

WHAT CAN FOUNDATION FUNDERS DO?

Leaders are asking for foundation funders to:

Fund courageously

Connect grantees working in the same space

Provide flexible/unrestricted general operating grants

Support existing programs

Provide clear, proactive communications

...and more.

BREAKING THE MOLD

The Transformative Effect of MacKenzie Scott's Big Gifts

The Final Year in a Three-Year Study



THE CENTER FOR
EFFECTIVE PHILANTHROPY



GIVING BIG:

The Impact of Large,
Unrestricted Gifts on Nonprofits

Results from Year One of a Three-Year Study
of MacKenzie Scott's Giving

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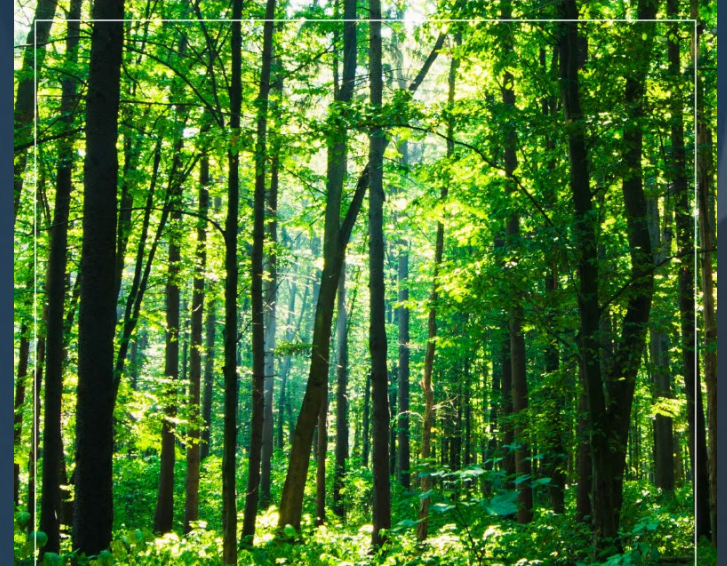


EMERGING IMPACTS:

The Effects of MacKenzie Scott's
Large, Unrestricted Gifts

Results from Year Two of a Three-Year Study

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BREAKING THE MOLD:

The Transformative Effect
of MacKenzie Scott's Big Gifts

The Final Report in a Three-Year Study

■ THE CENTER FOR EFFECTIVE PHILANTHROPY





PROJECT FUNDERS



ADVISORY GROUP

- **Ramsey Alwin**
President & CEO
National Council on Aging
- **Yvonne Belanger**
Director of Learning & Evaluation
Barr Foundation
- **Brita Blesi**
Director, Learning and Evaluation
Houston Endowment
- **Peter Brach**
Founder
Propel Philanthropy
Manager, Funders 2025 Fund
- **Elizabeth Christopherson**
President & CEO
Rita Allen Foundation
- **Matthew Forti**
Managing Director
One Acre Fund USA
- **Pam Foster**
Chief Operating Officer
Co-Impact
- **Sampriti Ganguli**
Senior Advisor
Arabella Advisors
- **Shivani Garg Patel**
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Skoll Foundation
- **Tim Garvin**
President & CEO
United Way of Central Massachusetts
- **Stephanie Fuerstner Gillis**
Director, Impact-Driven Philanthropy
Initiative
Raikes Foundation
- **Jonathan Goldberg**
Vice President, Learning & Impact
Surdna Foundation
- **Kathara Green**
Chief of Staff and Managing Director
Skoll Foundation
- **Silvia Guizzardi**
Senior Advisor for Impact, President's
Office
Oak Foundation
- **Paige Heurtin**
Co-Executive Director
Alternate ROOTS
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Former President and CEO
Missouri Foundation for Health
- **Carol Karutu**
Vice President of Programs
END Fund
- **Shaheen Kassim-Lakha**
Senior Director, Strategic Partnerships
Conrad N. Hilton Foundation
- **Ruth Levine**
Vice President, Just Societies and Chief
Learning Officer
David & Lucile Packard Foundation
- **Vanessa McDowell-Atlas**
Chief Operating Officer
Black Girl Ventures
- **Lysa Ratliff**
CEO
KABOOM!
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Building Institutions and Networks (BUILD)
Ford Foundation
- **Wendy Shenefelt**
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Alternate ROOTS
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Share Our Strength
- **Maria Stecker**
Senior Program Officer
Grantmaking
Longwood Foundation
- **Jehan Velji**
Director
Effective Philanthropy Group
The William and Flora Hewlett Foundation
- **Marcus Walton**
President & CEO
Grantmakers for Effective Organizations
- **Melanie Willingham-Jaggers**
Executive Director
GLSEN
- **Ava Willis-Barksdale**
Vice President of University Advancement
Oakwood University

MACKENZIE SCOTT'S APPROACH DEVIATES FROM PREVAILING NORMS

	MACKENZIE SCOTT	OTHER GRANTMAKERS
 Extremely large gifts	\$5M (77% of budget)	\$123K (7% of budget)
 Unrestricted gifts	~100%	~24%
 Reduced application	Few hours	27 hours
 Specified grant period	No	Yes

