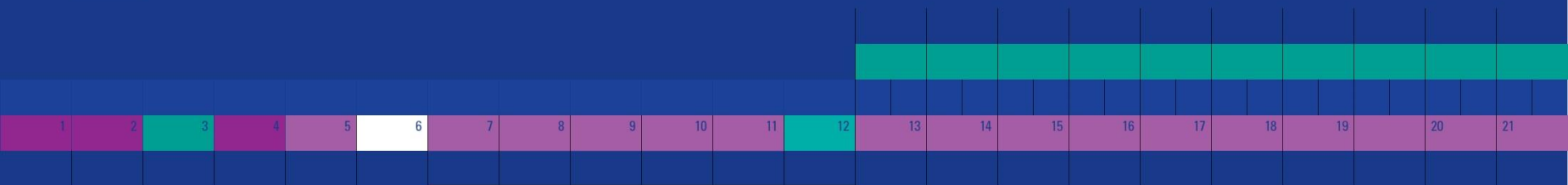


Commonfund Benchmarks Study®  
*Community Foundations Report*



22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----

# Executive Summary – Community Foundations Report FY2012

---

## *Demographic Profile*

- Participating institutions for this year's Commonfund Benchmarks Study® Community Foundations Report totaled 50 (42 Community Foundations and 8 Public Foundations), with 64 percent of the population having participated in last year's Study. This Report represents approximately \$16.9 billion in total endowment assets.

## *Returns*

- Among all Community Foundations, FY2012 returns averaged 12.2 percent (all returns reported net of fees), representing a marked increase from last year's -1.4 percent. Average FY2012 returns among institutions with assets Over \$500 Million and between \$101-500 Million (12.5 percent and 12.4 percent, respectively) outperformed those reported by institutions with assets Under \$101 Million (11.5 percent) – though the latter reported a year-over-year increase of 1,380 basis points, highest among constituencies.
- For the trailing three-year period, average returns (7.7 percent among all participating Community Foundations) were down considerably year over year across all size cohorts due to FY2009's strong gains being dropped from the calculation. Subsequently, trailing five-year returns showed consistent strengthening across the board, gaining an average 2.3 percent. Average 10-year returns among institutions with assets of \$101 Million and above moderately outperformed those with assets Under \$101 Million, though all represented notable year-over-year increases (7.4 percent among Total, up from 5.1 percent in FY2011).
- Of the major asset classes reported by all Community Foundations, international and domestic equities produced the strongest average FY2012 returns (19.1 percent and 14.8 percent, respectively), followed by fixed income (8.0 percent) and alternative strategies (6.4 percent), all representing significant year-over-year increases.
- Of the sub-asset classes of alternative strategies, private equity produced the strongest returns (17.0 percent) followed by distressed debt (11.5 percent) and marketable alternative strategies (8.7 percent), all up considerably year over year. Though venture capital and private equity real estate (non-campus) produced positive returns during FY2012 (8.5 and 7.5 percent, respectively), they also reflected notable year-over-year decreases (down from 14.1 and 12.2 percent, respectively, in FY2011).

# Executive Summary – Community Foundations Report FY2012

---

## *Returns (continued)*

- Seventy-two percent of all Community Foundations reported having long-term return objectives, predominantly in the 8.0-8.9 percent range. Year-over-year decrease shows among Community Foundation reporting return objectives in the 7.0-7.9 percent range, while a subsequent increase shows in the 5.0-5.9 percent range.

## *Asset Allocations*

- Among participating Community Foundations, average FY2012 dollar-weighted asset allocation was: 29 percent to domestic equities, 28 percent to alternative strategies, 19 percent to international equities, 18 percent to fixed income and 6 percent to short-term securities/cash/other.
- Community Foundations with assets Over \$500 Million reported the highest average allocation to both alternative strategies (31 percent) and short-term securities/cash/other (7 percent) among all size cohorts, while domestic equities and fixed income allocations (26 percent and 17 percent, respectively) were lowest.
- Community Foundations with assets between \$101-500 Million showed the greatest propensity to allocate toward domestic equities (33 percent) and fixed income (21 percent) during FY2012, while the average alternative strategies allocation (23 percent) was lowest among constituencies.
- Community Foundations with assets Under \$101 Million reported the highest average allocation to international equities (22 percent).

