

# KEY FACTS ON CORPORATE FOUNDATIONS

May 2007

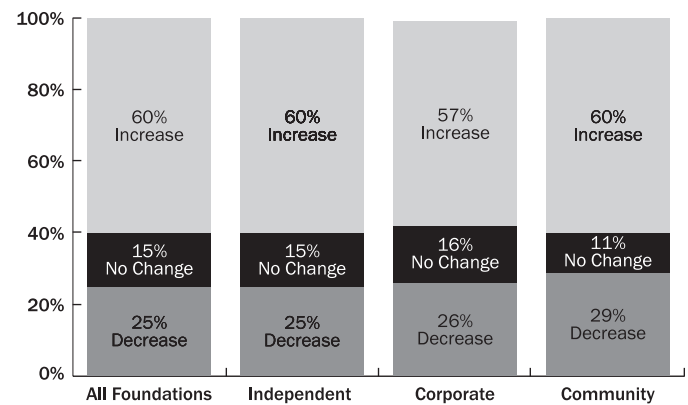
## OUTLOOK FOR CORPORATE FOUNDATION GIVING

Giving by the nation's more than 2,600 grantmaking corporate foundations grew an estimated 6 percent in 2006 to a record \$4.2 billion.<sup>1</sup> This followed a 16.5 percent jump in funding in 2005—the fastest annual increase in corporate foundation support recorded since 1997. Adjusted for inflation, corporate foundation giving increased 2.7 percent in the latest year.

More modest growth in giving in 2006 followed a year in which corporate foundation funding was boosted by strong profits and exceptional giving in response to the South Asian tsunami and Gulf Coast hurricanes.<sup>2</sup> Nonetheless, a higher *absolute* level of new gifts into corporate foundations in 2005 helped to modestly increase the overall level of giving in 2006 and compensate for the prior year's completion of giving in response to the recent disasters.

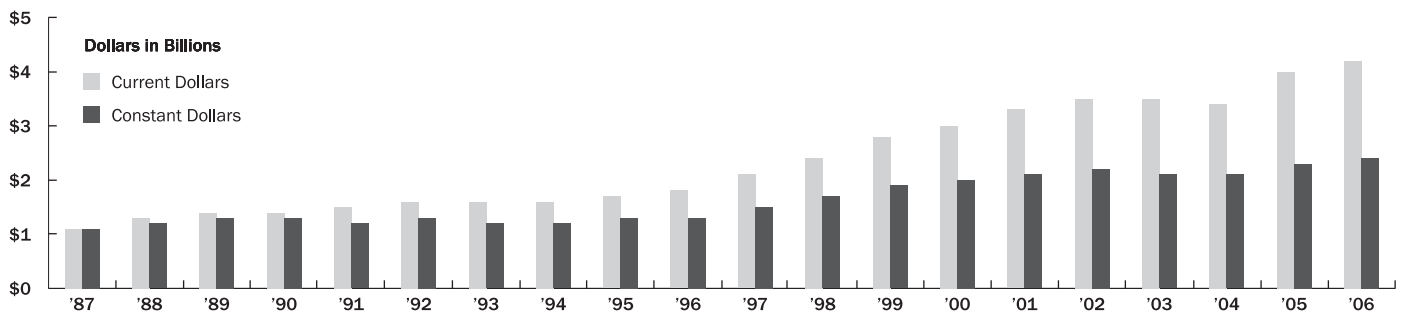
1. Figures exclude giving by corporate operating foundations. For more details see "The Impact of Corporate Operating Foundations."  
2. According to the Foundation Center's August 2006 report, *Giving in the Aftermath of the Gulf Coast Hurricanes*, corporations and corporate foundations announced commitments and pledges totaling \$358.1 million for hurricane-related relief and recovery efforts through June 2, 2006. Independent and family foundations provided \$174.7 million, while community foundations announced gifts totaling \$9.7 million. An updated edition of the report will be published in August 2007.

