

# FEG 2025 COMMUNITY FOUNDATION SURVEY EXECUTIVE SUMMARY

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## ABOUT THE SURVEY

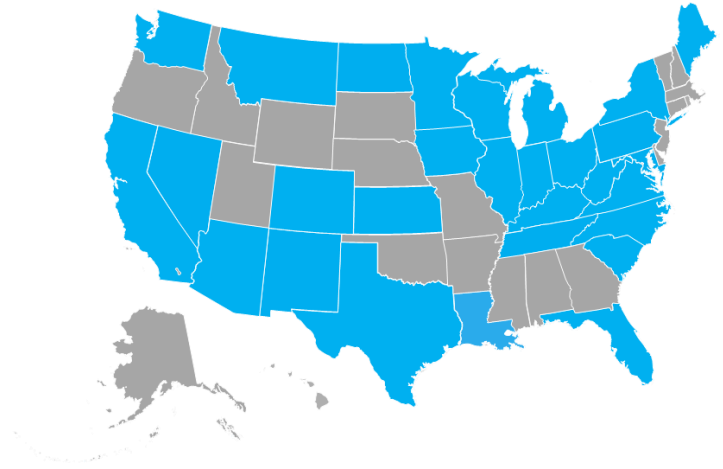
The FEG Community Foundation Survey has engaged over 250 unique foundations across 46 states over the last ten years, helping inform strategic decisions that help drive meaningful impact in local communities.

Serving as a proprietary research initiative designed to capture a wide range of financial and enterprise data, the survey originally focused on peer comparisons for spending policy and asset allocation. Since then, it has expanded to include timely topics such as values-aligned investing and emerging technologies like artificial intelligence.

Open to all U.S. community foundations, the survey is primarily completed by senior-level investment and finance decision-makers, providing high-quality, relevant insights. The 2025 edition includes responses from 113 community foundations, representing a broad spectrum of asset sizes—from under \$25 million to over \$1 billion.<sup>1</sup>

