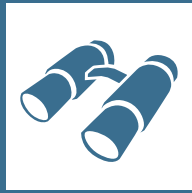




2008 EDITION

FOUNDATION GROWTH AND GIVING ESTIMATES

CURRENT
OUTLOOK



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ABOUT THE REPORT

Foundation Growth and Giving Estimates is part of the annual *Foundations Today Series* of reports on foundation growth and trends in foundation giving. It provides a “first look” at 2007 giving and directions for 2008 giving, together with aggregated actual 2006 giving and asset figures for more than 72,000 grantmaking U.S. foundations. Other reports in the series include *Foundation Giving Trends* (February) and *Foundation Yearbook* (July). Reports are available separately or through subscription to the complete series (\$95) and may be purchased at the Foundation Center’s online Marketplace (foundationcenter.org/marketplace). To order by phone, call toll-free (800) 424-9836.

ABOUT THE FOUNDATION CENTER

Established in 1956 and today supported by more than 600 foundations, the Foundation Center is the nation’s leading authority on organized philanthropy, connecting nonprofits and the grantmakers supporting them to tools they can use and information they can trust. The Center maintains the most comprehensive database on U.S. grantmakers and their grants and conducts research on trends in foundation growth and giving. It also operates education and outreach programs that help nonprofit organizations obtain the resources they need. Its web site receives more than 57,000 visits each day, and thousands of people are served in its five regional learning centers and through its network of more than 370 Cooperating Collections located in every state and Puerto Rico. For more information, visit foundationcenter.org or call (212) 620-4230.

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KEY FINDINGS

Foundation giving fared well in 2007, despite an increasingly uncertain economic climate in the latter half of the year. Giving by the nation's over 72,000 grantmaking foundations increased by an estimated 10 percent, from \$39 billion to a record \$42.9 billion. This latest gain followed a single-digit rise in foundation giving in 2006.

Contributing to this growth was a close to 12 percent gain in foundation assets in 2006—the first double-digit increase recorded since 1999. The establishment of new foundations, while occurring at a slower rate than in the late 1990s

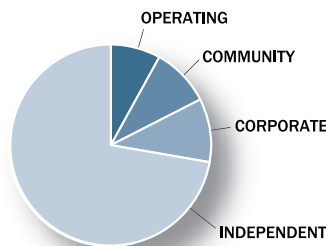
and early 2000s, also helped to raise the levels of foundation assets and giving.

Although the economic outlook has worsened in 2008, findings from the Foundation Center's annual "Foundation Giving Forecast Survey" suggest that foundation giving will continue to grow in the current year. Overall, more than half of respondents expect to increase their giving, with the biggest foundations being most likely to expect increased giving. Among factors contributing to this expected growth is an estimated 9 percent increase in foundation assets in 2007.

ALL FOUNDATIONS

\$42.9 billion
Estimated giving by all foundations in 2007

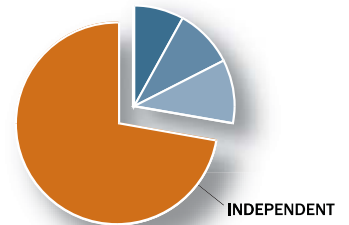
10 percent
Estimated increase in foundation giving between 2006 and 2007



INDEPENDENT FOUNDATIONS

\$30.9 billion
Estimated giving by independent foundations in 2007

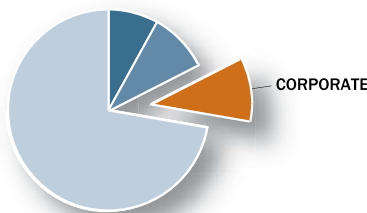
12.7 percent
Estimated increase in independent foundation giving between 2006 and 2007



CORPORATE FOUNDATIONS

\$4.4 billion
Estimated giving by corporate foundations in 2007

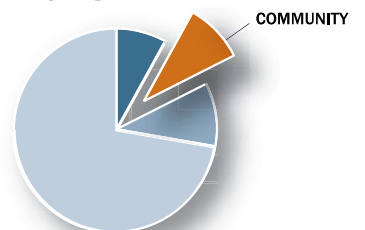
6.6 percent
Estimated increase in corporate foundation giving between 2006 and 2007



COMMUNITY FOUNDATIONS

\$4.1 billion
Estimated giving by community foundations in 2007

13.9 percent
Estimated increase in community foundation giving between 2006 and 2007



FOUNDATION GROWTH AND GIVING ESTIMATES

OVERVIEW OF FOUNDATION GIVING THROUGH 2007

Foundation Giving Grew 10 Percent in the Latest Year

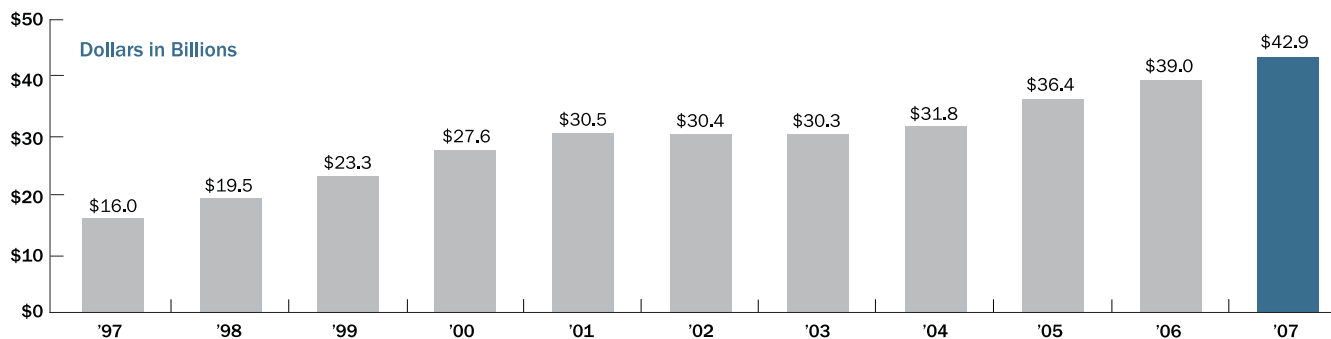
Foundation giving fared well in 2007, despite an increasingly uncertain economic climate in the latter half of the year. Giving by the nation's over 72,000 grantmaking foundations increased by an estimated 10 percent to a record \$42.9 billion. (Adjusted for inflation, giving by foundations grew 6.9 percent.) This latest gain followed a single-digit rise in foundation giving in 2006.