YEAR 3 DATA

DATA SOURCE	SAMPLE SIZE
Nonprofit survey responses	813
Foundation survey responses	243
Analysis of Form 990s for Scott gift recipients	3,625
Analysis of Form 990s for comparable nonprofits	5,773



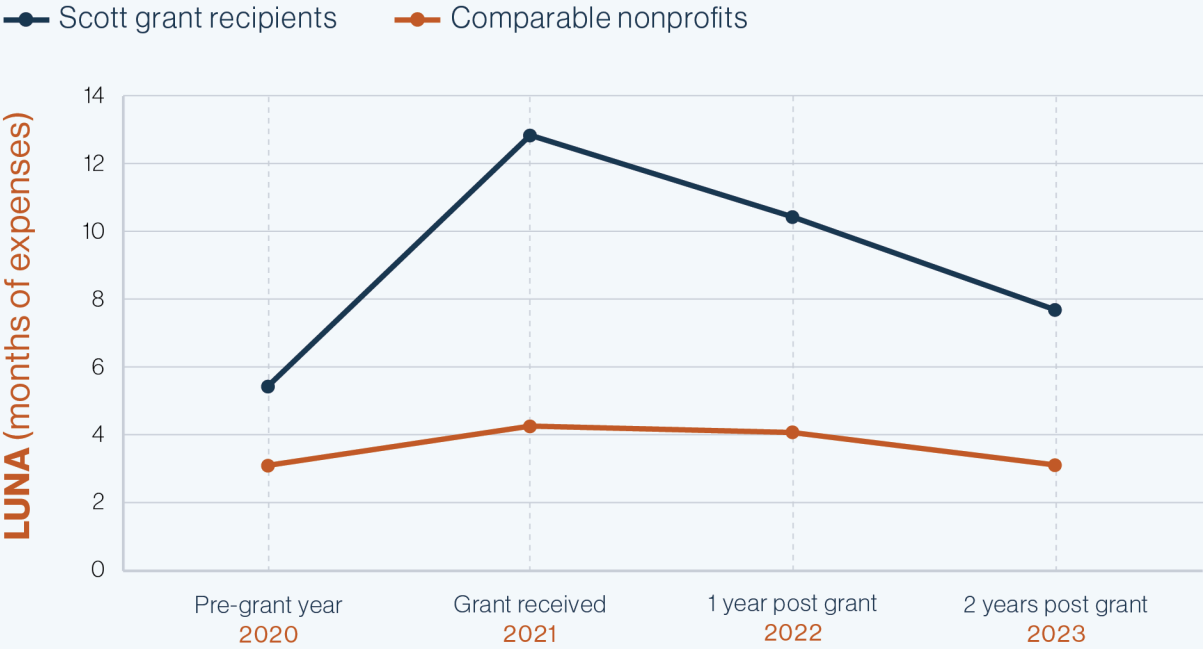
FINDING

1

Most leaders report managing grant funds to ensure their organization's long-term financial sustainability, and few anticipate a financial cliff.

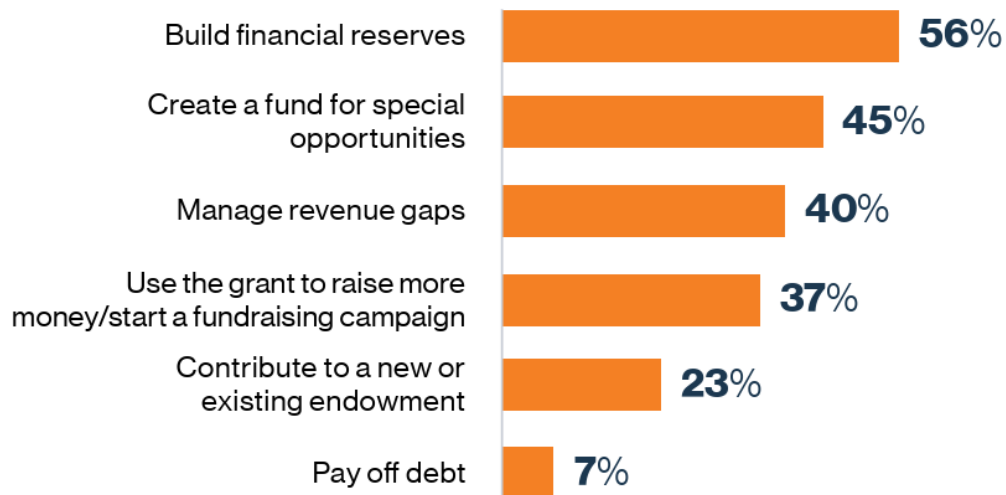
RECIPIENT ORGANIZATIONS ARE FINANCIALLY STRONGER

Median Financial Reserves of Scott Grant Recipient Organizations Versus Those of Comparable Nonprofits Over Time (Ns=512-1666)



FINANCIAL AND OPERATIONAL USES OF THE GRANT

Has or will your organization spend a portion of the grant on any of the following **financial uses**? (N=770)