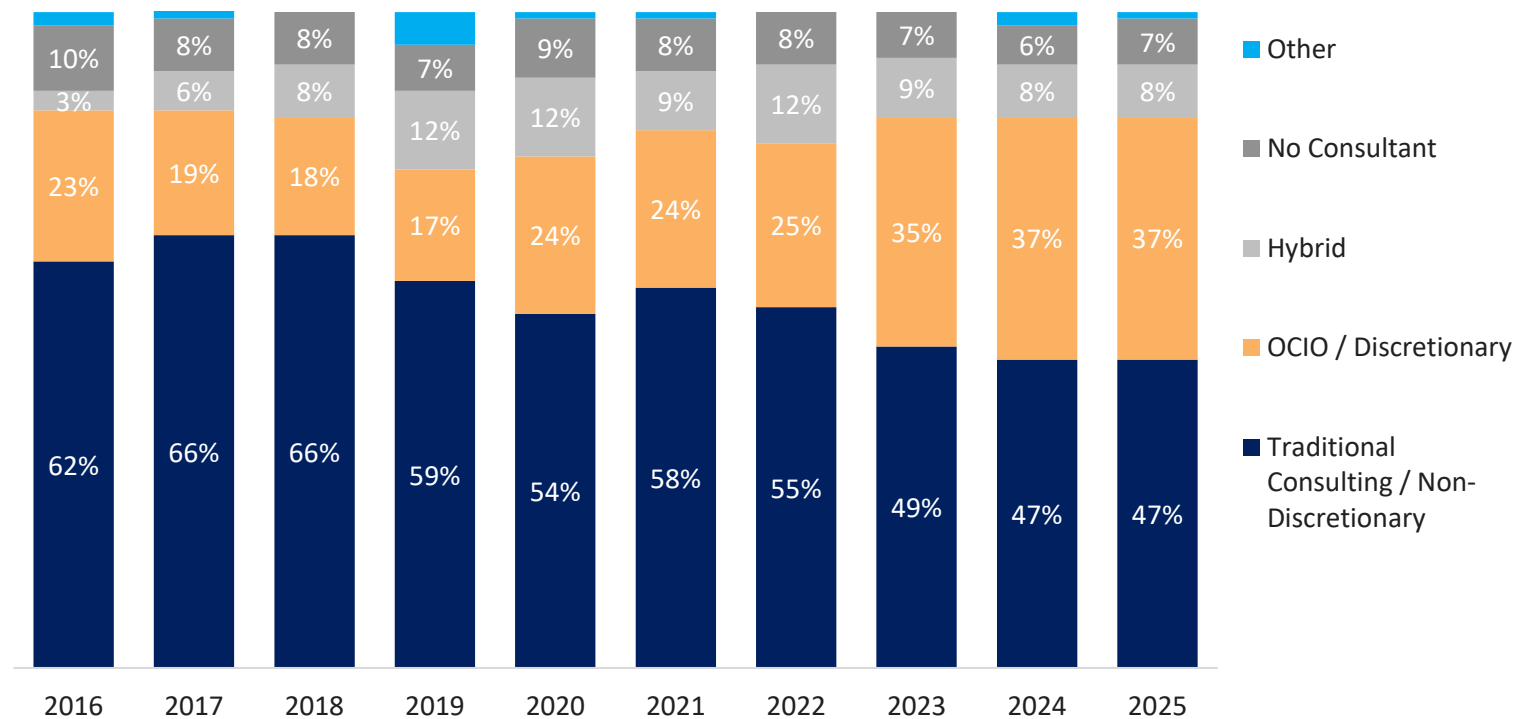
### STATES REPRESENTED

■ Participating States      ■ Non-Participating States



N = 113

### CURRENT MODEL<sup>2</sup>



## FEG INSIGHT

*The Outsourced Chief Investment Officer model continues to gain momentum with community foundations since the inception of the survey, but traditional consulting/non-discretionary remains the most popular service model.*

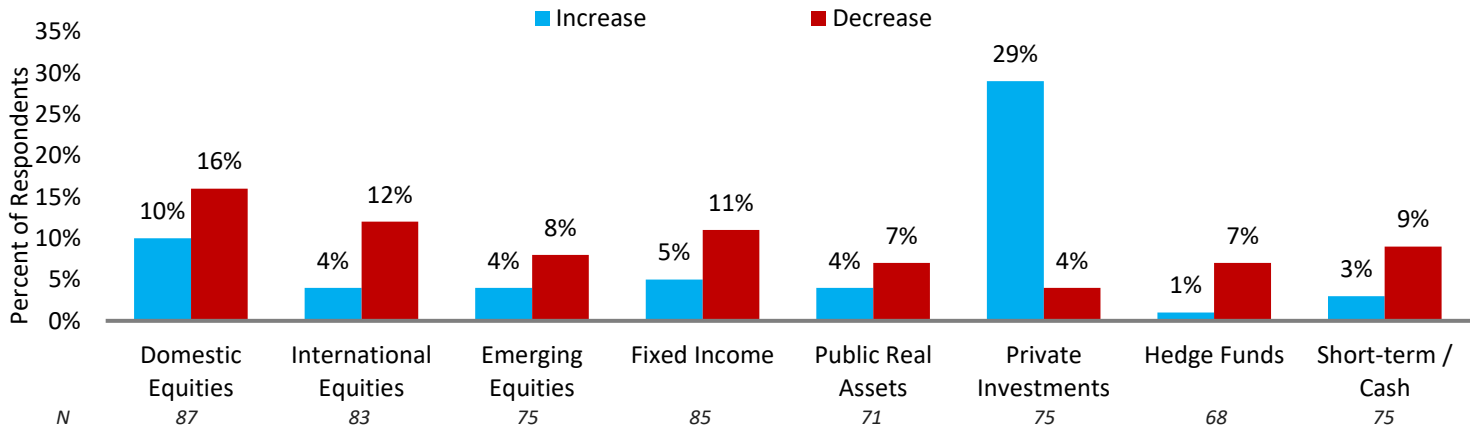
<sup>1</sup> Assets under advisement were self reported by respondents as of September 30, 2024.

<sup>2</sup> Totals may not equal 100% due to rounding. 2016 N = 88 / 2017 N = 90 / 2018 N = 103 / 2019 N = 112 / 2020 N = 90 / 2021 N = 109 / 2022 N = 98 / 2023 N = 100 / 2024 N = 107 / 2025 N = 113

## ASSET ALLOCATION

Community foundations are continuing to increase allocations to private investments, though to a lesser extent than last year. In contrast, more are trimming domestic equities (16% vs. 10% increasing), along with reductions in international equities and fixed income—suggesting rebalancing to fund higher-return strategies.