Contributing to the growth in 2007 foundation giving was an 11.6 percent increase in foundation

assets in 2006—the first double-digit gain recorded since 1999. Overall, foundation assets rose from \$550.6 billion to \$614.7 billion. (Adjusted for inflation, assets increased 8.6 percent.) Strong stock market gains and a record \$36.6 billion in new gifts into foundations propelled this growth. (For more details on changes in 2006 foundation resources, see Appendix A.) The establishment of new foundations, while occurring at a slower rate than in the late 1990s and early 2000s, also helped to raise the levels of foundation assets and giving.

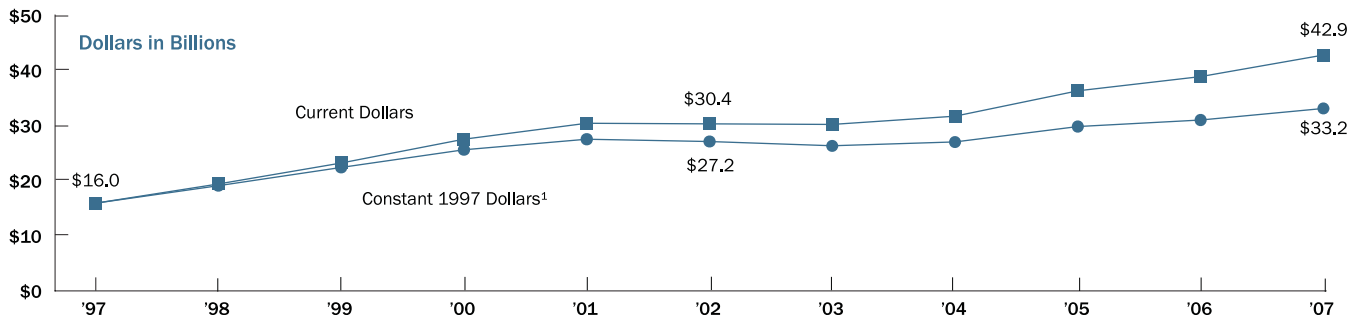
Two additional factors have contributed to higher levels of foundation giving in recent years. First, foundations overall—and especially larger foundations—have been paying out at a higher rate

Foundation giving rose \$3.9 billion, or 10 percent, in 2007



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. All figures based on unadjusted dollars. Figure estimated for 2007.

After inflation, grant dollars have more than doubled since 1997



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. Figures estimated for 2007.

¹Percent change in constant 1997 dollars base on annual average Consumer Price Index, all urban consumers (Source: U.S. Department of Labor, Bureau of Labor Statistics, as of March 2008).

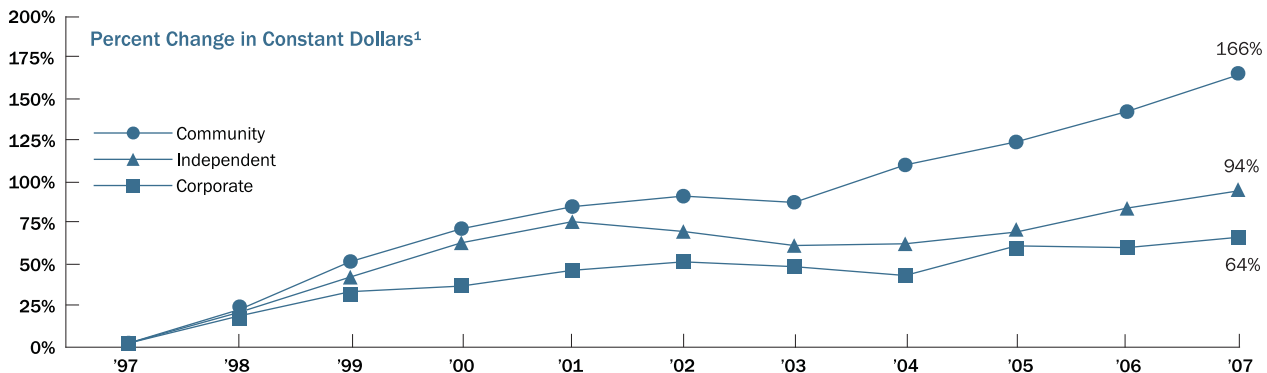
relative to their assets than was true in the late 1990s. This in part reflects an expansion in the number of foundations with living donors who use their foundations for much of their philanthropy but are not ready to fully endow them. Second, beginning in the 1990s, a number of pharmaceutical corporations established operating foundations for the purpose of distributing medications to needy individuals. In-kind giving by these foundations has resulted in a notably higher overall level of giving. (For more details on these grantmakers, see “The Impact of Foundations Established by Pharmaceutical Corporations” in Appendix A.)

OUTLOOK FOR FOUNDATION GIVING IN 2008

Foundation Center Anticipates Modest Growth in Giving

The economic uncertainty that characterized the latter half of 2007 has grown in 2008. Beyond the credit crunch, record declines in home sales and prices, and rapidly escalating oil prices carried over from the prior year, a barely averted financial market collapse and the prospect of recession now dominate the current outlook. Whether or not the nation has officially entered a recession, as many now believe, one focus of the nonprofit sector will be to see how foundation grantmaking will be affected by these trends. Many may wonder whether giving by the nation’s foundations will once again dip, as it did modestly in 2002 and 2003 following the last economic downturn.