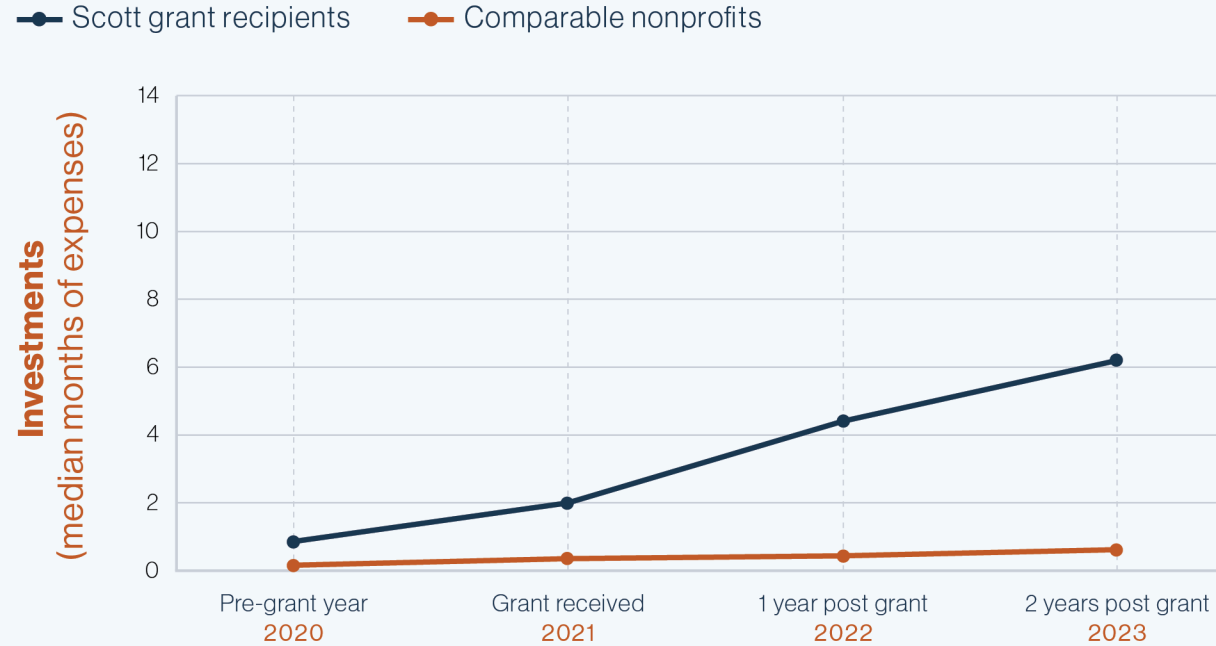


Has or will your organization spend a portion of the grant on any of the following **operational uses**? (N=763)



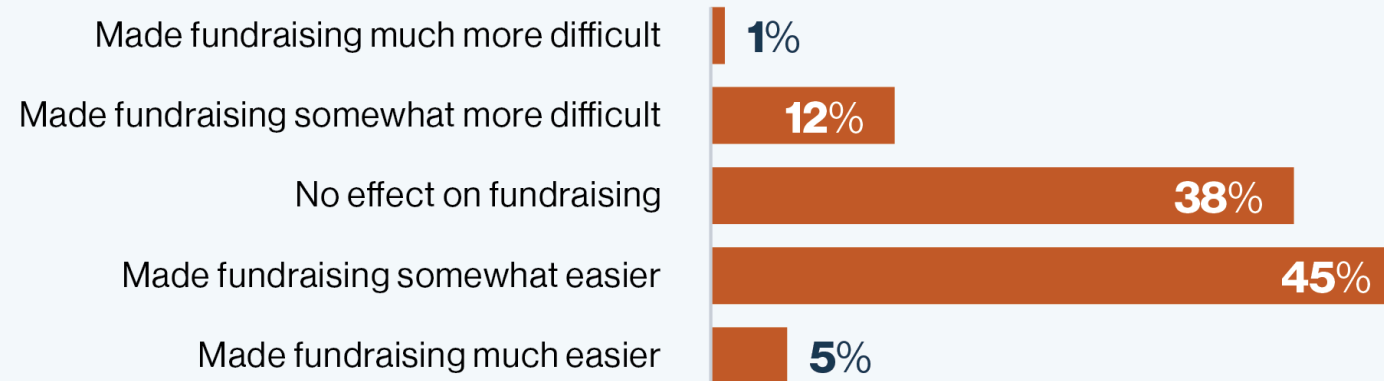
RECIPIENT ORGANIZATIONS HAVE GROWN INVESTMENT ASSETS

Median Investment Assets of Scott Grant Recipient Organizations Versus Those of Comparable Nonprofits Over Time (Ns=512-1666)



