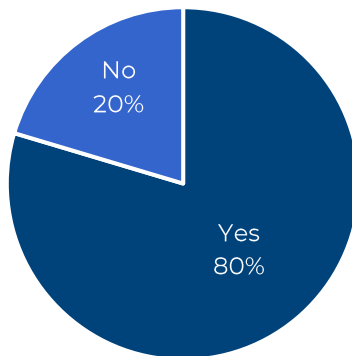
For many nonprofits, fundraising provides the lifeblood of the organization. It delivers the resources required to engage in meaningful missions.

Understanding how peers fundraise can serve as a valuable resource.

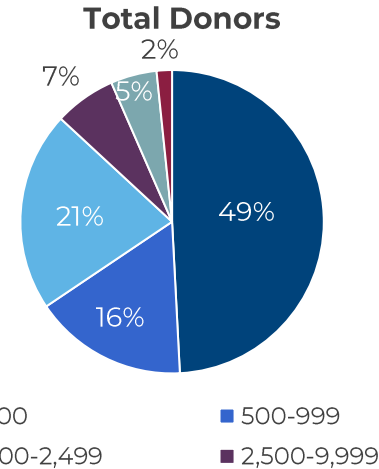
The survey presents responses segmented by both the top half of total number of donors (500 or more) and average gift size (greater than \$1,080).

Though no one-size-fits-all fundraising strategy exists, the exhibits present a handful of tactics used by organizations that have built the widest donor bases and developed the largest average gifts.

## Q. Does Your Organization Engage in Fundraising?

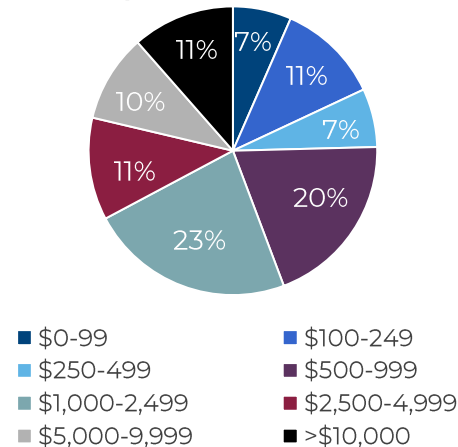


Respondents: 157



Percentile	Donors
25 <sup>th</sup>	200
<b>50<sup>th</sup></b>	<b>500</b>
75 <sup>th</sup>	1,100
Respondents	61

## Average Donation/Gift Size



Percentile	Donors
25 <sup>th</sup>	\$500
<b>50<sup>th</sup></b>	<b>\$1,080</b>
75 <sup>th</sup>	\$3,500
Respondents	61

# FUNDRAISING

Achieving a high level of donor engagement and fundraising success go together. Engaging donors remains paramount. The data suggests successful fundraising organizations engage donors in through various mediums. Additionally, they are more likely to conduct social media outreach, tell impact stories, and present the organization's annual report.