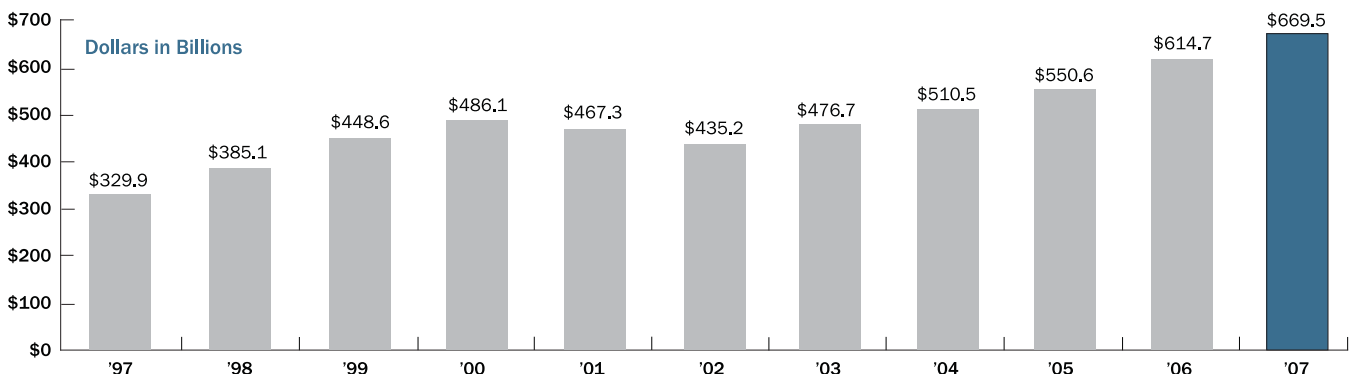
After inflation, community foundations reported fastest cumulative growth in giving since 1997



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. Figures estimated for 2007.

¹Percent change in constant 1997 dollars base on annual average Consumer Price Index, all urban consumers (Source: U.S. Department of Labor, Bureau of Labor Statistics, as of March 2008).

Estimated foundation assets reached nearly \$670 billion in 2007



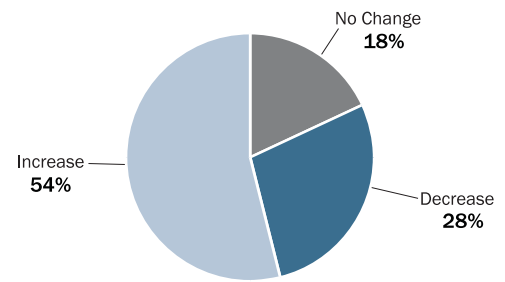
Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. All figures based on unadjusted dollars. Figure estimated for 2007.

Findings from the Foundation Center's annual "Foundation Giving Forecast Survey" suggest that foundation giving will continue to grow in 2008. Overall, more than half (54.3 percent) of respondents expect to increase their giving in 2008, with the biggest foundations—those giving at least \$10 million—being most likely to expect increased giving (63.8 percent). Among all respondents reporting higher levels of giving, over two-thirds expect to raise their giving by more than 5 percent. By comparison, 28 percent of respondents expect to reduce giving, with close to two-thirds expecting to reduce their giving by more than 5 percent.

Community foundations are far more likely to expect to increase their giving levels in 2008 than are independent and corporate foundations. They are also the least likely to anticipate a decrease in giving. Independent foundations, which represent the vast majority of U.S. foundations, have the smallest share of respondents anticipating an increase in 2008 giving. Nonetheless, that share remains above half (52.2 percent).

An additional factor suggesting positive growth in 2008 foundation giving is the increase in foundation assets in the prior year. The Foundation Center now estimates that the assets of U.S. foundations reached a record \$669.5 billion in 2007, up nearly 9 percent from 2006. (Adjusted for inflation, assets increased 5.9 percent.)

Anticipated Changes in 2008 Foundation Giving



Percent of Number of Foundations

Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. Based on 1,158 responses to the Foundation Center's 2008 "Foundation Giving Forecast Survey." See Appendix B for details.

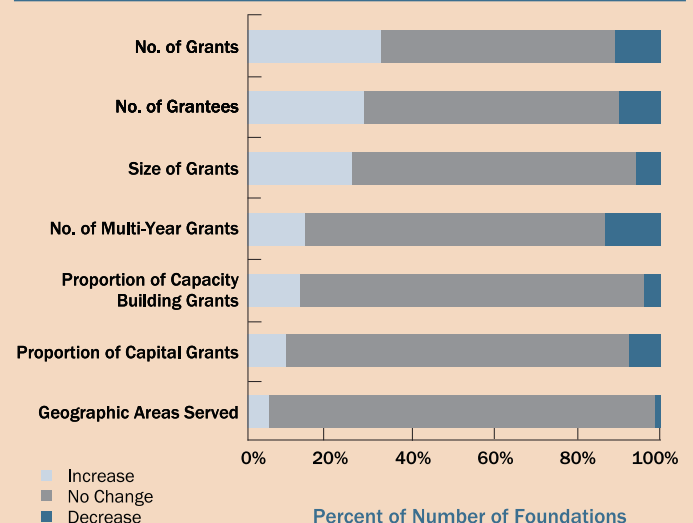
Beyond 2008, the outlook for foundation giving depends in part on the economic reality that unfolds over the coming year. Current predictions suggest renewed economic growth following the 2008 presidential election and a rebound in the housing market starting in 2009. To the extent that these predictions hold true, foundations should avoid substantial losses in the value of their assets and be able to maintain positive year-over-year gains in their giving. However, as the volatile economic climate of the past year has amply demonstrated, longer-term predictions contain a tremendous amount of uncertainty. What remains certain, however, is that foundations will continue to provide critical philanthropic resources.

GRANTMAKING STRATEGIES

Foundations Showed Minimal Change in 2007

Foundations responding to the Foundation Center's latest "Foundation Giving Forecast Survey" reported minimal changes in their grantmaking strategies in 2007. Slightly larger shares of respondents reported increasing the number of grants they awarded (from 32.4 percent to 34.1 percent) and the size of their grants (from 25.4 percent to 28 percent) compared to 2006. By comparison, slightly more respondents expected to reduce the number of their multi-year commitments in 2007 (13.6 percent) compared to 2006 (12.1 percent). These modest changes aside, the relative consistency of these shares in recent years suggests that the current distribution may represent the typical breakdown for foundations during periods of modest, steady growth. Yet, the slightly larger share of foundations expecting to reduce the number of their multi-year commitments may be a harbinger of a more cautious period. The Foundation Center will continue to follow this trend in future reports.