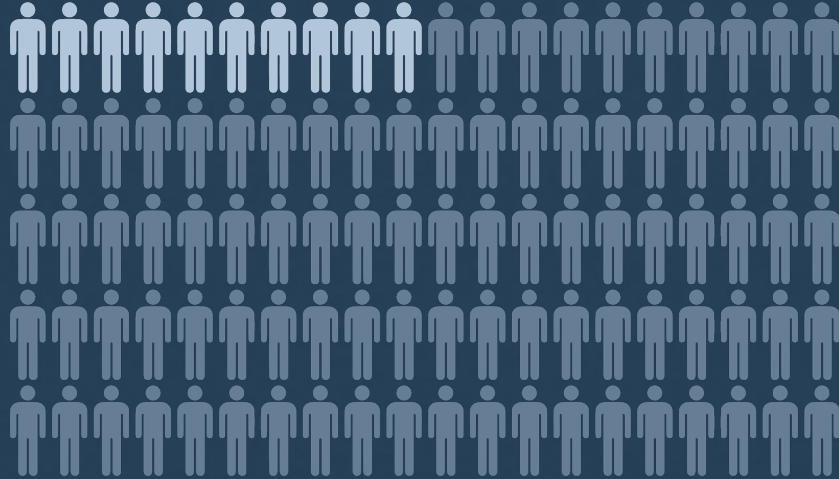
AFFECTING FUNDRAISING

Effect of Grant Receipt on Recipient Organizations' Fundraising (N=780)



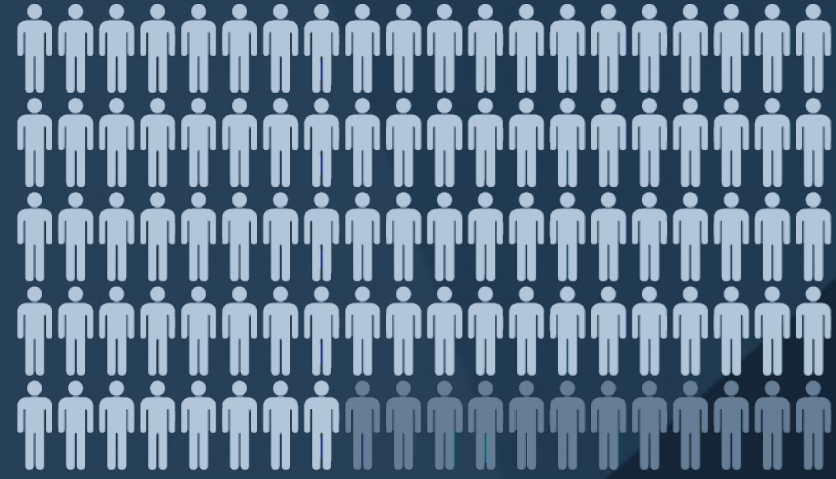
Note: Percentages add to more than 100 due to rounding.

NONPROFIT LEADERS NOT WORRIED ABOUT FINANCIAL CLIFF



<10%

of nonprofit leaders expect a lot of difficulty covering ongoing expenses once grant funds are spent, while ...



88%

of nonprofit leaders report the grant has had no negative consequences for their organization or work

“

By investing wisely and using the gift as a vote of confidence for other major donors, we have **grown and strengthened our balance sheet** at a time when we are under great political threats to our very existence. It has given us a fighting chance, and the kind of financial sustainability that **would have otherwise taken us years to build.**