## *Spending and Fund Flows*

- The average effective spending rate for Community Foundations participating in this year's Study – calculated by dividing endowment dollars spent by the beginning endowment value – was 4.9 percent, down from 5.5 percent in FY2011. The highest FY2012 effective spending rate, 5.4 percent, was found among institutions with assets Over \$500 Million. The lowest effective spending rate, 4.4 percent, occurred among institutions with assets Under \$101 Million.

# Executive Summary – Community Foundations Report FY2012

---

## *Spending and Fund Flows (continued)*

- Nearly half (46 percent) of all Community Foundations reported increased spending dollars during FY2012 (majority percentage was represented across all size cohorts), with the average percentage increase being 8.7 percent (significantly higher among the Under \$101 Million cohort, 13.1 percent). Twenty-two percent reported decreased FY2012 spending dollars (year-over-year declines show across all size cohorts), with the average percentage decrease being 5.8 percent (notably higher among the Over \$500 Million and Under \$101 Million cohorts, 10.5 percent and 9.8 percent, respectively).
- The most commonly utilized FY2012 spending policy across all size cohorts was to spend a percentage of a moving average (72 percent among total), with the average percentage ranging from 4.4-5.0 percent. Twelve percent of Total Community Foundations reported spending a pre-specified percentage of beginning market value, with the average percentage being 5.1 percent. Community Foundations with assets Over \$500 Million showed a greater propensity to utilize a weighted average or hybrid method (Yale/Stanford Rule), and when combined with those using last year's spending plus inflation with upper and lower bands – constituted 25 percent of the overall size cohort, trending notably upward year over year.
- Among the Total Community Foundations group, the average reported percentage of endowment under water was 5.5 percent during FY2012, trending significantly downward from 11.4 percent in FY2011 – due to the positive return environment. Community Foundations with assets Over \$500 Million reported no percentage under water during FY2012, while Community Foundations with assets Under \$101 Million reported the highest average percentage of endowment under water (15.7 percent) – albeit down considerably from FY2011 (24.4 percent).
- Nearly half of all Community Foundations reported increased gifts during FY2012 (marked year-over-year increase among institutions with assets Under \$101 Million, moderate increases among both other size cohorts), with the median percentage increase being 26.1 percent (significantly higher among institutions with assets Under \$101 Million, 61.7 percent). Eighteen percent of Total reported decreased gifts – none within the Over \$500 Million cohort – with the median decrease being 48.6 percent.

# Executive Summary – Community Foundations Report FY2012

---

## *Resources, Management and Governance*

- Among participating Community Foundations, an average 6.0 separate individual managers were reported being utilized for direct investments in alternative strategies during FY2012, followed by domestic equities (4.4) and fund-of-funds investments in alternatives (3.7). Institutions with assets Over \$500 Million reported using the greatest average number of managers for all mandates listed, predominantly for direct investments in alternative strategies (17.7), domestic and international equities (6.4 and 4.7, respectively).
- Eighty-six percent of all Community Foundations reported using consultants during FY2012; primarily for performance measurement, manager selection, policy review and asset allocation/rebalancing. All size cohorts show an increase from FY2011 in utilization for policy review.
- Among all Community Foundations, an average 1.0 full-time equivalent (FTE) was reported being staffed in the investment function during FY2012, while the median number of FTEs was 0.5.

## ***\*\*Reading this Report\*\****

Some of the data in this Executive Summary refer to a supplemental set of data tables provided in the Appendix of this Report. In addition, we include a demographic table of data highlighting endowment fund flows during FY2012.