## Individual Donor Engagement Strategies

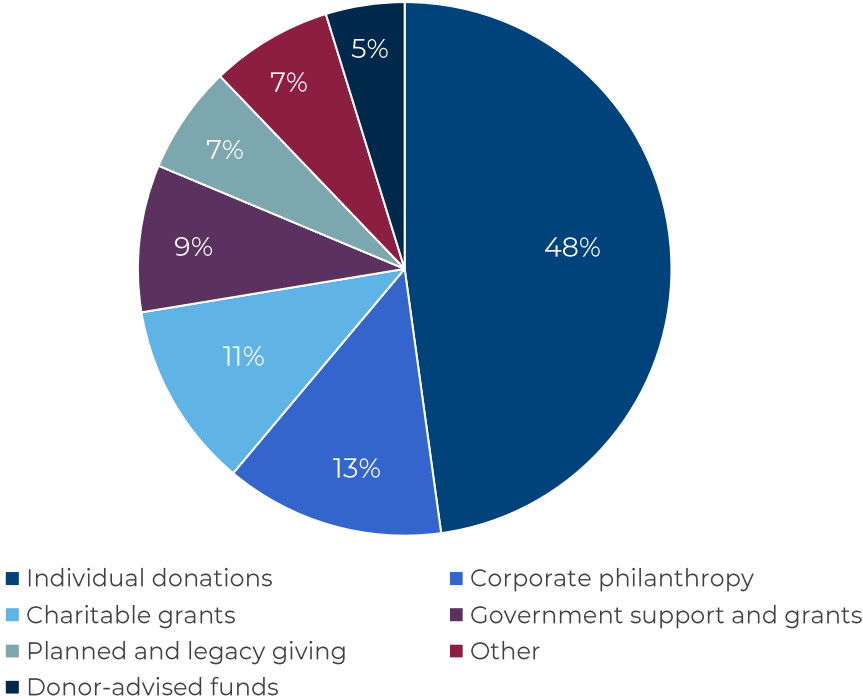
	Overall	Biggest Donor Base	Largest Average Donations
Social Media Outreach and Marketing	83%	97%	80%
Impact Stories	83%	97%	90%
Sponsored Events	80%	83%	70%
Volunteer Opportunities	61%	67%	53%
Annual Report Presentation	61%	67%	63%
Virtual Reality	15%	17%	10%
Raffles	15%	17%	10%
Text Messaging	14%	20%	10%

Respondents: 59

# FUNDRAISING

Most nonprofit funding comes from individual philanthropists via direct giving, bequest, or donor-advised funds. Because individual donors represent the largest fundraising sources, we focus on the most common individual fundraising strategies utilized.

Fundraising Sources



Respondents: 57

Individual Donor Fundraising Strategies

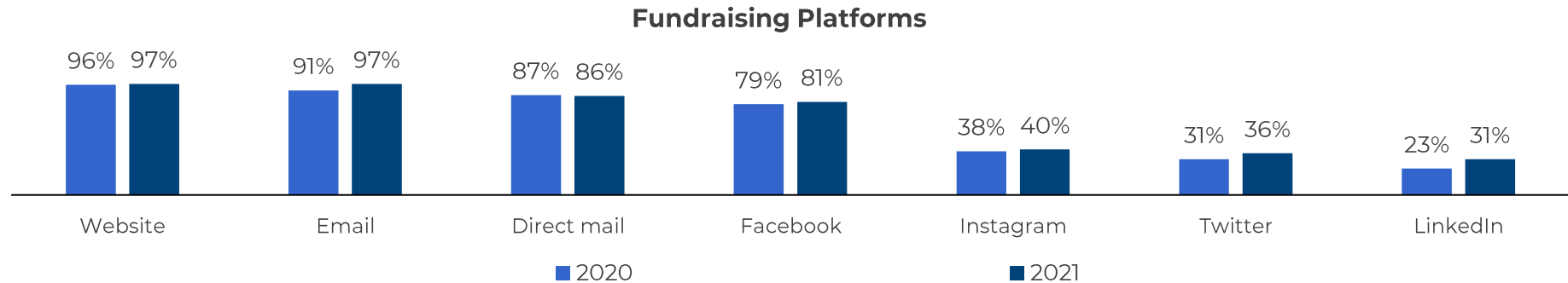
	Overall	Biggest Donor Base	Largest Avg. Donations
Online donations	88%	100%	87%
Mail-in donations	80%	90%	70%
Recurring donations	80%	87%	77%
Major gifts	73%	94%	80%
Planned gifts	70%	90%	77%
Pledge donations	70%	87%	73%
Annual campaign donations	68%	77%	67%
Gift matching	58%	74%	53%
Peer-to-peer fundraising	48%	61%	43%
Utilization of fundraising software	40%	55%	37%
Capital campaigns	40%	58%	40%

Respondents: 60

Online donations and mail-in donations continue to be heavily utilized by fundraisers. Top performers more commonly focus on major gift fundraising, planned giving, and pledged donations relative to the overall data set.