- Nonprofit Leader

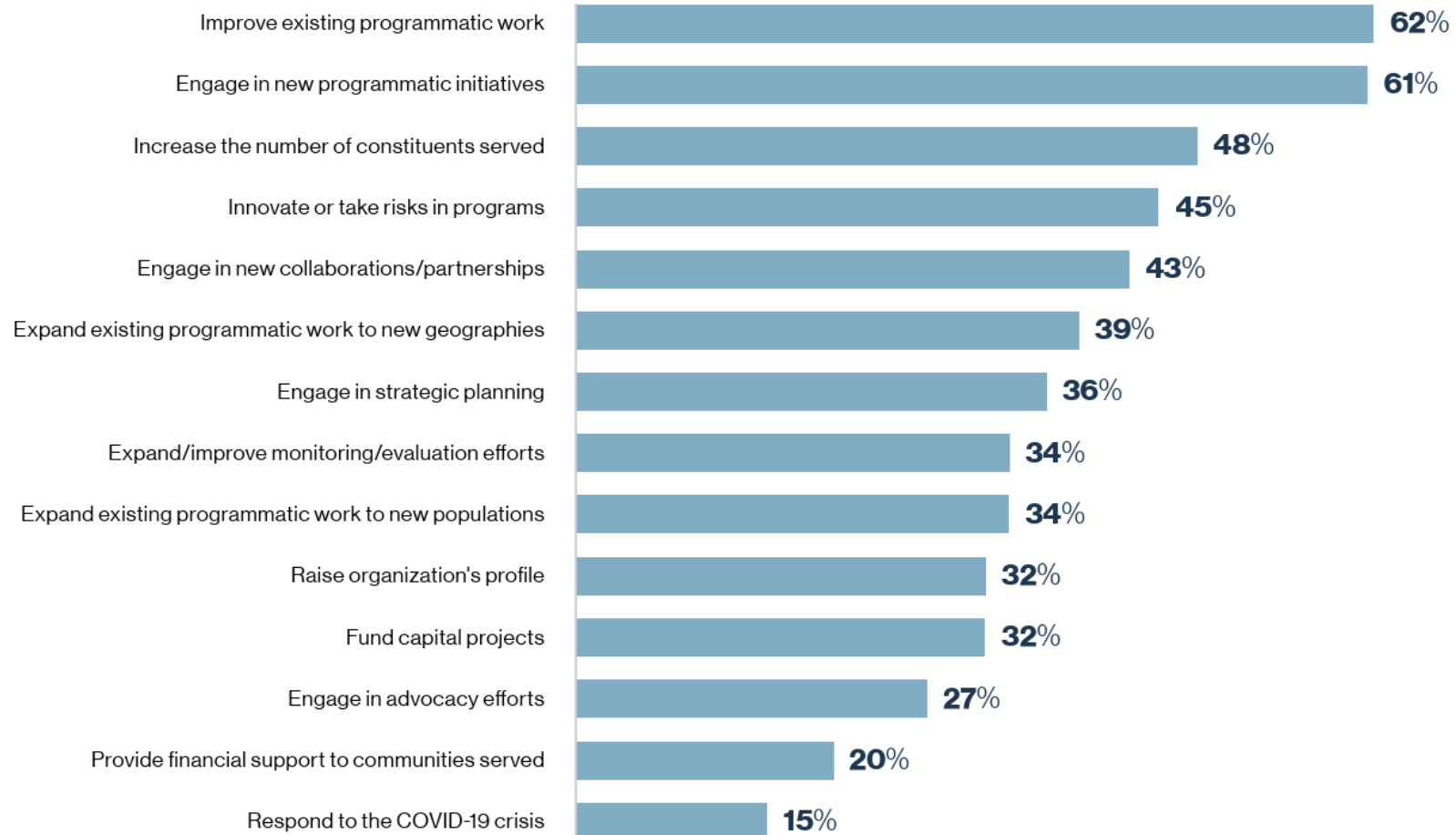
FINDING

2

Many organizations are collecting information about the impact of this gift and are observing meaningful change created for communities.

PROGRAMMATIC USES OF THE GRANT

Has or will your organization spend a portion of the grant on any of the following **programmatic uses**?
(N=766)



PROGRAMMATIC SUCCESS

Percent of leaders reporting grant-funded efforts have been “somewhat” or “very” successful