### PERCENT OF RESPONDENTS PLANNING CHANGES TO ASSET ALLOCATION



### COMMUNITY FOUNDATION ACTUAL ASSET ALLOCATION<sup>1</sup>

	Domestic Equities	Int'l Dev. Equities	Emerging Markets	Public Fixed Income	Public Real Assets	Private Investments	Hedge Funds	Short-term Securities / Cash	Other
<b>Overall Average</b>	<b>44.7%</b>	<b>13.7%</b>	<b>4.3%</b>	<b>19.3%</b>	<b>3.3%</b>	<b>8.0%</b>	<b>4.1%</b>	<b>1.9%</b>	<b>0.5%</b>
(<) \$25 million	59.0%	7.7%	3.7%	20.6%	2.0%	3.1%	1.5%	1.7%	0.8%
\$25 - \$50 million	46.8%	13.1%	3.5%	19.5%	6.0%	5.9%	1.7%	2.9%	0.5%
\$51 - \$100 million	50.1%	14.2%	3.1%	22.6%	2.0%	3.4%	1.2%	2.5%	0.3%
\$101 - \$250 million	44.3%	13.9%	4.7%	19.3%	2.7%	9.0%	4.1%	1.0%	1.0%
\$251 - \$500 million	43.5%	15.4%	4.0%	17.3%	5.0%	7.6%	5.6%	1.5%	0.0%
(>) \$500 million	34.6%	13.3%	5.6%	15.8%	4.0%	14.8%	9.4%	2.3%	0.1%
<b>N</b>	<b>110</b>	<b>106</b>	<b>99</b>	<b>110</b>	<b>97</b>	<b>100</b>	<b>91</b>	<b>100</b>	<b>108</b>

## FEG INSIGHT

Overall interest in private capital remains high, but lower than levels observed last year in the 2024 FEG Community Foundation Survey. Larger community foundations continue to be more diversified across alternative investments, while smaller foundations tend to have less exposure. Increases in private capital allocations are driven by community foundations seeking higher returns and mission alignment.

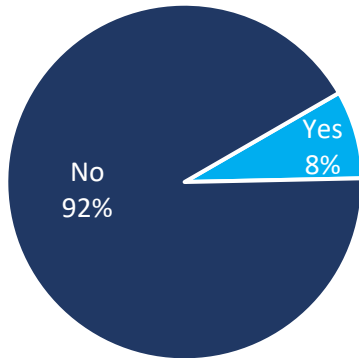
<sup>1</sup> Asset Allocation as of September 30, 2024 and shown as average of survey responses. Answers not totaling 100% were excluded. Totals may not equal 100% due to rounding.

## SPENDING POLICY / REBALANCING

Since the launch of the Community Foundation Survey, spending policy trends have remained relatively stable over the last decade, with subtle shifts in methodology and rate preferences emerging in recent years.