# FUNDRAISING

Both categories of top performers continue to leverage social media more so than the industry average. These performers use website, email, direct mail, and Facebook more than peers. Meanwhile, Twitter, Instagram, and LinkedIn increase in popularity.



Respondents: 58

Showcasing major donors, the return on their investment ranks at the top of the list. For the biggest donor base this is especially true (70%), with prospective donor screening coming in right below (67%).

Major Donor Fundraising Strategy	Overall	Biggest Donor Base	Largest Avg. Donations
Exhibit return on major donors' investment	61%	70%	63%
Corporate matching gifts	59%	60%	52%
Prospective donor screening	57%	67%	63%
Staff dedicated to major donor fundraising	55%	57%	59%
Utilization of an exclusive major donor society	45%	57%	41%
Existing donor planned giving potential	43%	40%	37%

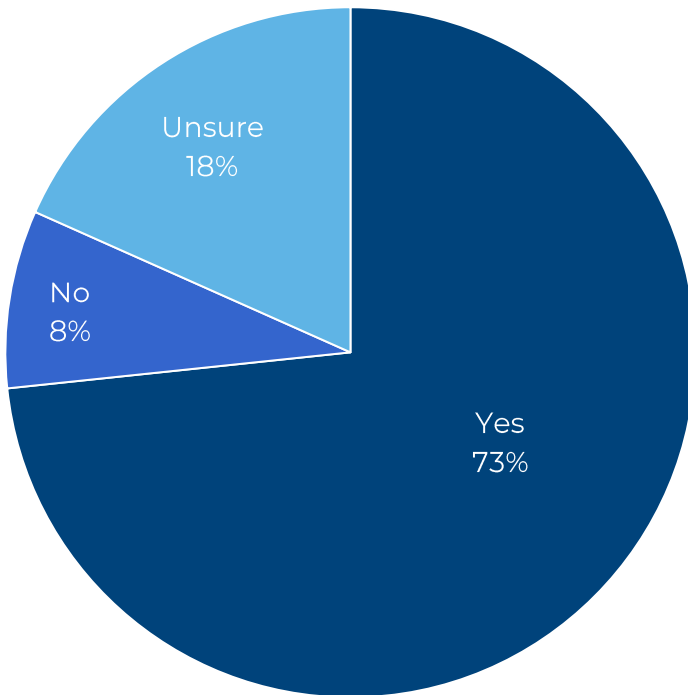
Respondents: 49

# FUNDRAISING

Nearly three-quarters of organizations expect to resume face-to-face events post-pandemic. In fact, major event fundraising covered approximately half of the annual operating budget based on both median and average values across respondents.

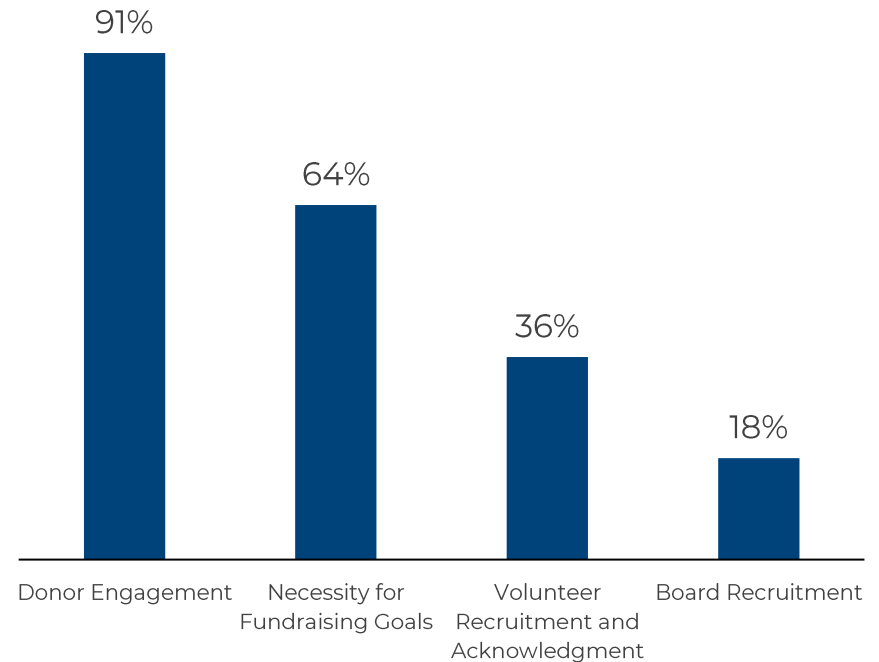
Further, 64% indicated major event fundraising was needed to meet fundraising targets.