### Close to three-fifths of surveyed corporate foundations expect to increase giving in 2007, while roughly one-quarter anticipate reductions



A total of 832 foundations responded to this question.

### Inflation-adjusted corporate foundation giving has doubled since 1994



Note: Figure estimated for 2006. Excludes giving by corporate operating foundations.

Looking ahead, close to three-fifths (57 percent) of corporate foundations responding to the Foundation Center's annual forecasting survey expected to increase their giving in 2007.<sup>3</sup> Most of these funders anticipated giving increases above 10 percent. Only about a quarter (26 percent) of respondents expected to reduce their giving in 2007. By comparison, 34 percent of corporate foundation respondents expected to reduce giving in 2006.

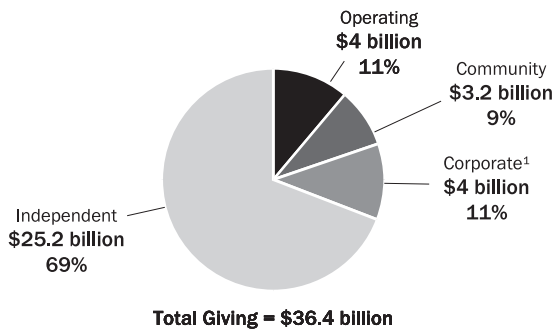
## CORPORATE FOUNDATION GIVING PATTERNS, 2005

The larger corporate foundations included in the Foundation Center's 2005 grants sample<sup>4</sup> were slightly more likely than independent and community foundations to provide funding for education and international affairs and far more likely to allocate funding for public affairs/society benefit. Much of the larger share of support for public affairs/society benefit reflected giving for philanthropy and voluntarism, including federated funds. By types of support, corporate foundations favored program support, followed by general operating support—consistent with independent and community foundations.

3. For more details see S. Lawrence, A. Austin, and R. Mukai, *Foundation Growth and Giving Estimates: Current Outlook*, New York: The Foundation Center, 2007.

4. The Foundation Center's 2005 grants sample database includes all of the grants of \$10,000 or more awarded by close to 1,200 of the largest U.S. foundations, including 181 corporate foundations. The overall sample accounted for roughly half of grant dollars awarded by the more than 71,000 grantmaking U.S. foundations.

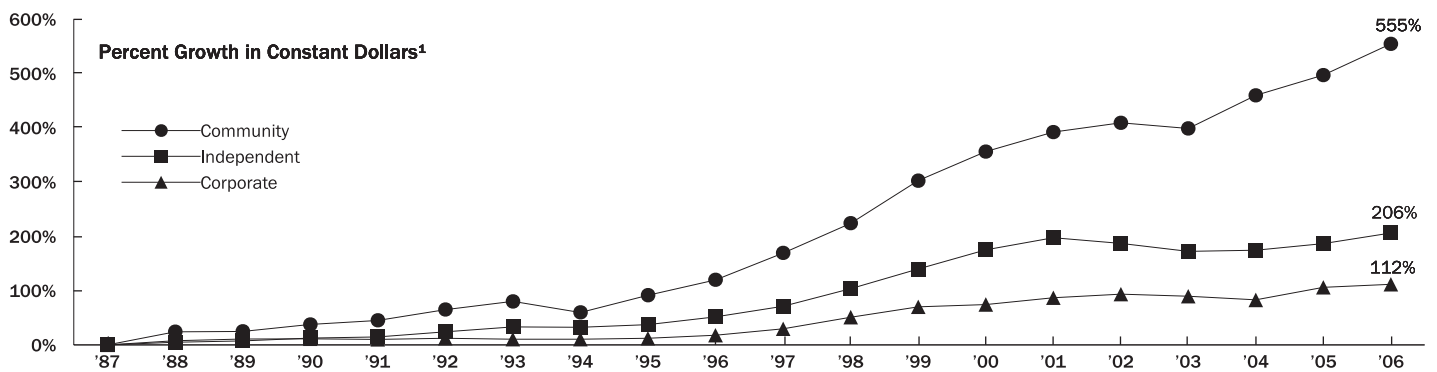
### Corporate foundation giving represented over one-tenth of total foundation giving in 2005



Note: Based on total giving by 71,095 grantmaking private and community foundations.