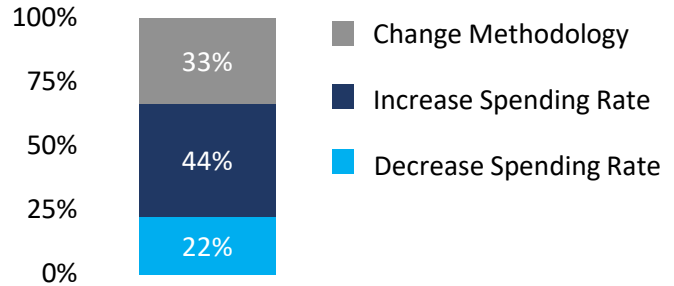
### FORESEEN SPENDING POLICY CHANGE

In the next year



N = 113

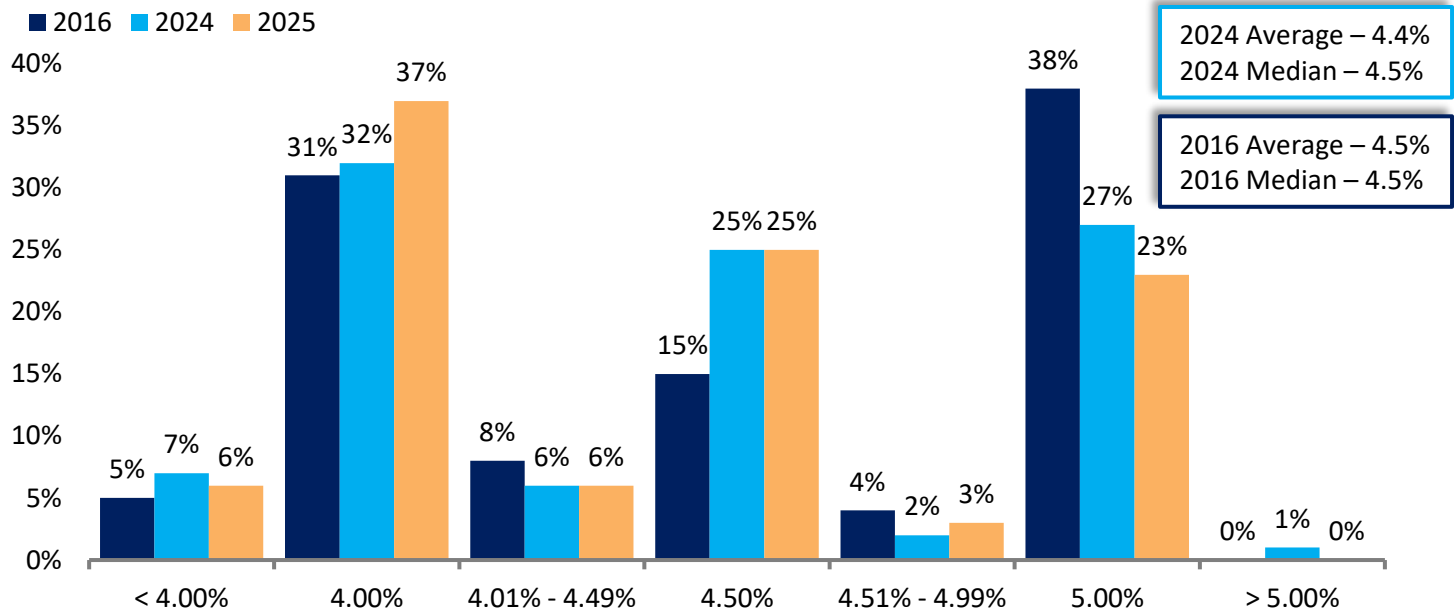
#### Foreseen Change



N = 9

### SPENDING POLICY RATE<sup>1</sup>

Excluding Any Administration Fees



## FEG INSIGHT

Average and median spending rates remain consistent, but fewer community foundations are adhering to the traditional 5% rule. Spending rate should remain relatively stable in the future.

Rebalancing trends show that the most common methodology used for rebalancing is moving average, primarily over a rolling 12 or 20 quarter basis.

<sup>1</sup> Answers were grouped. 2016 N= 80 / 2024 N = 107 / 2025 N = 113

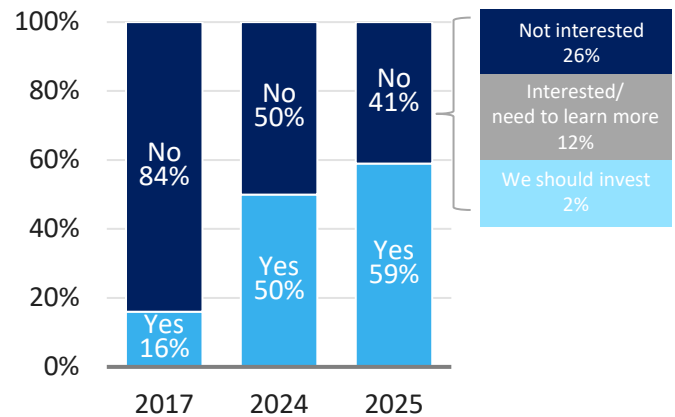
# VALUES ALIGNED INVESTING (VAI)

*Values Aligned Investing (VAI) is any investment made by an organization that seeks to gain both financial and social benefit.*

