

Foundations Stepped Up And Opened Pocketbooks During Pandemic

By Gregg Greenberg

Featuring Robert S. Barnett, Partner

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Endowments at private foundations saw double-digit growth in both 2020 and 2021, rising \$1.7 billion last year. Private and family foundations opened their pocketbooks wide again in 2021, following a wildly charitable 2020 focused on pandemic relief aid.

Private foundation endowments saw double-digit growth in both 2020 and 2021, with endowments rising \$1.7 billion last year, according to a report released Wednesday by Foundation Source, which provides management solutions for private foundations.

The study of nearly 1,000 private and family foundations with assets between \$1 million and \$500 million found that after generously supporting acute needs in 2020, including pandemic relief and racial equity, foundations gave even more plentifully in 2021.

All in, the foundations studied collectively gave \$689 million in 2021, \$40 million more than in 2020, according to the study. The increase was more pronounced among larger foundations, those with \$50 million to \$500 million in assets, whose giving went up nearly 21%.

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The study showed that foundations made 500 fewer grants in 2021, suggesting a move from urgently helping as many recipients as possible in 2020 to aiming for a more targeted impact in 2021.

“While some of our data indicates a return to pre-pandemic behaviors, the spike in giving over the last year could be a signal that the shocks of 2020 have had a lasting impact and set dedicated philanthropists on a new trajectory to address needs in a less reactive but increasingly generous way,” Sunil Garga, president and CEO of Foundation Source, said in a statement.

As for the outlook for giving in 2022, Garga said he expects foundations will likely rise to the occasion despite the downturn in the stock market.

“More than any other charitable giving vehicle, foundations are equipped with a powerful and versatile philanthropic toolkit for creatively solving problems and effecting change,” he said.

“The bear market will increase the need for charitable outreach, and the charities will utilize this increased need to attract more gifts,” said **Robert Barnett**, partner at Capell Barnett Matalon & Schoenfeld. “Areas such as mental health, food, and housing are perhaps the most illustrative of this change.”

The report also revealed that foundations of all sizes granted more than their annual mandatory distribution requirement of 5% in 2021, with the smallest foundations giving nearly twice that (8.9%). Meanwhile, grants to individuals decreased by 64% in 2021, along with general purpose grants, which dropped by 3%.

The study showed that foundations returned to their core missions last year, with education and environmental grants rising, while human services giving decreased after spiking in 2020.

Size-wise, small foundations had the largest allocation to equities and cash holdings, and the lowest allocations to alternative assets, in both 2020 and 2021. On the other hand, larger foundations devoted more than 20% of their portfolios to alternatives in both years, roughly five times the exposure maintained by smaller foundations.

The study also showed that while all foundations enjoyed growth in 2021, smaller foundations realized the greatest gain in assets, adding 15.6% in net value.

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