<sup>1</sup>Excludes giving by corporate operating foundations.

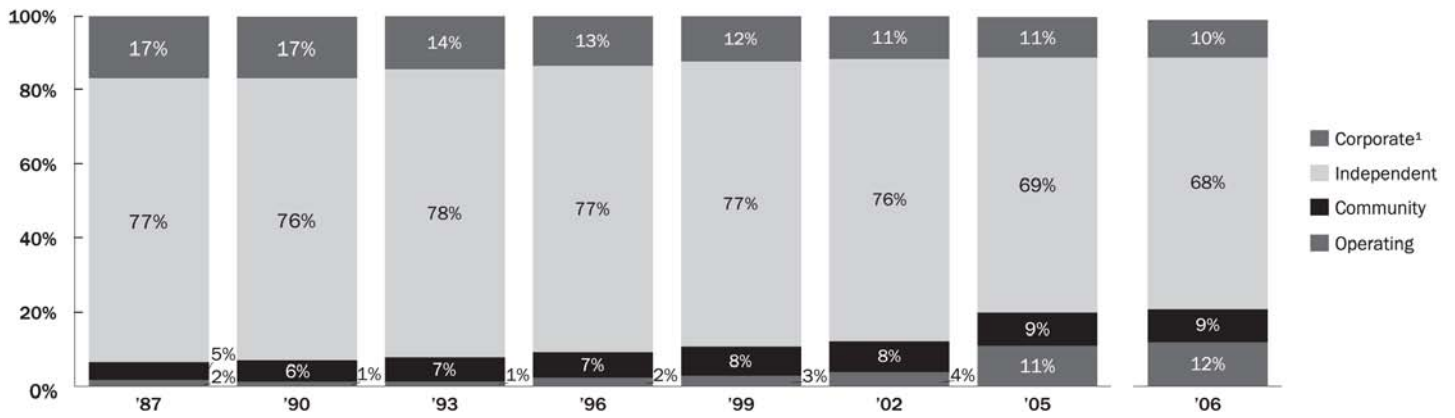
### After inflation, corporate foundations reported slower cumulative growth in giving since 1987 than other types of foundations



Note: Figures estimated for 2006. Excludes giving by corporate operating foundations.

<sup>1</sup>Percent change in constant 1987 dollars based on annual average Consumer Price Index, all urban consumers (Source: U.S. Department of Labor, Bureau of Labor Statistics, as of March 2006).

**Corporate foundation giving has declined as a share of overall foundation giving since the late 1980s**



Note: Based on total giving by 71,095 grantmaking private and community foundations. Figures estimated for 2005.  
<sup>1</sup>Excludes giving by corporate operating foundations.

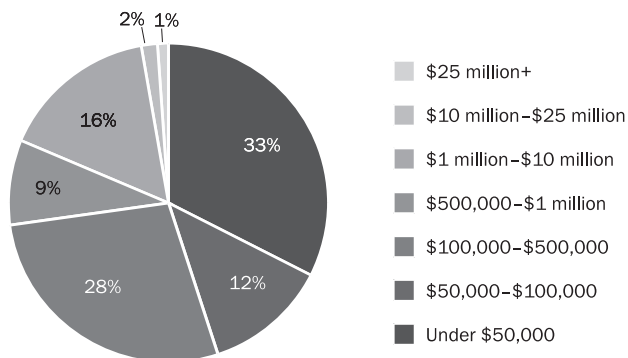
**SUMMARY STATISTICS FOR CORPORATE FOUNDATIONS**

**Change in Corporate Foundations, 1987 to 2005**

	1987	2005	% Change	
			Current	Constant <sup>1</sup>
No. of Foundations	1,295	2,607	101.3	
Total Giving	\$1,127,435	\$ 3,995,705	254.4	106.1
Total Assets	\$4,884,199	\$17,795,181	264.3	111.9
Gifts Received	\$1,081,724	\$ 4,008,064	270.5	115.5