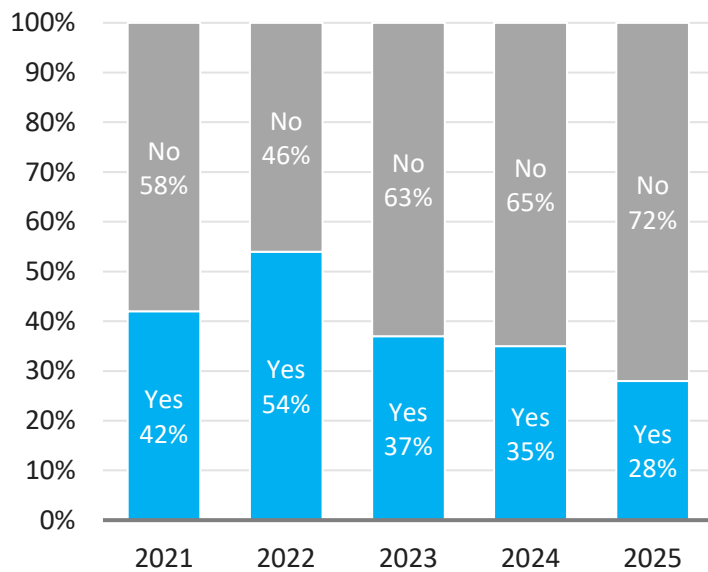
This year, we saw an increase in the number of organizations with VAI investments, with nearly 60% who currently have VAI investments (last year the response was 50%).

An increase in donor interest peaked in 2022 and has declined since then. However, donor requests continue to be a top factor in driving VAI investments.

## CF THAT CURRENTLY HAVE VAI INVESTMENTS<sup>1</sup>



## EXPERIENCE INCREASED DONOR INTEREST IN VAI<sup>2</sup>



## FACTORS THAT DROVE VAI INVESTMENT<sup>3</sup>



70% Donor Requests



69% Mission Alignment



57% Social Impact

N = 54

## FACTORS PREVENTING VAI INVESTMENT<sup>3</sup>



79% Lack of Interest



34% Performance Concerns



29% VAI is Lower Priority

N = 38

## FEG INSIGHT

*There has been an increased adoption of VAI, with 59% of community foundations integrating VAI into their portfolios. Additionally, most community foundations use responsive investing, screening investments based on alignment with values.*

*Mission-driven tradeoffs are becoming more prevalent, as a growing number of community foundations are willing to accept below-market returns to support impact investing goals.*

*Private capital integration became a common theme, as some community foundations are incorporating impact-focused private investments into their portfolios.*

<sup>1</sup> Numbers in callout do not total 41% due to rounding. 2017 N = 88 / 2024 N = 105 / 2025 N = 113

<sup>2</sup> 2021 N = 108 / 2022 N = 98 / 2023 N = 100 / 2024 N = 105 / 2025 N = 111

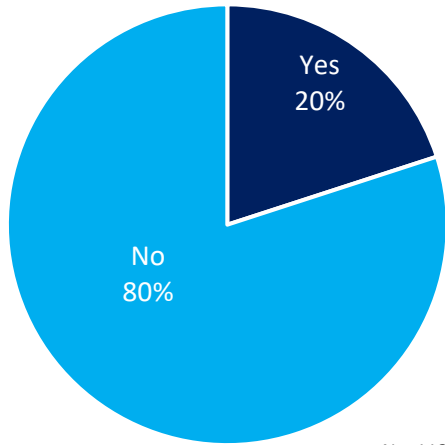
<sup>3</sup> Participants could select more than one answer.

## INNOVATION AND ACCESS

### ARTIFICIAL INTELLIGENCE (AI)

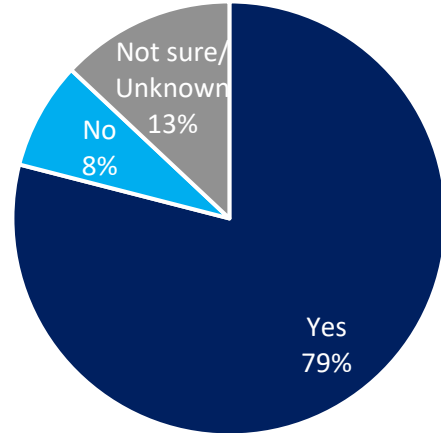
AI is beginning to play a role in how community foundations think about strategy, operations, and donor engagement. Many community foundations expect vendors or investment partners to begin using AI in the future as a strategic asset.