# The Benchmarks Leaders

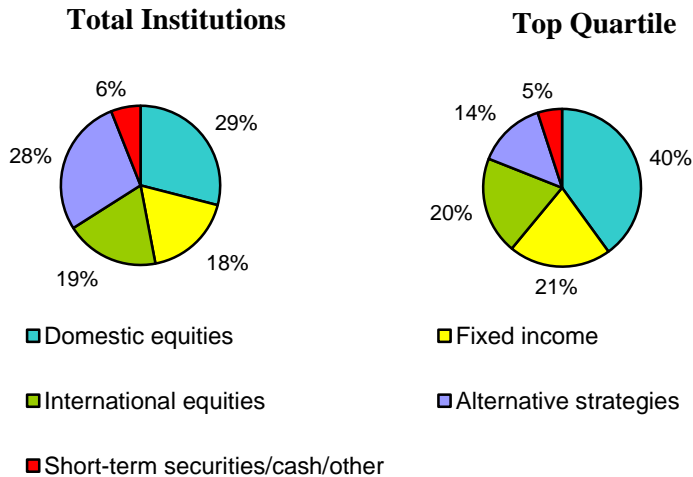
## Top Quartile Performers

Demographics | Fiscal Year 2012

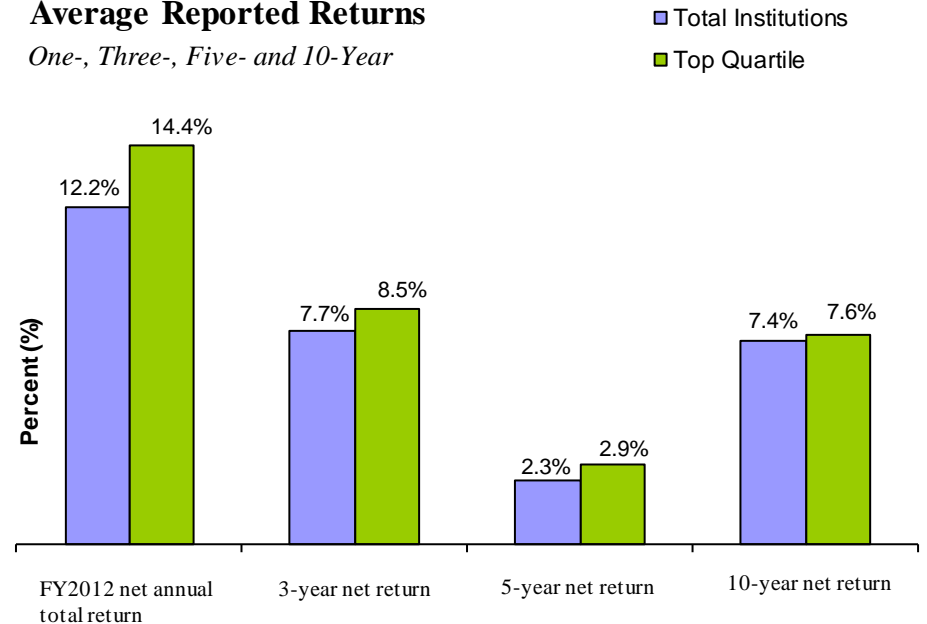
	Total Institutions	Top Quartile
<b>Total Institutions</b>	<b>(50)</b>	<b>(12)</b>
Over \$500 Million	12	4
\$101-500 Million	23	5
Under \$101 Million	15	3

Note: Top quartile is defined as the top 25 percent of 47 institutions that provided return data.

### Asset Allocation Comparison† Fiscal Year 2012



### Average Reported Returns One-, Three-, Five- and 10-Year



† Dollar-weighted

Unless otherwise indicated, all performance information reflects net total returns.

# Average One-, Three-, Five- and 10-Year Net Returns

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
FY2012 net annual total return	12.2	12.5	12.4	11.5
3-year net return	7.7	7.7	7.9	7.5
5-year net return	2.3	2.4	2.3	2.3
10-year net return	7.4	7.6	7.5	6.9

Note: Ninety four percent of participating institutions (47 of the 50 participants) provided return data for the most recent fiscal year, 90% (45 institutions) provided three-year return data, 88% (44 institutions) provided five-year return data and 66% (33 institutions) provided 10-year return data. Return data cited in this report represent the average returns for institutions providing data for each period.

- Among the Total Community Foundations group, FY2012 returns averaged 12.2%, while three-year returns averaged 7.7%, five-year returns averaged 2.3% and 10-year returns averaged 7.4%.
- Among Community Foundations with assets Over \$500 Million and between \$101-500 Million, average FY2012 returns (12.5% and 12.4%, respectively) and average 10-year returns (7.6% and 7.5%, respectively) outperformed that of Community Foundations with assets Under \$101 Million (11.5% and 6.9%, respectively).
- For the trailing three-year period, average returns among Community Foundations with assets between \$101-500 Million (7.9%) moderately outperformed both other size cohorts (7.7% and 7.5% among Community Foundations with assets Over \$500 and Under \$101 Million, respectively).
- For the trailing five-year period, average returns among Community Foundations with assets Over \$500 Million (2.4%) modestly outperformed the other size cohorts (2.3% among both).