74%



**NEW
PROGRAMMATIC
INITIATIVES**

82%



**EXPANDING EXISTING
PROGRAMS TO NEW
POPULATIONS**

82%

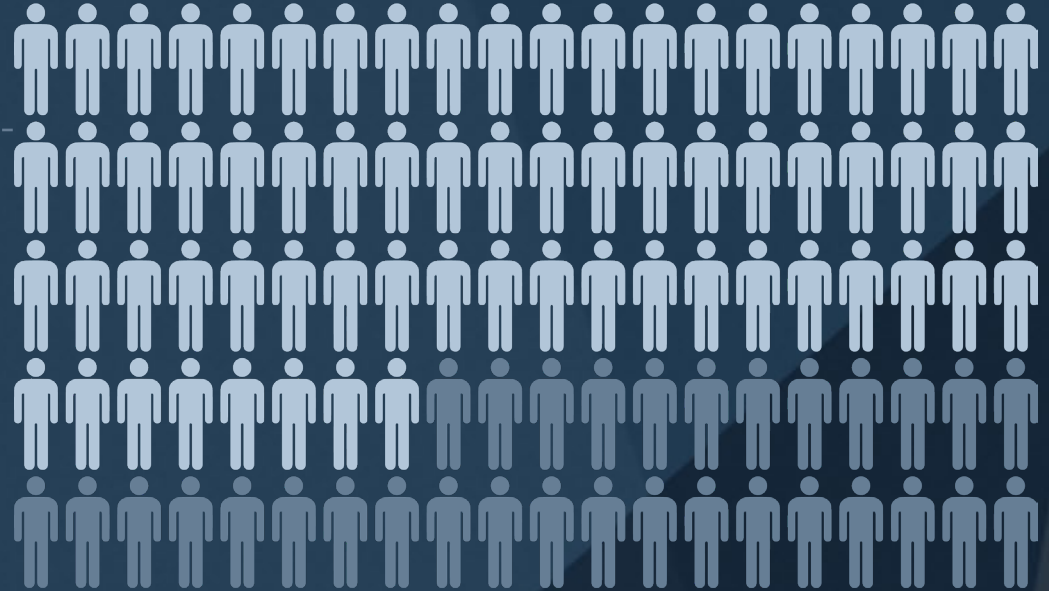


**EXPANDING EXISTING
PROGRAMS TO NEW
GEOGRAPHIES**

RECIPIENT ORGANIZATIONS MEASURING IMPACT

68%

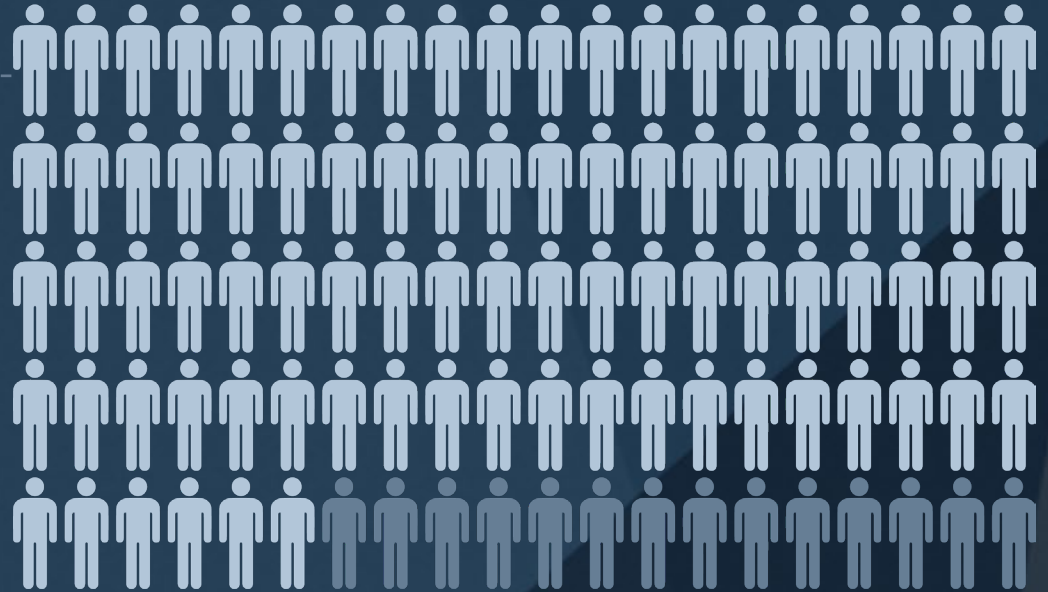
of nonprofit leaders report **collecting information to understand the impact** of efforts funded by the grant



RECIPIENT ORGANIZATIONS REPORT IMPACT

86%

of nonprofit leaders report the grant will “moderately” or “significantly” strengthen the **fields and communities in which they seek to have impact**



“

Through this grant, we were able to open a new clinic, **expanding care to 12,000**, many of whom are experiencing homelessness, live at or significantly below the federal poverty level, and have historically had limited access to the comprehensive and compassionate care we provide.

- Nonprofit Leader



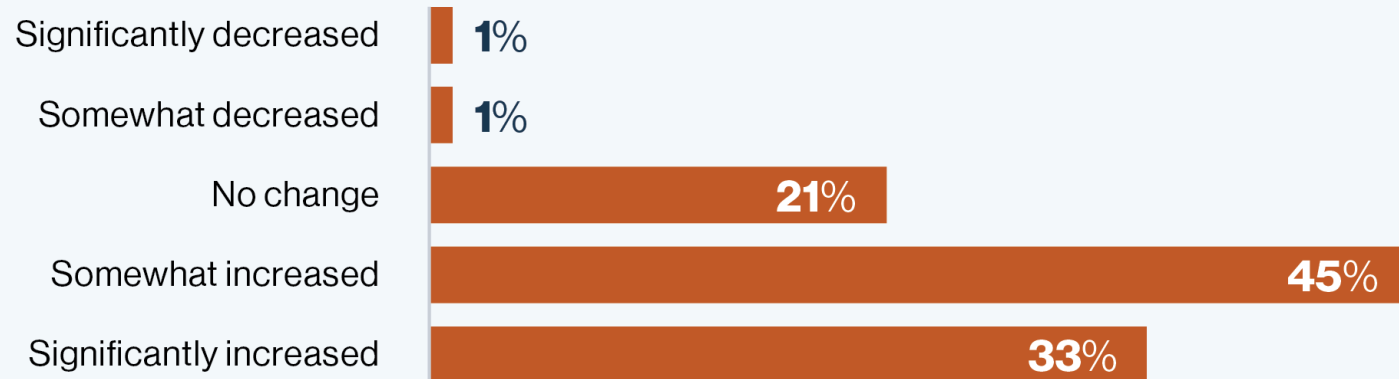
FINDING

3

Leaders report Scott's gifts increased their confidence in their own leadership, reduced their burnout, and sparked innovations in their programs and improvements in fundraising.

RECIPIENT LEADERS MORE CONFIDENT

Effect of the Scott Grant on Recipient Leaders' Confidence in Their Own Leadership (N=795)



Note: Percentages add to greater than 100 due to rounding.

GREATER CONFIDENCE, GREATER POSSIBILITIES

Leaders reporting increased confidence are slightly more likely to be:

Innovating/taking risks in programs

Expanding programs to new populations/geographies

Engaging in new collaborations

Asking for larger grants

Pursuing grants that align with organizational values

...and more.