Changes in Foundation Grantmaking Strategies, 2007



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. A total of 1,224 foundations responded to this question.

ESTABLISHMENT OF NEW FOUNDATIONS

Growth in Number of Foundations Slowed From Prior Year

Since the early 1980s, the nation's foundation community has expanded each year. By 1996, the number of active grantmaking foundations reached 41,588. A decade later, the number of grantmaking independent, corporate, community, and operating foundations totaled 72,477. Among the roughly 31,000 foundations added between 1996 and 2006, close to 90 percent are independent foundations.

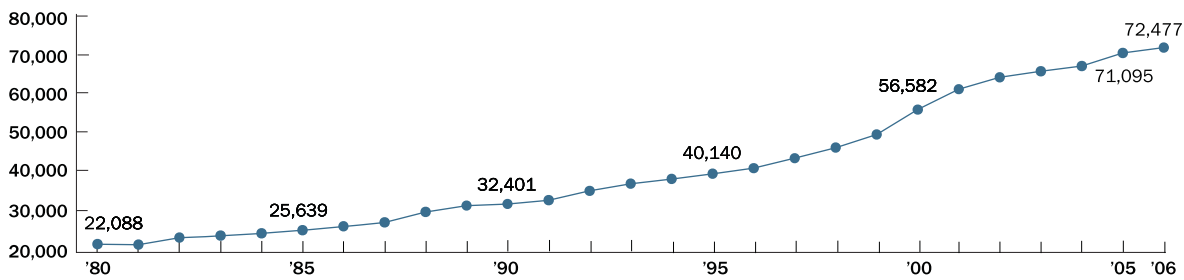
While the number of active grantmaking foundations has grown consistently for more than two decades, the annual rate of increase slowed after the 2001 economic downturn. In 2005, however, growth in the number of grantmaking foundations accelerated, with a net gain of 3,359 funders (up 5 percent). Relatively slower growth returned in 2006, with the net gain in the number of grantmaking foundations totaling 1,382, a rise of about 2 percent. Independent foundations showed the fastest rate of growth. In contrast, the number of grantmaking corporate foundations decreased 2.3 percent in 2006—from 2,607 to 2,548—the first reduction recorded since 1999. The Foundation Center will continue to monitor changes among corporate foundations to determine whether this represents a one-year anomaly or part of a trend in corporate philanthropy.

Among the nearly 29,500 foundations that held assets of at least \$1 million or gave \$100,000 or more in 2006, over three-fifths (61 percent) were established in the 1990s and early 2000s. The majority of this establishment took place in the 1990s—especially during the economically robust latter years of the decade. However, almost 23 percent of these foundations have been formed since 1999, and these 6,709 foundations already surpass the number of active foundations formed in any decade prior to the 1990s.

Finally, while the overall number of grantmaking foundations has grown annually for more than two decades, each year some foundations do close down. In 2006, the Foundation Center identified 1,080 foundations active in 2005 that had since ended operations and spent out their assets or transferred their assets to another private or community foundation. By comparison, 842 foundations closed in 2005 and 777 in 2004. As a result, the termination rate increased to 1.5 percent, a level it last reached in 2000.¹

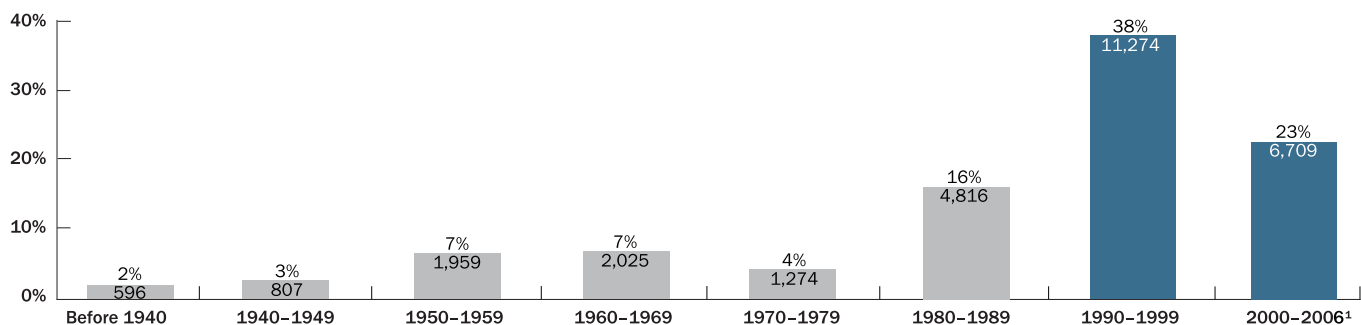
1. Figures on foundations that have closed down exclude 396 grantmakers identified as "inactive" by the Foundation Center in the latest year. If the Center does not receive updated fiscal information for a foundation for four consecutive years, it is coded as "inactive." These foundations may or may not have terminated.

Number of active private and community foundations increased by close to 1,400 in 2006



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008.

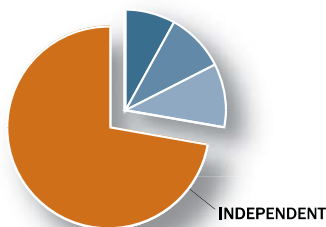
More than three-fifths of active foundations were established after 1989



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. Based on Foundation Center data on grantmaking foundations with assets of at least \$1 million or making grants of \$100,000 or more in 2005-2006. Establishment data was not available for 3,164 foundations. The number above each bar indicates the number of foundations formed in that period that are still active in 2005-2006.

¹Data incomplete for period 2000-2006.