**Resume In-Person Major Events?**



Respondents: 60

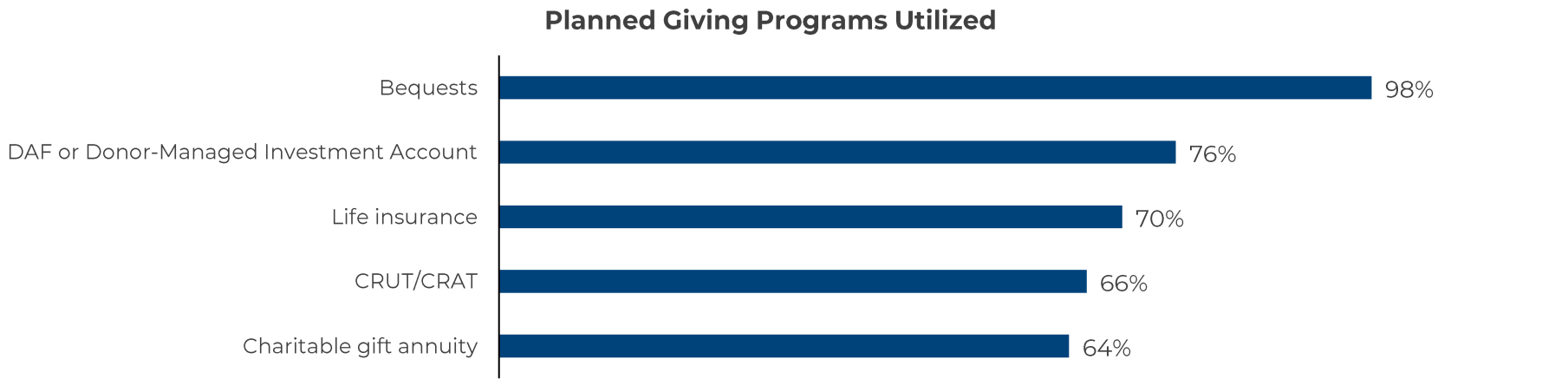
**Motivations to Resume In-Person Major Event Fundraising**



Respondents: 44

# FUNDRAISING

Top fundraisers accept gifts through more avenues in their planned giving programs. Bequests were by far the most selected method by all respondents.



Respondents: 50

Significant donors want input on how nonprofits will use their gifts. Across all nonprofits, 54% of total fundraising comes in the form of unrestricted funds. However, both categories of top performers receive more gifts as restricted funds than the nonprofit average.

	Overall	Biggest Donor Base	Largest Average Donations
Unrestricted funds	54%	45%	46%
Restricted funds	46%	55%	54%

Respondents: 55

# FUNDRAISING

Many nonprofits lean on boards to both serve as fundraisers and provide direct support to the organization. Conventional wisdom suggests that donations serve both as a demonstration of commitment and an important fundraising tool. Because of this, 23% of nonprofits require board members to contribute to the organization while 66% expected contributions.

Organizations with more donors and that receive larger average donations require donations (37% and 28%, respectively) as compared to organizations with a smaller number of donors and smaller average donations (8% and 19%, respectively).

However, smaller organizations under both metrics more commonly expect new board member donations.

However, though some nonprofits require more significant contributions—more than half or organizations report expected or required donations of \$1,000 or less.