MORE BREATHING ROOM FOR LEADERS

More than **one third** of leaders indicate receiving a grant **reduced their level of burnout**

Nearly 40% of leaders intend to **stay in their current role for longer** because of the grant

“

I got the call about the award when I was about to quit my job. I had reached my breaking point and then I was reminded that **I am more than competent**, and I have done not just good, but great work. I was also reminded that there is so much more to do, and **now I had the means to do it.**

- Nonprofit Leader



FINDING

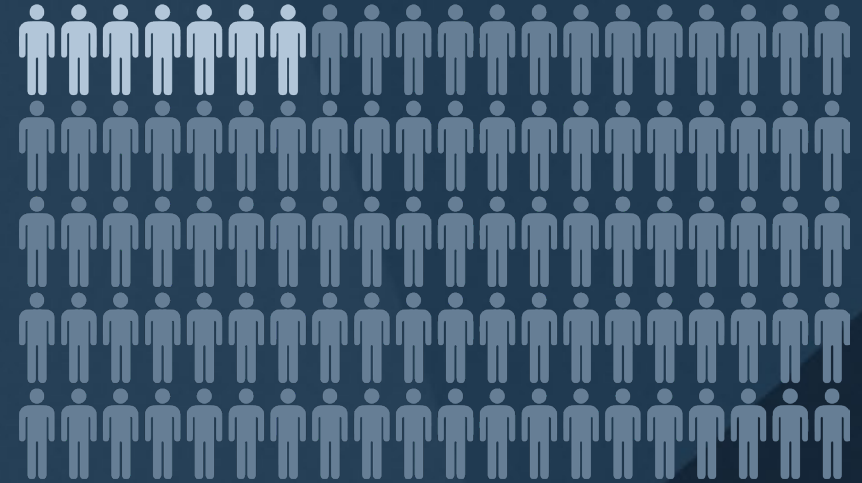
4

Over the past three years, nonprofits have consistently reported positive effects of these large, unrestricted gifts, but foundation CEOs have mixed perspectives on the approach.

INFLUENCE OF SCOTT'S APPROACH IS LIMITED



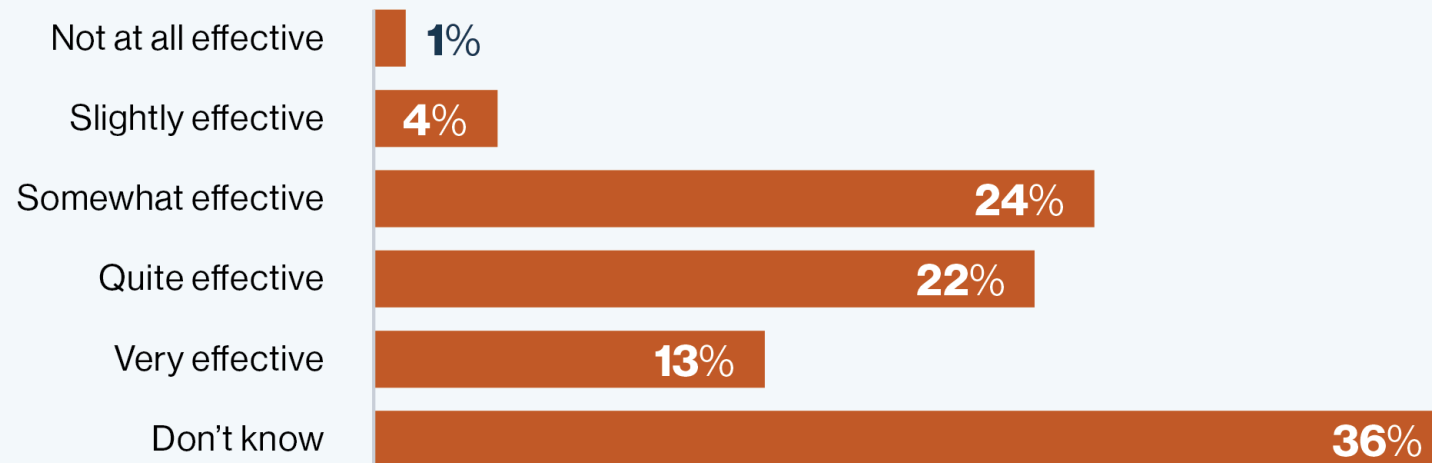
Most foundation leaders say their staff/board/leadership has discussed Scott's giving...



...but **7%** report that Scott's approach has had "some" or "a lot" of influence on their own