INDEPENDENT FOUNDATIONS



Giving Increased 12.7 Percent to \$30.9 Billion in 2007—Surpassing Overall Gain

Independent foundations, including family foundations and most of the foundations formed through health care conversions, represent the vast majority of foundations—approximately 89 percent of foundations and 70 percent of giving in 2006. In 2007, giving by independent foundations grew an estimated 12.7 percent—surpassing the growth reported for U.S. foundations overall and the first double-digit increase recorded since 2001. (Adjusted for inflation, giving rose 9.5 percent.) This gain followed a 7.2 percent rise in foundation giving in 2006.

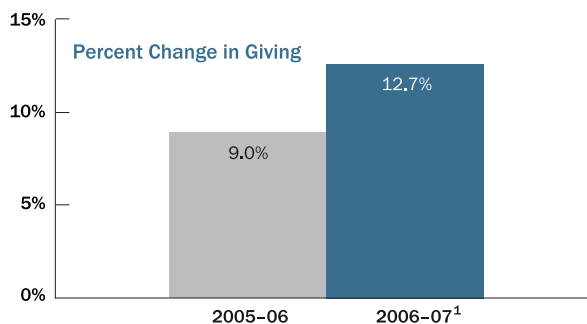
Independent foundations gave a record \$30.9 billion in grants in 2007, up an estimated \$3.5 billion from 2006. Higher levels of giving by existing foundations accounted for the vast majority of the growth, although new foundations were responsible for part of this gain.

A 12 percent jump in independent foundation assets in 2006—from \$455.6 billion to

\$509.1 billion—contributed to the 2007 increase in giving. (Adjusted for inflation, assets grew 8.7 percent.) In addition to growth in the value of existing foundation assets, gifts from living donors and bequests added \$21.6 billion to existing foundations in 2006, up by more than 24 percent from the prior year. This rate of increase far surpassed the single-digit growth in new gifts reported by corporate and community foundations.

Each year independent foundations must pay out at least 5 percent of the value of their assets in the preceding year. (They may carry forward payout in excess of 5 percent over several years.) In 2007, estimated giving represented close to 6.1 percent of overall independent foundation assets at the close of 2006—up slightly from the 6 percent giving-to-assets ratio recorded for the prior year and among the highest shares recorded. This higher rate of overall payout in part reflects the degree to which living donors are using their foundations as “pass-throughs” for charitable giving, putting roughly as much money into their foundations each year as they plan to pay out in grants.

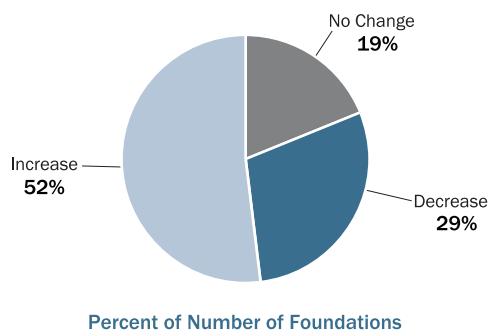
In 2007, independent foundations posted their fastest growth in giving since 2000



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. All figures based on unadjusted dollars.

¹Based on actual giving in 2005 and 2006 and estimated giving in 2007.

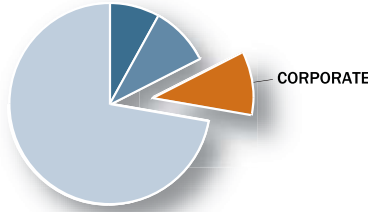
Just over half of surveyed independent foundations expect to increase giving in 2008



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008.

Based on 877 responses to the Foundation Center's 2008 "Foundation Giving Forecast Survey." See Appendix B for details.

CORPORATE FOUNDATIONS



Giving Rose Close to 7 Percent to \$4.4 Billion in 2007

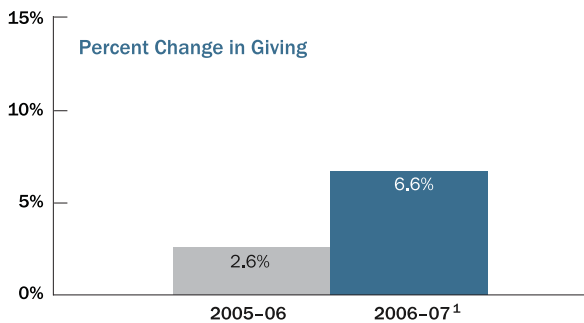
Corporate foundation giving grew by an estimated 6.6 percent in 2007, from \$4.1 billion to a record \$4.4 billion. (Adjusted for inflation, corporate foundation giving grew 3.7 percent.)

Growth in giving by corporate foundations has fluctuated in recent years. In 2005, strong corporate profits and exceptional giving in response to the South Asian tsunami and Gulf Coast hurricanes led to a double-digit increase in funding. In the absence of major catastrophic events in the following year, a return to lower levels of corporate foundation giving might have been expected. Yet corporate foundations in fact posted a modest 2.6 percent rise. An important factor contributing to the growth in giving in 2006

and again in 2007 has been the steady increase in new gifts coming from corporations into their foundations. In each of the past two years, gifts into corporate foundations rose over 9 percent, and in 2006 new gifts totaled \$4.4 billion.

Like independent foundations, corporate foundations must pay out each year at least 5 percent of the value of their assets in the preceding year. However, because corporate foundations generally make grants based on annual contributions from their companies and retain relatively few assets, their ratio of giving to assets tends to be much higher. Thus, estimated giving in 2007 represented 22 percent of corporate foundations' \$19.7 billion in assets at the close of 2006, a slight decrease from 23 percent in the previous year.

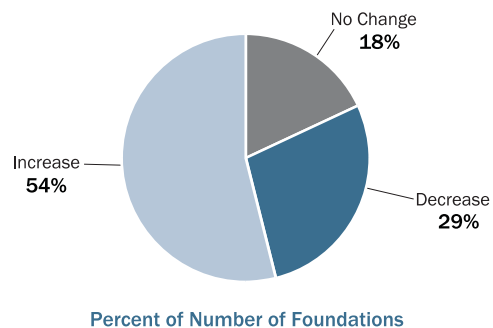
Growth in corporate foundation giving accelerated in 2007



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. All figures based on unadjusted dollars.

¹Based on actual giving in 2005 and 2006 and estimated giving in 2007.