Board Member Donations	Largest Donor Base	
	Bottom Half	Top Half
Required	8%	37%
Expected	77%	57%
Neither	15%	7%
Gift Size		
\$1,000 or Less	65%	38%
More than \$1,000	35%	62%

Respondents: 56

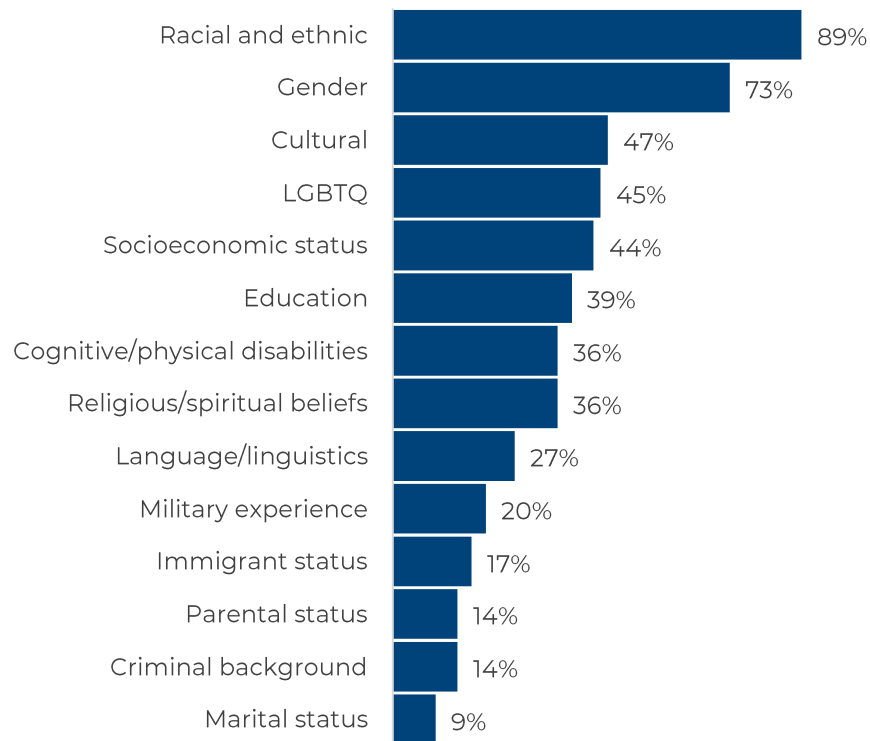
Board Member Donations	Average Donation Size	
	Bottom Half	Top Half
Required	19%	28%
Expected	74%	59%
Neither	7%	14%
Gift Size		
\$1,000 or Less	52%	50%
More than \$1,000	48%	50%

Respondents: 56

# DIVERSITY, EQUITY, AND INCLUSION (DEI)

Sixty-nine percent of respondents indicated diversity, equity, and inclusion (DEI) is a priority. Roughly half noted discussing DEI topics during board meetings within the past quarter.

## Ranked DEI Issues

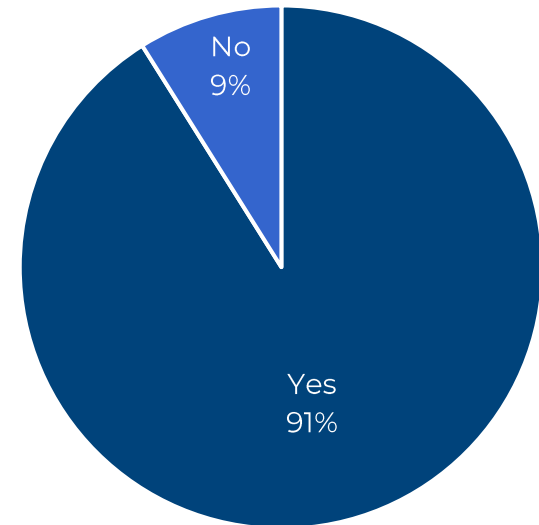


Respondents: 64

Racial and ethnic (89%), gender (73%), and cultural (47%) diversity are the top reported issues in order of importance.

Additionally, 91% of respondents evaluate DEI criteria when identifying new board members.