Note: Dollars in thousands. Excludes giving by corporate operating foundations.  
<sup>1</sup>Percent change in constant 1987 dollars based on annual average Consumer Price Index, all urban consumers (Source: U.S. Department of Labor, Bureau of Labor Statistics, as of March 2007).

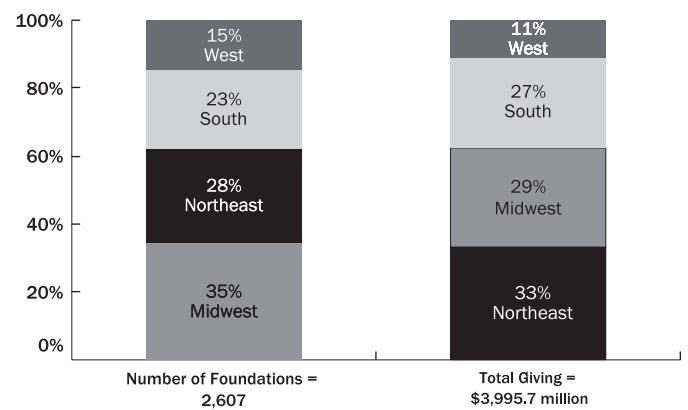
**Nearly one-third of corporate foundations reported less than \$50,000 in giving in 2005**



Percent of Number of Foundations

Note: Based on total giving by 2,607 grantmaking corporate foundations. Excludes giving by corporate operating foundations.

**The Northeast and Midwest accounted for the largest share of corporate foundation giving in 2005**



Note: Giving includes grants, scholarships, and employee matching gifts; excludes set-asides, loans, PRIs, and program expenses. Excludes giving by corporate operating foundations.

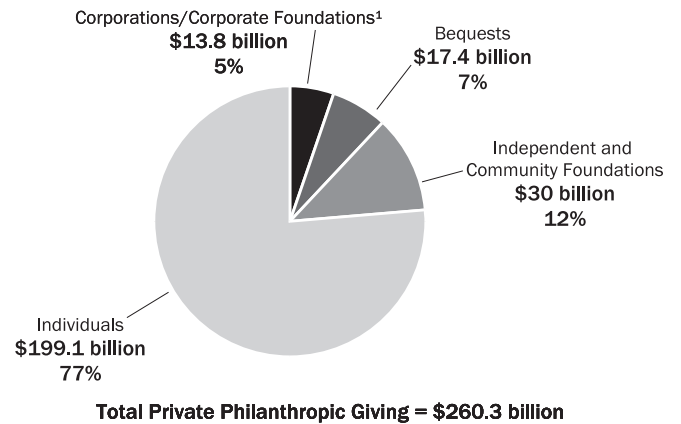
## Corporations' Share of All Private Giving

Individuals account for the vast majority of private giving, followed by independent and community foundations, and corporations and corporate foundations. Nonetheless, corporations and corporate foundations provide an essential share of support. *Giving USA* estimated overall corporate contributions in 2005, including both foundation and direct corporate giving, at \$13.8 billion. According to the Foundation Center, corporate foundation giving of almost \$4 billion represented 29 percent of all corporate contributions, down from 30.5 percent in 2004. However, if corporate foundation giving was combined with in-kind medication giving by operating foundations established by pharmaceutical manufacturers, the 2005 share would undoubtedly rise. (For more details on these grantmakers, see "The Impact of Corporate Operating Foundations.")