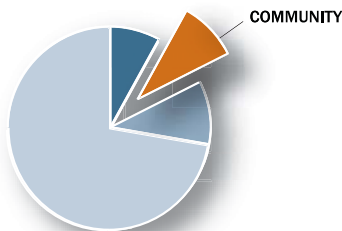
Over half of surveyed corporate foundations expect to increase giving in 2008



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008.

Based on 84 responses to the Foundation Center's 2008 "Foundation Giving Forecast Survey." See Appendix B for details.

COMMUNITY FOUNDATIONS



Giving Reached \$4.4 Billion in 2007, Growing at a Double-digit Rate for Fourth Consecutive Year

Since the start of the 1990s, the rate of growth in community foundation giving has surpassed that of U.S. foundations overall in all but two years. In 2007, giving by community foundations jumped nearly 14 percent, from \$3.6 billion to an estimated \$4.1 billion. This gain exceeded the nearly 12 percent growth in giving recorded for community foundations in the prior year. (Adjusted for inflation, community foundation giving increased 10.7 percent.)

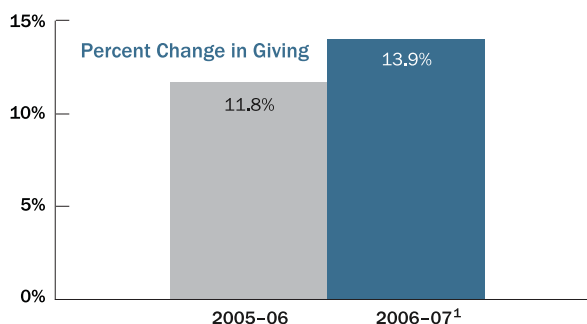
Several factors have contributed to the faster growth in community foundation giving over the past several years, including strong increases in the value of existing assets, new gifts and bequests from donors, and large disbursements from donor-advised funds. Compared to independent and corporate foundations, community foundations have benefited from four consecutive years of double-digit growth in assets

(2003–2006), while the others have had only one recent year of double-digit growth (2006). In 2006, community foundation assets reached a record \$49.9 billion, up 12 percent from the prior year. (Adjusted for inflation, assets increased 8.9 percent.) New gifts from donors into community foundations—up 8 percent to \$6 billion in 2006—contributed to that rise.

Community foundations benefit in both more and less prosperous times from having a broad pool of individual donors. The increased funding of many donors can more than balance out those that have reduced giving.

An additional factor promoting strong growth in community foundation giving may be that the donor-advised funds of community foundations can be seen as a less costly and time-consuming alternative to maintaining a separate, endowed institution. They can also provide the means for donors with multiple philanthropic vehicles and giving priorities to more easily segment their giving.

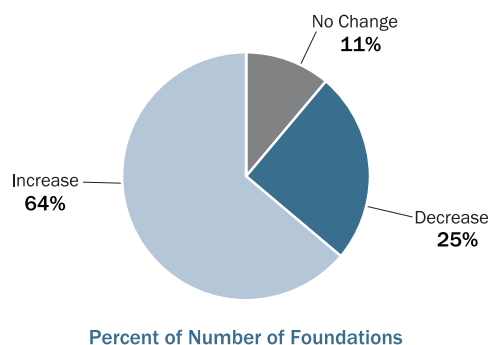
Community foundations continued to show double-digit growth in giving in 2007



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. All figures based on unadjusted dollars.

¹Based on actual giving in 2005 and 2006 and estimated giving in 2007.

Close to two-thirds of surveyed community foundations expect to increase giving in 2008



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. Based on 197 responses to the Foundation Center's 2008 "Foundation Giving Forecast Survey." See Appendix B for details.

APPENDIX A

REVIEW OF FOUNDATION GIVING THROUGH 2006

The country's grantmaking foundations raised their giving 7.1 percent in 2006, following a double-digit rise in 2005. Overall, foundation giving increased from \$36.4 billion to \$39 billion. (Adjusted for inflation, giving grew 4.2 percent.)

Factors affecting the growth of foundation giving in 2006 included:

◆ A rise in foundation assets

Overall, foundation assets grew 7.8 percent in 2005, from \$510.6 billion to \$550.6 billion. (Adjusted for inflation, assets increased 4.9 percent.) While independent and corporate foundations showed asset gains in the 7 percent range, community foundations benefited from a 15 percent increase. Part of the explanation for the faster rate of growth in community foundation assets was a nearly 45 percent jump in the amount of new gifts coming into these foundations from donors, compared to a 27.2 percent increase for independent foundations and 9.3 percent rise for corporate foundations.

◆ Continued new foundation establishment

Foundations just beginning grantmaking in 2006 gave about \$449 million and represented just over 17 percent of the \$2.6 billion gain in foundation giving that year.

◆ A lower level of giving reported by operating foundations

Giving by operating foundations decreased from nearly \$4 billion in 2005 to \$3.85 billion in 2006. Reduced giving reported by operating foundations formed by pharmaceutical corporations for the purpose of distributing medications to needy individuals accounted for most of the reduction in giving.

Change in Foundation Statistics, 2005 to 2006

	2005	2006	% Change
All Foundations			
No. of Foundations	71,095	72,477	1.9
Total Giving	\$ 36,403	\$ 39,004	7.1
Total Assets	\$550,552	\$614,656	11.6
Gifts Received	\$ 31,465	\$ 36,569	16.2
Independent			
No. of Foundations	63,059	64,405	2.1
Total Giving	\$ 25,199	\$ 27,457	9.0
Total Assets	\$455,570	\$509,077	11.7
Gifts Received	\$ 17,366	\$ 21,591	24.3
Corporate			
No. of Foundations	2,607	2,548	-2.3
Total Giving	\$ 3,996	\$ 4,098	2.6
Total Assets	\$ 17,795	\$ 19,730	10.9
Gifts Received	\$ 4,008	\$ 4,374	9.1
Community			
No. of Foundations	707	717	1.4
Total Giving	\$ 3,217	\$ 3,596	11.8
Total Assets	\$ 44,583	\$ 49,942	12.0
Gifts Received	\$ 5,587	\$ 6,033	8.0
Operating			
No. of Foundations	4,722	4,807	1.8
Total Giving	\$ 3,990	\$ 3,853	-3.4
Total Assets	\$ 32,603	\$ 35,906	10.1
Gifts Received	\$ 4,505	\$ 4,571	1.5

Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. Dollars in millions. Percent change represents current dollars. Includes only foundations that awarded grants in the latest fiscal year.