## Evaluate DEI Criteria of New Board Members



Respondents: 56



# DIVERSITY, EQUITY, AND INCLUSION (DEI)

While weak correlation exists between a nonprofit's satisfaction with their board or staff diversity and the communities served and grant recipients, board and staff-level diversity appear to go hand-in-hand. Organizations satisfied with their board's racial and ethnic diversity were 7 times more likely to be satisfied with staff members racial and ethnic diversity.

Conversely, nonprofits dissatisfied by their board's diversity were more than 3 times more likely to be dissatisfied with staff members racial and ethnic diversity.

Board Diversity				Staff Diversity			
	Dissatisfied or Very Dissatisfied	Neutral	Satisfied or Very Satisfied		Dissatisfied or Very Dissatisfied	Neutral	Satisfied or Very Satisfied
Racial & Ethnic (65)	32%	25%	43%	Racial & Ethnic (64)	22%	30%	48%
Gender, Gender Identity (64)	13%	30%	58%	Gender, Gender Identity (63)	6%	25%	68%
LGBTQ (47)	6%	38%	55%	LGBTQ (47)	4%	28%	68%

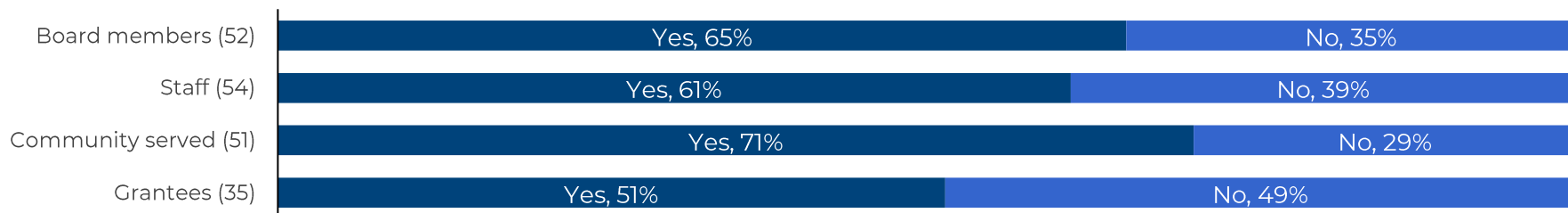
Community Served				Grant Recipients			
	Dissatisfied or Very Dissatisfied	Neutral	Satisfied or Very Satisfied		Dissatisfied or Very Dissatisfied	Neutral	Satisfied or Very Satisfied
Racial & Ethnic (64)	9%	16%	75%	Racial & Ethnic (49)	2%	18%	80%
Gender, Gender Identity (61)	3%	21%	75%	Gender, Gender Identity (49)	4%	31%	65%
LGBTQ (45)	2%	27%	71%	LGBTQ (36)	3%	28%	69%

Number of responses in each category shown in parentheses above

# DIVERSITY, EQUITY, AND INCLUSION (DEI)

Many organizations are tracking diversity metrics and developing a blueprint to become more diverse over time. Investment managers are having similar conversations and reporting on diversity metrics. Organizations prioritizing DEI track diversity metrics as it relates to board members (65%), staff (61%), the community served (71%), and grantees (51%).

## Internally Tracked Diversity Metrics



Number of responses in each category shown in parentheses above

### Takeaway #1: Diversity, Equity, and Inclusion

Organizations that track diversity metrics are universally more satisfied with the diversity of their board members, staff, communities served, and grant recipients than those that don't quantify their diversity.