Generally, corporate foundation giving represents cash contributions, while a notable portion of corporate direct giving and giving through operating foundations may reflect in-kind gifts of product. Therefore, if only cash giving was being tracked, corporate foundations would account for a larger share of overall corporate support.

Corporate giving as a share of companies' pre-tax profits—excluding giving by corporate operating foundations—reached a record 2 percent in 1986. Following that peak, corporate giving steadily declined to 1 percent of pre-tax profits in 1996, before gradually rising to 1.7 percent in 2001. As of 2005, however, the share had dropped back to 1 percent.

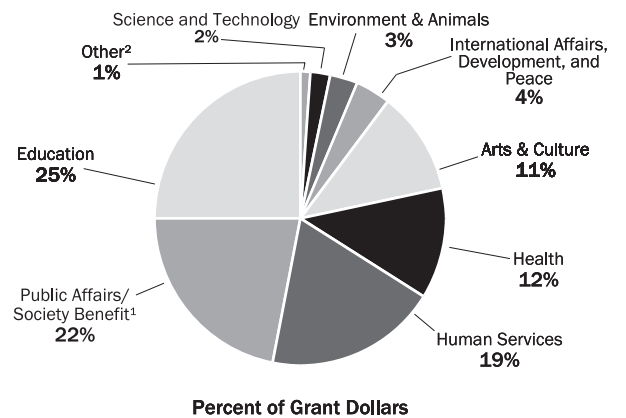
## Corporate giving accounted for roughly 5 percent of private philanthropic giving in 2005



Note: Based on data from Giving USA Foundation, *Giving USA 2006*, ed. by M. Brown, Illinois: Giving USA Foundation, 2006. Dollars in billions.

<sup>1</sup>Of total corporate giving for 2005, \$4 billion (29%) was paid through corporate foundations.

## Education and Public Affairs/Society Benefit were the top priorities of corporate foundations in 2005

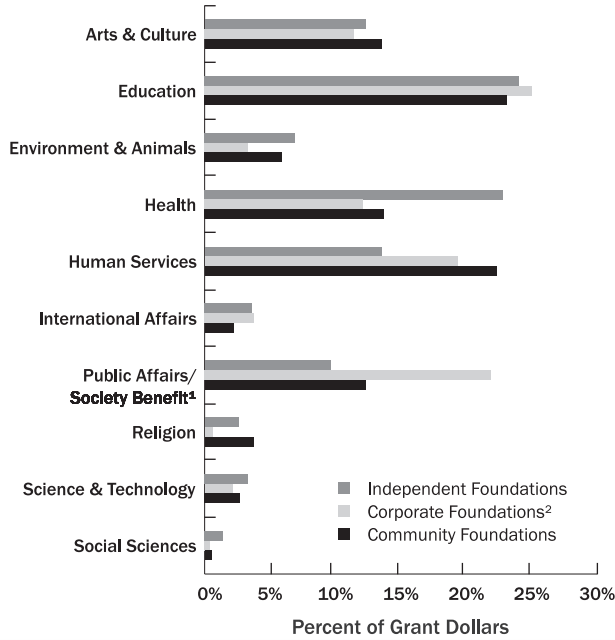


Note: Based on grants of \$10,000 or more awarded by a sample of 181 larger corporate foundations. Excludes giving by corporate operating foundations.

<sup>1</sup>Includes Civil Rights and Social Action, Community Improvement and Development, Philanthropy and Voluntarism, and Public Affairs.

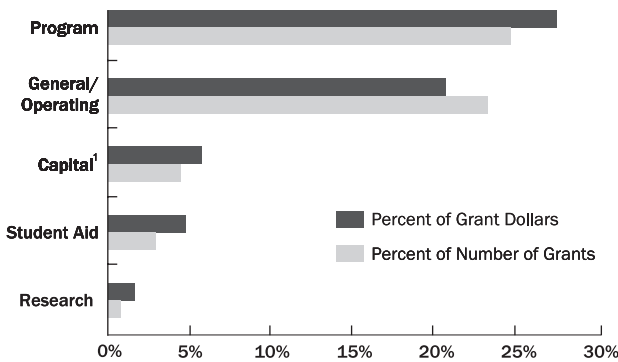
<sup>2</sup>Includes Religion and the Social Sciences.