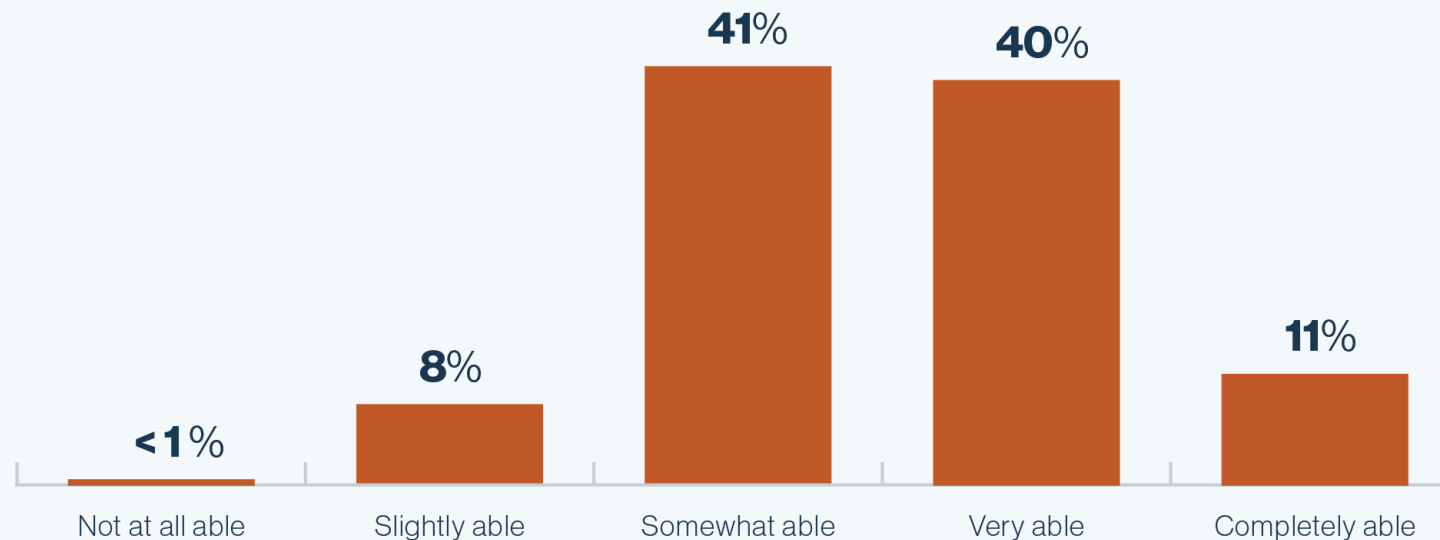
FOUNDATION LEADERS SEEING AT LEAST SOME IMPACT OF SCOTT'S APPROACH

Foundation Leaders' Perspective: Effectiveness of Scott's Approach to Giving for Increasing the Impact of Funded Nonprofit Organizations (N=243)



MIXED VIEWS ON NONPROFITS' ABILITY TO HANDLE LARGE, UNRESTRICTED GIFTS

Foundation Leaders' Perspective: Ability of Nonprofit Organizations to Handle Large Gifts with No Restrictions on How or When They Must be Used (N=241)

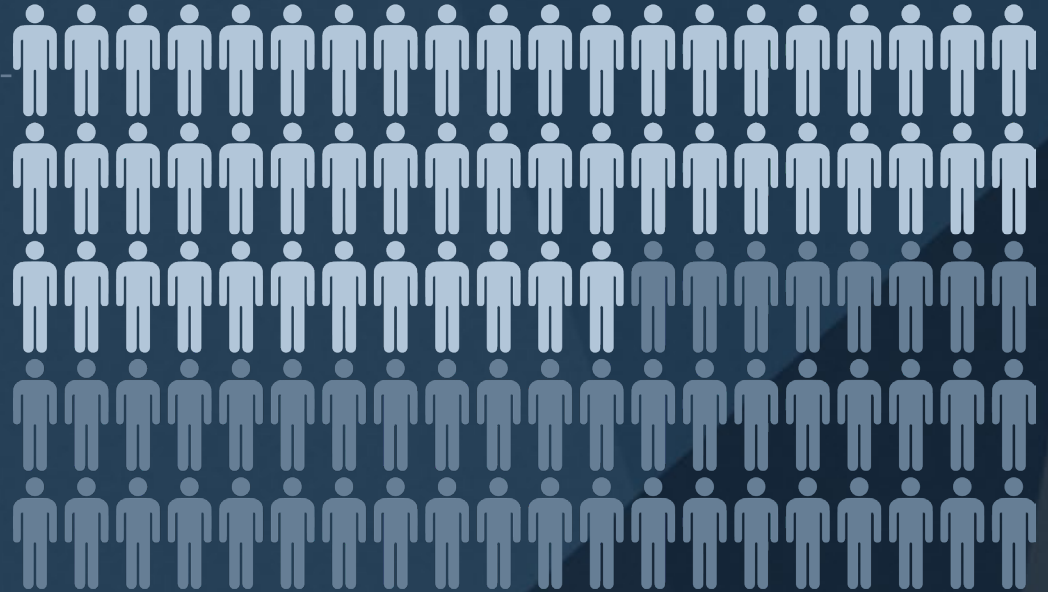


Note: Percentages add up to greater than 100 due to rounding.

FOUNDATION LEADERS OPEN TO PROVIDING MORE TRANSFORMATIVE GIFTS

52%

of foundation leaders believe their own foundation should be providing more large, multiyear, unrestricted support than it currently does



REASONS FOUNDATION LEADERS HAVE NOT PROVIDED MORE LARGE, UNRESTRICTED, MULTIYEAR SUPPORT

Foundation Leaders' Perspective: Reasons Their Foundations Have Not Provided More Large, Unrestricted Support (N=122)



Foundation is currently exploring this type of funding/already does this funding but wants to do more (29%)



Foundation lacks the financial capacity/resources to provide this type of funding (24%)



Foundation is worried precommitting funds could create financial risk (24%)



“

If the world had 1,000 MacKenzies (and it does) ... what a wonderful world it would be. **We are trying to do so much with so little, and this type of vetted giving is what we all need.**

Thank you!

- Nonprofit Leader

Thank you

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READ THE REPORT

cep.org/resources



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