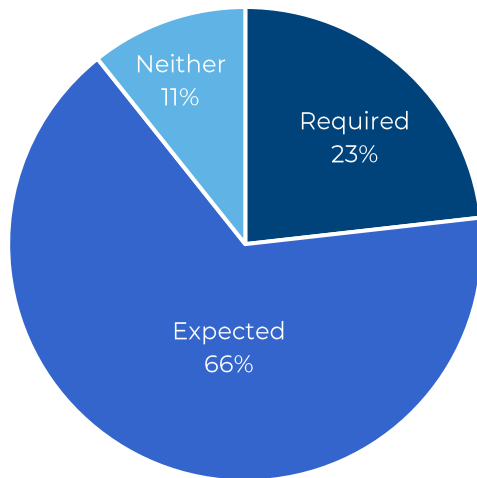
	Satisfied or Very Satisfied With Diversity							
	Board Members		Staff		Communities Served		Grantees	
	Tracked	Not Tracked	Tracked	Not Tracked	Tracked	Not Tracked	Tracked	Not Tracked
Racial & Ethnic	47%	22%	50%	39%	76%	72%	59%	50%
Gender, Gender Identity	65%	50%	79%	56%	44%	44%	53%	39%
LGBTQ	59%	33%	72%	40%	69%	47%	56%	33%

Respondents: 66

# DIVERSITY, EQUITY, AND INCLUSION (DEI)

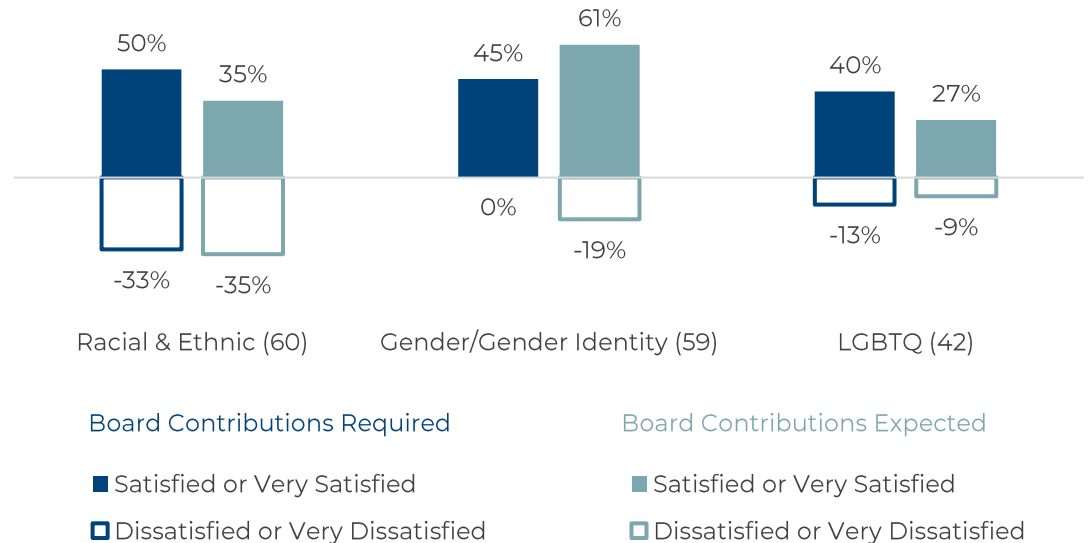
Organizations continue to evaluate whether to require or expect donations from board members. However, organizations that require contributions from board members were more satisfied with racial and ethnic diversity.

**Are financial contributions required or expected of board members?**



Respondents: 92

**Satisfaction of Board Diversity by Financial Contributions**



Number of responses in each category shown in parentheses above

## Takeaway #2: Diversity, Equity, and Inclusion

Nonprofits that require board gifting are significantly more likely to be satisfied with their organization's racial diversity. Additionally, organizations that require—rather than expect—board gifting are significantly less likely to be dissatisfied with their level of racial and gender identity diversity.

# NONPROFIT VOICES: ORGANIZATIONAL PRIORITIES

Organizations ranked top priorities to focus on should additional resources become available. All organizations are diverse with varying needs, but fundraising priorities clearly take precedence. Major gift fundraising, annual fundraising, and planned gift fundraising, combined, measure above 50% for each of the ranked priorities.

While it's not shocking fundraising remains a top priority for many nonprofits, when viewing the data for organizations that do not engage in fundraising, the highest ranked priorities included legal/accounting and tax preparation and information technology/web design. Secondary priorities included information technology/web design, and payroll, staffing, and employee benefits.