**Corporate foundations provided larger shares of funding in 2005 for education, public affairs/society benefit, and international affairs than other foundations**



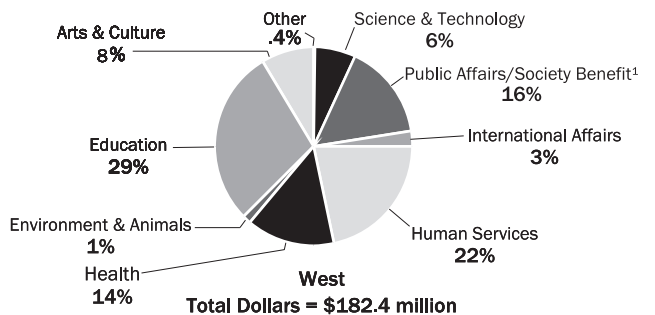
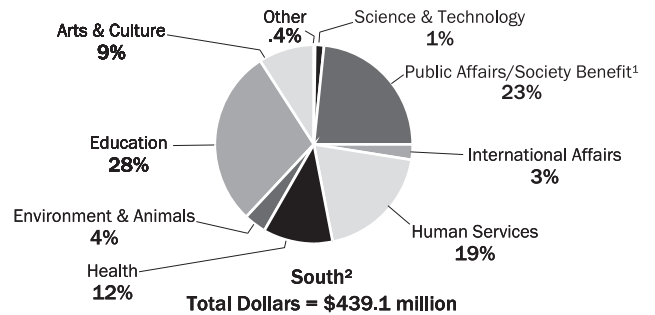
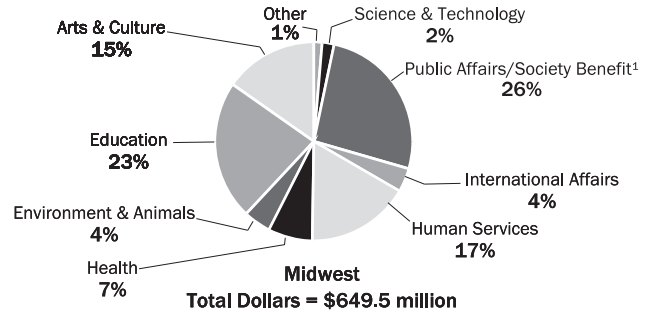
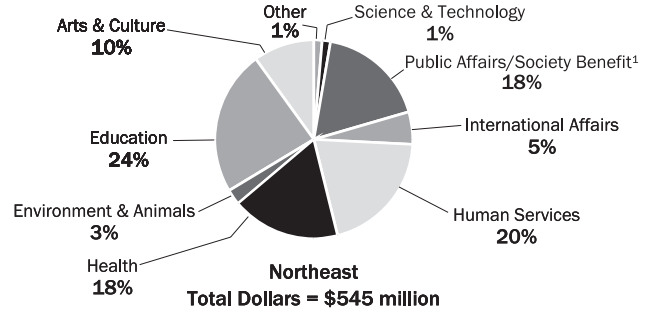
Note: Based on a sample of 1,154 larger foundations.  
<sup>1</sup>Includes Civil Rights and Social Action, Community Improvement and Development, Philanthropy and Voluntarism, and Public Affairs.  
<sup>2</sup>Excludes giving by corporate operating foundations.

**Corporate foundations favored program and operating support in 2005\***



Note: Based on a sample of 181 larger corporate foundations. Nearly half of grant dollars and grants could not be identified by type of support.  
 \*Excludes giving by corporate operating foundations.  
<sup>1</sup>Includes endowment funds.