**CURRENTLY ADOPTING AI IN INTERNAL OPERATIONS OR APPROACH TO INVESTING**



N = 113

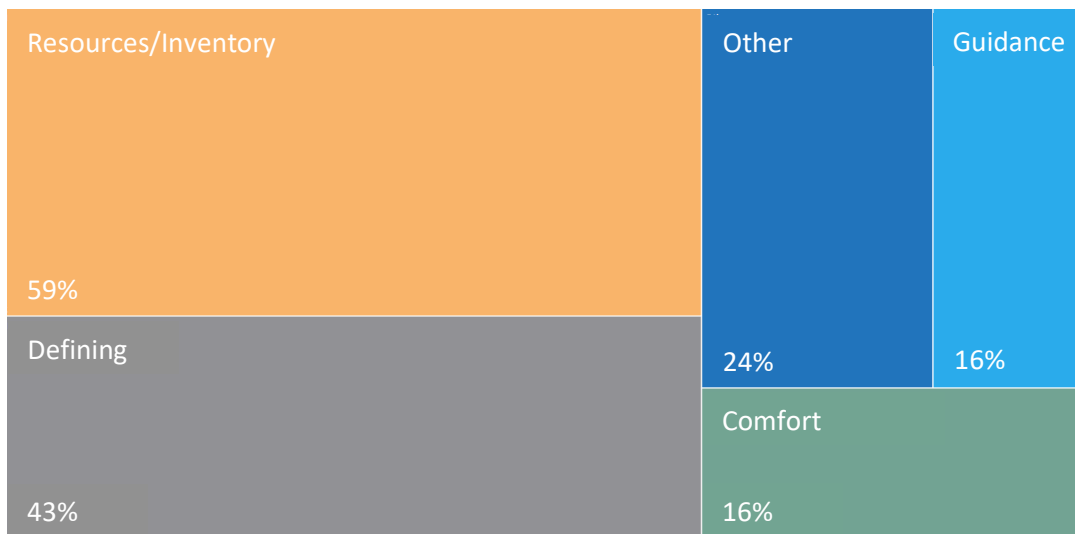
**EXPECTING VENDORS OR INVESTMENT PARTNERS TO USE AI IN THE FUTURE**



N = 48

### DIVERSE ASSET MANAGERS

Access to resources/inventory continues to be the top challenge for this year. Defining diverse managers also continues to be a challenge for many organizations.<sup>1</sup>



## FEG INSIGHT

While 79% of foundations expect vendors to use AI, only 20% have adopted it internally. Most are in the early stages, exploring AI for donor insights, giving trends and community needs. As interest grows, foundations remain focused on ethical use, data privacy, and mission alignment. AI is increasingly seen as a strategic asset for long-term planning and resource allocation.

More community foundations are formally tracking diversity metrics related to investment partners, however, there are access challenges. Barriers remain in identifying and engaging diverse-owned firms, especially in niche asset classes.

<sup>1</sup> Participants could select more than one answer. N=37



## DISCLOSURES

This was prepared by Fund Evaluation Group, LLC (FEG), a federally registered investment adviser under the Investment Advisers Act of 1940, as amended, providing non-discretionary and discretionary investment advice to its clients on an individual basis. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Fund Evaluation Group, LLC, Form ADV Part 2A & 2B can be obtained by written request directed to: Fund Evaluation Group, LLC, 201 East Fifth Street, Suite 1600, Cincinnati, OH 45202 Attention: Compliance Department.

The Community Foundations data is obtained from the proprietary FEG 2025 Community Foundation Survey. The study includes a survey of 113 U.S. Community Foundations. The survey was open for responses online from January 15 - March 7, 2025. Participants did not pay to be included in the survey. Participants also had the option to complete as a word document and email the results back to FEG. The data from this survey was grouped into between five and seven categories based on assets of the community foundation with assets ranging from less than \$25 million to greater than \$1 billion. The information in this study is based on the responses provided by the participants and is meant for illustration and educational purposes only.

The information herein was obtained from various sources. FEG does not guarantee the accuracy or completeness of such information provided by third parties. The information in this report is given as of the date indicated and is believed to be reliable. FEG assumes no obligation to update this information or to advise on further developments relating to it.

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