Capability	Priority				
	1st	2nd	3rd	4th	5th
Major gift fundraising	28	22	13	0	1
Payroll, staffing, and employee benefits	18	10	6	2	3
Annual fundraising	16	19	19	2	0
Legal/accounting and tax prep	10	2	3	0	1
Planned gift fundraising	8	18	15	3	0
Information technology and website design	7	11	16	1	0
Crisis management	5	1	6	1	3
Event planning and marketing	4	10	14	1	0

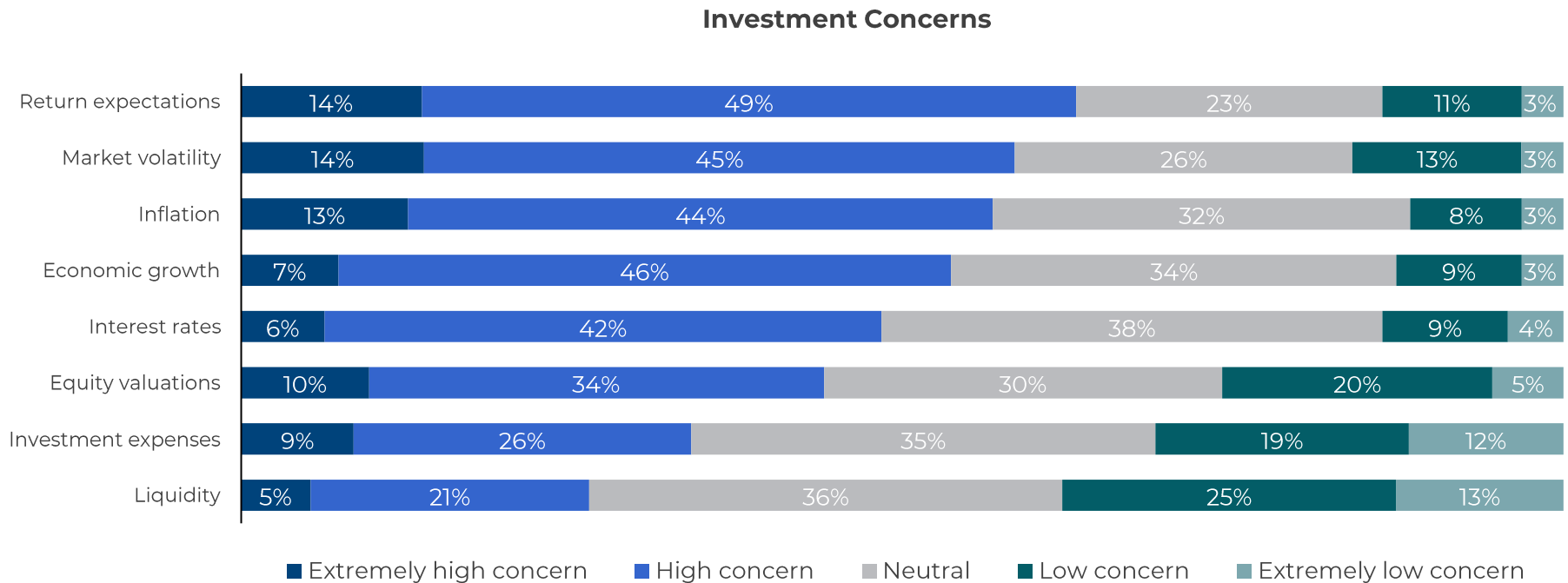
Respondents: 94

# NONPROFIT VOICES: INVESTMENT CONCERNS

Forward-looking investment concerns vary across nonprofits for obvious reasons. Uncertainty related to return expectations, market volatility, inflation, and economic growth were reported by more than half of respondents as a high concern.

The typical private foundation required to spend at 5% annually favors riskier asset classes (equities) in the investment portfolio and therefore benefited from a strong equity market in years past. One respondent acknowledges this but stated, “Our concern is, when will the tide turn, as it inevitably will?”

Inflation remains a heavily debated topic. Organizations are concerned about equity prices, volatility, and how to protect themselves on the downside.



Respondents: 95



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