Giving decreased close to 2 percent among top 25 foundations by giving in 2006; median change in giving was +5.7 percent

Foundation	Rank '05	Total Giving '05 ¹	Total Giving '06 ¹	Change in Dollar Amount	% Change	Graphic Representation of % Change
1. Bill & Melinda Gates Foundation	1	\$1,356,250,292	\$1,562,514,000	\$206,263,708	15.2	
2. Ford Foundation	4	516,907,177	532,961,821	16,054,644	3.1	
3. Bristol-Myers Squibb Patient Assistance Foundation	2	582,106,194	416,632,202	-165,473,992	-28.4	
4. Robert Wood Johnson Foundation	8	372,500,000	367,570,000	-4,930,000	-1.3	
5. Lilly Endowment	6	427,465,199	352,335,165	-75,130,034	-17.6	
6. Janssen Ortho Patient Assistance Foundation	7	387,671,696	339,648,095	-48,023,601	-12.4	
7. GlaxoSmithKline Patient Access Programs Foundation	5	430,531,414	324,284,214	-106,247,200	-24.7	
8. W. K. Kellogg Foundation	11	262,809,343	302,844,012	40,034,669	15.2	
9. Annenberg Foundation	10	273,414,830	279,575,225	6,160,395	2.3	
10. Merck Patient Assistance Program	3	533,118,219	276,019,665	-257,098,554	-48.2	
11. California Community Foundation	40	91,367,805	245,487,000	154,119,195	168.7	
12. David and Lucile Packard Foundation	24	150,115,645	238,242,075	88,126,430	58.7	
13. Gordon and Betty Moore Foundation	13	218,758,756	231,158,757	12,400,001	5.7	
14. Aventis Pharmaceuticals Health Care Foundation	14	217,845,821	221,676,217	3,830,396	1.8	
15. John D. and Catherine T. MacArthur Foundation	16	194,500,000	216,757,656	22,257,656	11.4	
16. William and Flora Hewlett Foundation	9	319,916,093	211,762,000	-108,154,093	-33.8	
17. Genentech Access To Care Foundation	17	194,079,971	206,613,175	12,533,204	6.5	
18. Starr Foundation	21	159,130,952	198,580,427	39,449,475	24.8	
19. Lilly Cares Foundation	20	167,397,250	194,213,425	26,816,175	16.0	
20. Walton Family Foundation	22	157,989,927	188,906,015	30,916,088	19.6	
21. Annie E. Casey Foundation	19	173,118,671	184,096,622	10,977,951	6.3	
22. Andrew W. Mellon Foundation	15	199,340,000	177,229,000	-22,111,000	-11.1	
23. Greater Kansas City Community Foundation	28	140,702,000	172,145,251	31,443,251	22.3	
24. Wyeth Pharmaceutical Assistance Foundation	12	247,184,612	162,477,290	-84,707,322	-34.3	
25. New York Community Trust	29	136,970,963	157,444,070	20,473,107	14.9	
Total		\$7,911,192,830	\$7,761,173,379	-\$150,019,451	-1.9	

Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. Aggregate foundation fiscal information in tables and figures is based on data provided to the Center as of January 2008. Fiscal data on individual foundations included in this table may be more current.

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

THE IMPACT OF FOUNDATIONS ESTABLISHED BY PHARMACEUTICAL CORPORATIONS

The vast majority of corporate foundations are established as private non-operating foundations, with a principal focus on making grants to organizations for charitable purposes. Corporations may also choose to set up private operating foundations, although this is far less common. Generally, operating foundations are established to conduct research or provide a direct service. However, in the case of the largest operating foundations established by corporations, most of their charitable support takes the form of giving medicine to individuals in need. Between 1996 and 2003, twelve pharmaceutical manufacturers established operating foundations to distribute medicine to patients (primarily within the United States) with financial hardships.¹ In addition, one pharmaceutical manufacturer established a non-operating private foundation for this purpose in the early 1990s. Together, these thirteen “pharmaceutical foundations” provided \$2.7 billion in in-kind support in 2006.

In-kind giving of medicines by some of these new pharmaceutical foundations may simply represent a shift from in-kind giving through corporate direct giving programs, which the Foundation Center does not track. Observers of the field may be surprised to learn that contributions of product are counted as part of foundations’ total giving. In fact, other types of private foundations occasionally make gifts of works of art, land, or other non-cash items, which are assigned a monetary value and counted toward total giving. However, nothing in the prior history of the nation’s foundation community approaches the scale of product giving by this handful of recently established foundations.

1. In addition to providing pharmaceuticals to patients in need, one of these foundations, the Boehringer Ingelheim Cares Foundation, also provides monetary support to organizations involved with arts and culture, education, health, disaster relief, and human services.

Assets increased about 10 percent among top 25 foundations by assets in 2006; the median change in assets was +9.8 percent