# Average Returns by Asset Class for Fiscal Year 2012

Numbers in Percent (%)	Total Institutions
Average FY2012 total return	12.2
<b>Domestic equities</b>	14.8
<b>Fixed income</b>	8.0
<b>International equities</b>	19.1
<b>Alternative strategies</b>	6.4
<i>Private equity (LBO's, mezzanine and M&amp;A funds, international private equity)</i>	17.0
<i>Marketable alternative strategies (hedge funds, absolute return, market neutral, long/short, 130/30, event-driven and derivatives)</i>	8.7
<i>Venture capital</i>	8.5
<i>Private equity real estate (non-campus)</i>	7.5
<i>Energy &amp; natural resources</i>	1.2
<i>Commodities and managed futures</i>	2.4
<i>Distressed debt</i>	11.5
<b>Short-term securities/cash/other</b>	0.1
<i>Short-term securities/cash</i>	0.3
<i>Other</i>	0.0

- Of the major asset classes reported by all Community Foundations, international and domestic equities produced the strongest average FY2012 returns (19.1% and 14.8%, respectively), followed by fixed income (8.0%) and alternative strategies (6.4%), collectively representing significant year-over-year increases (-11.5%, 0.0%, 5.5% and 1.7%, respectively, during FY2011). Short-term securities/cash/other produced the weakest average FY2012 return (0.1%).
- Within the sub-asset classes of alternative strategies, private equity produced the strongest average FY2012 returns (17.0%), followed by distressed debt (11.5%) and marketable alternative strategies (8.7%), all up significantly year over year (10.4%, 4.4% and -2.4%, respectively, during FY2011). Average returns for venture capital (8.5%) and private equity real estate (7.5%), while positive during FY2012, represented notable year-over-year decreases (from 14.1% and 12.2%, respectively). Energy and natural resources conversely produced the weakest average FY2012 return (1.2%), followed by commodities and managed futures (2.4%) – though both represented considerable year-over-year increases (from -3.2 and -9.8%, respectively).

# Asset Allocations<sup>†</sup> for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Domestic equities	29	26	33	29
Fixed income	18	17	21	18
International equities	19	19	19	22
Alternative strategies	28	31	23	27
Short-term securities/cash/other	6	7	4	4

<sup>†</sup> Dollar-weighted

- Average FY2012 asset allocation among the Total Community Foundations group was 29% to domestic equities, 28% to alternative strategies, 19% to international equities, 18% to fixed income and 6% to short-term securities/cash/other.
- Community Foundations with assets Over \$500 Million reported the highest average allocation to both alternative strategies (31%) and short-term securities/cash/other (7%) among all size cohorts, while domestic equities and fixed income allocations (26% and 17%, respectively) were lowest among constituencies.
- Community Foundations with assets between \$101-500 Million showed the greatest propensity to allocate toward domestic equities (33%) and fixed income (21%) during FY2012, while the average alternative strategies allocation (23%) was lowest among constituencies.
- Community Foundations with assets Under \$101 Million reported the highest average allocation to international equities (22%) among all size cohorts, while all other allocations were relatively consistent with that of Total Institutions.

# Alternative Strategies Asset Mix<sup>†</sup> for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
Responding institutions	39	7	20	12
Private equity (LBO's, mezzanine, M&A funds and international private equity)	18	21	14	21
Marketable alternative strategies (hedge funds, absolute return, market neutral, long/short, 130/30, event-driven and derivatives)	53	50	55	58
Venture capital	4	4	4	1
Private equity real estate (non-campus)	8	8	8	4
Energy and natural resources (oil, gas, timber, commodities and managed futures)	13	13	14	11
Distressed debt	4	4	5	5

<sup>†</sup> Dollar-weighted

- The predominant FY2012 alternative strategies allocation among all size cohorts was to marketable alternative strategies, highest among Community Foundations with assets Under \$101 Million (58%), moderately lower among Community Foundations with assets Over \$500 Million (50%).
- Among Total Community Foundations, an average 18% allocation to private equity was reported during FY2012 – lowest among Community Foundations with assets between \$101-500 Million (14%), notably higher among the other size cohorts (both 21%, respectively), followed by energy and natural resources (13%) – slightly lower among Community Foundations with assets Under \$101 Million (11%).
- Community Foundations with assets Under \$101 Million reported the lowest average allocation to both private equity real estate (4%) and venture capital (1%) among all size constituencies.