**Despite notable regional differences, Education and Public Affairs/Society Benefit were the top priorities of corporate foundations across regions in 2005**



Note: Based on a sample of 181 larger corporate foundations. Excludes giving by corporate operating foundations.  
<sup>1</sup>Includes Civil Rights and Social Action, Community Improvement and Development, Philanthropy and Voluntarism, and Public Affairs.  
<sup>2</sup>Figures for the South exclude the District of Columbia. The DC-based corporate foundations in the sample awarded grants totaling \$18 million.

## THE IMPACT OF CORPORATE OPERATING FOUNDATIONS

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. In 2005, the Foundation Center tracked 2,607 grantmaking private foundations established by corporations and just 113 grantmaking operating foundations. Yet the amount of giving reported by these corporate operating foundations (\$3.3 billion) approached the total reported by non-operating corporate foundations (nearly \$4 billion). Together, corporate-sponsored non-operating and operating foundations accounted for 20.1 percent of overall U.S. foundation giving in 2005.

Generally, operating foundations are established to conduct research or provide a direct service. However, in the case of the largest corporate operating foundations, most of their charitable support comes through giving of pharmaceuticals to individuals in need. Between 1996 and 2003, eleven pharmaceutical manufacturers established operating foundations for the purpose of distributing medications to patients with financial hardships, generally on a national basis.<sup>1</sup> In addition, one pharmaceutical established a non-operating corporate foundation for this purpose in the early 1990s.<sup>2</sup> Together, these twelve “pharmaceutical foundations” provided \$3.2 billion in in-kind support in 2005, up by 90 percent from \$1.7 billion in 2004. This represented close to 9 percent of the \$36.4 billion awarded by all of the roughly 71,000 U.S. grantmaking foundations in 2005. Excluding these twelve foundations would reduce the overall

growth in foundation giving between 2004 and 2005 from 14.3 percent to 10.2 percent and the actual total giving amount from \$36.4 billion to \$33.2 billion.

Four pharmaceutical foundations ranked among the top ten U.S. foundations by giving in 2005, including the second-ranked Bristol-Myers Squibb Patient Assistance Foundation (\$582.1 million), third-ranked Merck Patient Assistance Program (\$533.1 million), fifth-ranked GlaxoSmithKline Patient Access Programs Foundation (\$430.5 million), and seventh-ranked Janssen Ortho Patient Assistance Foundation (\$387.7 million). The GlaxoSmithKline Foundation was also among the most recently established pharmaceutical foundations, founded in 2003.

In-kind giving by these new pharmaceutical foundations may represent for some corporations a shift in funding from corporate direct giving programs to foundations. Observers of the field may also be surprised to learn that contributions of product *are* counted as part of foundations’ “total giving.” In fact, other private foundations may 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 seen with 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.
2. Established in 1992, the Aventis Pharmaceuticals Health Care Foundation provided medications nationally for patients who were below the federal poverty level and not eligible for any third-party medication payments. The foundation terminated in 2006.

### Corporate foundations and operating foundations established by corporations together accounted for one-fifth of foundation giving in 2005

Foundation Type	Number of Foundations	%	Total Giving <sup>1</sup>	%	Assets	%
<b>Independent</b>	63,059	88.7	\$25,199,394	69.2	\$455,570,231	82.7
<b>Corporate</b>	2,607	3.7	3,995,705	11.0	17,795,181	3.2
<b>Community</b>	707	1.0	3,217,048	8.8	44,583,970	8.1
<b>Operating</b>	4,722	6.6	3,990,487	11.0	32,602,668	5.9
Corporate	113	0.2	3,298,232	9.1	314,623	0.1
Non-Corporate	4,609	6.5	692,255	1.9	32,288,045	5.8
<b>Total</b>	<b>71,095</b>	<b>100.0</b>	<b>\$36,402,633</b>	<b>100.0</b>	<b>\$550,552,049</b>	<b>100.0</b>

Note: Dollars in thousands. Due to rounding, figures may not add up.