Foundation	Rank '05	Assets '05	Assets '06	Change in Dollar Amount	% Change	Graphic Representation of % Change
1. Bill & Melinda Gates Foundation	1	\$ 29,153,508,829	\$ 33,120,381,000	\$ 3,966,872,171	13.6	
2. Ford Foundation	2	11,615,906,693	12,252,645,528	636,738,835	5.5	
3. J. Paul Getty Trust	3	9,618,627,974	10,133,371,844	514,743,870	5.4	
4. Robert Wood Johnson Foundation	4	9,359,361,000	10,094,684,000	735,323,000	7.9	
5. William and Flora Hewlett Foundation	7	7,336,131,000	8,520,765,000	1,184,634,000	16.1	
6. W. K. Kellogg Foundation	6	7,799,270,734	8,402,996,155	603,725,421	7.7	
7. Lilly Endowment	5	8,360,760,584	7,601,664,181	-759,096,403	-9.1	
8. David and Lucile Packard Foundation	8	5,788,480,930	6,350,664,410	562,183,480	9.7	
9. John D. and Catherine T. MacArthur Foundation	10	5,490,449,000	6,178,196,933	687,747,933	12.5	
10. Andrew W. Mellon Foundation	9	5,586,112,000	6,130,848,000	544,736,000	9.8	
11. Gordon and Betty Moore Foundation	11	5,308,627,945	5,836,161,877	527,533,932	9.9	
12. California Endowment	12	4,405,938,934	4,773,842,000	367,903,066	8.4	
13. Rockefeller Foundation	13	3,417,557,613	3,810,308,773	392,751,160	11.5	
14. Kresge Foundation	16	3,032,422,497	3,329,856,115	297,433,618	9.8	
15. Starr Foundation	14	3,344,801,753	3,300,622,910	-44,178,843	-1.3	
16. Annie E. Casey Foundation	15	3,152,516,760	3,265,655,271	113,138,511	3.6	
17. Tulsa Community Foundation	21	2,264,564,027	3,136,698,010	872,133,983	38.5	
18. Duke Endowment	17	2,708,834,085	2,981,737,964	272,903,879	10.1	
19. Annenberg Foundation	18	2,539,268,854	2,685,286,093	146,017,239	5.8	
20. Charles Stewart Mott Foundation	19	2,480,562,766	2,629,297,078	148,734,312	6.0	
21. Carnegie Corporation of New York	22	2,244,208,247	2,530,191,576	285,983,329	12.7	
22. Casey Family Programs	20	2,265,711,291	2,490,713,955	225,002,664	9.9	
23. John S. and James L. Knight Foundation	24	2,071,507,291	2,342,624,401	271,117,110	13.1	
24. Harry and Jeanette Weinberg Foundation	23	2,154,005,108	2,278,259,681	124,254,573	5.8	
25. Robert W. Woodruff Foundation	26	1,950,691,385	2,250,689,422	299,998,037	15.4	
Total		\$143,449,827,300	\$156,428,162,177	\$12,978,334,877	9.5	

Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2008. Aggregate foundation fiscal information in tables and figures is based on data provided to the Center as of January 2008. Fiscal data on individual foundations included in this table may be more current.

APPENDIX B

METHODOLOGY

2007 ESTIMATES AND 2008 OUTLOOK

The original research upon which the growth and giving estimates in this report are based was conducted by the Foundation Center. Giving estimates for 2007 are based on figures reported by large and mid-size independent, corporate, and community foundations that responded to the Foundation Center's latest "Foundation Giving Forecast Survey," combined with year-end fiscal indicators. Actual 2006 giving and asset figures were taken from the Foundation Center's 2007 survey of larger private and community foundations, foundation web sites, annual reports and other publications, and the IRS Form 990-PF information return. A more extensive analysis of the 2006 data will be presented in *Foundation Yearbook*, to be published in Summer 2008.

In early January 2008, the Foundation Center mailed its annual "Foundation Giving Forecast Survey" to approximately 5,000 large and mid-size U.S. independent, corporate, and community foundations. The survey included questions on foundations' giving and assets in 2007, directions for giving in 2008, and how foundations are addressing issues of diversity in their grantmaking activities. (Findings based on the diversity-related questions will be included in a separate report to be released by the Foundation Center later in 2008.)

A total of 1,240 foundations provided estimates of their 2007 giving. This represented 24 percent of surveyed foundations overall, and nearly 49 percent of surveyed foundations with giving of at least \$50 million. Survey respondents accounted for 29.4 percent of total estimated giving by independent, corporate, and community foundations in 2007. By foundation type, the 214 community foundation respondents represented 39.1 percent of total estimated giving by community foundations, while the 934 independent foundation respondents accounted for 28.9 percent of estimated independent foundation giving and the 92 corporate foundation respondents represented 24 percent of estimated corporate foundation giving. The assessment of prospects for 2008 giving is based on information reported by 1,158 respondents: 197 community, 877 independent, and 84 corporate foundations.

The Foundation Center's annual giving forecast survey does not include operating foundations.¹ Therefore, an

estimate of 2007 giving by these foundations could not be developed using the same model that was used to estimate independent, corporate, and community foundation giving. For the purpose of estimating total giving by operating foundations in 2007, the Center assumed the rate of change in giving by these foundations (which accounted for almost 10 percent of foundation giving overall in 2006) would be a roughly 9 percent decrease, based on a review of recent historical trends.

A total of 1,183 respondents to the Foundation Center's 2008 "Foundation Giving Forecast Survey" provided estimates of their 2007 fiscal year-end asset values. Independent foundations, which represent the vast majority of respondents (75.1 percent), reported a 7.3 percent overall increase. By comparison, community foundations, which represent 18.3 percent of the sample, reported a notably higher overall asset gain (11.8 percent). Also included in the Foundation Center's asset projections is an estimate of the assets that newly established foundations will contribute.

REVISITING 2006 FOUNDATION GIVING ESTIMATES

In April 2007, the Foundation Center released an estimate of 2006 foundation giving totaling \$40.7 billion, up 11.7 percent from 2005. Findings from the Center's annual "Foundation Giving Forecast Survey" projected low double-digit growth in independent and community foundation giving, and modest single-digit growth in corporate foundation giving. Final figures for 2006 presented for the first time in this report show that the actual growth in foundation giving totaled \$1.65 billion less than the Center's estimate. Giving by the nation's more than 72,000 grantmaking foundations totaled \$39 billion, up 7.1 percent from 2005, and actual funding was just over 4 percent below the estimated total. A lower level of 2006 giving by operating foundations, compared to the estimated amount, accounted for most of this discrepancy. In fact, if operating foundations are excluded, the Center's estimate of 2006 foundation giving is just 1.5 percent less than the actual amount.

1. In 2007, the Foundation Center for the first time included close to 160 of the largest operating foundations by giving in its annual giving forecast survey. Only 16 foundations responded, or about 10 percent.

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