<sup>1</sup>Includes grants, scholarships, and employee matching gifts; excludes set-asides, loans, PRIs, and program expenses.

**Aventis Foundation ranked first among corporate foundations by total giving in 2005\***

Foundation	State	Total Giving <sup>1</sup>	Qualifying Distributions <sup>2</sup>	Assets	Fiscal Date
1. Aventis Pharmaceuticals Health Care Foundation <sup>3</sup>	NJ	\$217,845,821	\$217,845,821	\$0	12/31/2005
2. Wal-Mart Foundation	AR	155,073,614	155,653,017	19,741,434	1/31/2006
3. Bank of America Charitable Foundation	NC	123,287,819	123,291,488	41,742,644	12/31/2005
4. JPMorgan Chase Foundation	NY	83,458,083	83,881,483	123,294,551	12/31/2005
5. Citigroup Foundation <sup>4</sup>	NY	80,764,000	N/A	N/A	12/31/2005
6. Ford Motor Company Fund	MI	79,881,090	30,084,121	129,513,993	12/31/2005
7. GE Foundation	CT	70,635,496	71,382,322	3,677,622	12/31/2005
8. Wells Fargo Foundation	CA	65,007,124	65,007,124	554,108,137	12/31/2005
9. ExxonMobil Foundation	TX	63,660,965	63,957,068	110,612,415	12/31/2005
10. Verizon Foundation	NJ	61,834,820	63,976,206	382,799,097	12/31/2005
11. Johnson & Johnson Family of Companies Contribution Fund	NJ	59,399,325	59,408,178	74,824,234	12/31/2005
12. Wachovia Foundation	NC	57,363,628	58,994,452	70,227,017	12/31/2005
13. AT&T Foundation	TX	47,556,509	47,556,509	194,083,201	12/31/2005
14. Avon Foundation	NY	45,974,681	72,860,936	52,373,251	12/31/2005
15. Intel Foundation	OR	43,102,949	43,105,616	77,744,647	12/31/2005
16. Merck Company Foundation	NJ	41,596,595	42,440,881	124,449,548	12/31/2005
17. UPS Foundation	GA	39,694,742	39,751,375	36,752,899	12/31/2005
18. General Motors Foundation	MI	39,338,242	39,507,551	225,608,246	12/31/2005
19. Fannie Mae Foundation	DC	38,722,905	71,183,024	95,163,874	12/31/2005
20. MBNA Foundation	DE	35,985,055	36,554,434	66,263,356	12/31/2005
21. BP Foundation	IL	35,500,792	36,228,300	49,879,908	12/31/2005
22. MetLife Foundation	NY	29,899,590	33,292,834	148,885,452	12/31/2005
23. Eli Lilly and Company Foundation	IN	26,799,877	26,853,326	96,129,760	12/31/2005
24. Abbott Laboratories Fund	IL	26,217,474	28,544,915	121,826,609	12/31/2005
25. Prudential Foundation	NJ	26,018,724	36,778,393	109,501,374	12/31/2005

\*List excludes corporate operating foundations.

<sup>1</sup>Includes grants, scholarships, and employee matching gifts; excludes set-asides, loans, PRIs, and program expenses.

<sup>2</sup>Qualifying distributions are the expenditures used in calculating the required 5 percent payout; includes total giving, as well as reasonable administrative expenses, set-asides, PRIs, operating program expenses, and amount paid to acquire assets used directly for charitable purposes.

<sup>3</sup>Established in 1992, the Aventis Pharmaceuticals Health Care Foundation provided medications nationally for patients who were below the federal poverty level and not eligible for any third-party medication payments. The foundation terminated in 2006.

<sup>4</sup>Total Giving figure obtained from Citigroup Foundation 2005 annual report.

NA = Not available.



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**Source for all data:** The Foundation Center

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