# Portfolio Rebalancing for Fiscal Year 2012

---

*Numbers in Percent (%)*

	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
Rebalanced portfolio	82	75	78	93

- Eighty-two percent of the Total Community Foundations group reported rebalancing their portfolios during FY2012.
- Nearly all (93%) Community Foundations with assets Under \$101 Million reported rebalancing their portfolios during FY2012, while approximately three-quarters of both other size cohorts reported doing so.

# Portfolio Rebalancing Frequency\*\* for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
<b>Responding institutions</b>	<b>45</b>	<b>10</b>	<b>21</b>	<b>14</b>
<b>CALENDAR BASED</b>				
<i>Annually</i>	7	0	10	7
<i>Semi-annually</i>	4	0	5	7
<i>Quarterly</i>	16	30	5	21
<i>Monthly</i>	16	30	5	21
<i>Other</i>	0	0	0	0
<b>MARKET VALUE BASED</b>				
<i>Target and range based</i>	93	100	90	93
<i>Response to major gifts or other cash flows</i>	49	60	57	29
<i>Other</i>	0	0	0	0

\*\* multiple responses allowed

- Among the Total Community Foundations group using a calendar based approach to portfolio rebalancing during FY2012, an average 16% reported they rebalanced quarterly and monthly, respectively, while 7% reported they rebalance annually. Among those using a market value based methodology, an average 93% predominantly utilized a target and range based approach, while 49% rebalanced in response to major gifts or other cash flows.
- Thirty percent of Community Foundations with assets Over \$500 Million utilizing a calendar based approach reported rebalancing both quarterly and monthly, respectively, while all (100%) using a market value based approach reported it was target and range based, 60% of whom also stated it was in response to major gifts and cash flows.
- Among Community Foundations with assets between \$101-500 Million utilizing a calendar based approach, 10% reported rebalancing annually; among those using a market value based approach, 90% reported it was target and range based, while 57% stated it was in response to major gifts and cash flows.
- Among Community Foundations with assets Under \$101 Million utilizing a calendar based approach, 21% reported rebalancing both quarterly and monthly, respectively, while 93% using a market value based approach reported it was target and range based, though 29% stated it was in response to major gifts and cash flows – lowest among constituencies.

# Average Annual Effective Spending Rates for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
FY2012 effective spending rate	4.9	5.4	5.0	4.4

- Among the Total Community Foundations group, the average FY2012 effective spending rate was 4.9%.
- Community Foundations with assets Over \$500 Million reported the highest average FY2012 effective spending rate (5.4%) among all constituencies.
- Among Community Foundations with assets between \$101-500 Million, the average FY2012 effective spending rate was 5.0%.
- Among Community Foundations with assets Under \$101 Million, the average FY2012 effective spending rate was 4.4%, notably lower than both other size cohorts.

# Changes to Effective Spending Rates for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Increased spending rate	25	37	31	0
Average percentage increase	0.5	0.3	0.6	N/A
Decreased spending rate	25	25	31	12
Average percentage decrease	-1.1	-0.2	-1.6	-0.6
No change	28	25	25	38
No answer/uncertain	22	13	13	50

- Among the Total Community Foundations group, 25% reported an increased effective spending rate during FY2012, with an average percentage increase of 0.5%, while another 25% reported a decrease in effective spending rate, with an average percentage decrease of -1.1%. Twenty-eight percent reported no change.
- Among Community Foundations with assets Over \$500 Million, 37% reported an increased FY2012 effective spending rate, with an average percentage increase of 0.3% (moderately lower than both other responding cohorts), while 25% reported a decreased rate, with an average percentage decrease of -0.2% (lowest among constituencies). Twenty-five percent reported no change.
- Thirty-one percent of Community Foundations with assets between \$100-500 Million reported both increased and decreased effective spending rates during FY2012, respectively, with an average percentage increase of 0.6% (highest among responding cohorts) and percentage decrease of -1.6% (inversely highest among constituencies). Twenty-five percent reported no change.
- No Community Foundations with assets Under \$101 Million reported an increased FY2012 effective spending rate, while 12% reported a decrease, with an average percentage decrease of -0.6%, and 38% reported no change, highest among constituencies.

# Spending Policy\*\* for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Spent all current income	6	0	9	7
Percentage of a moving average	72	50	74	87
<i>Average percentage</i>	4.8	5.0	5.0	4.4
Decide on an appropriate rate each year	6	8	9	0
Grow distribution at predetermined inflation rate	0	0	0	0
Spend a pre-specified percentage of beginning market value	12	17	9	13
<i>Average pre-specified percentage spent</i>	5.1	4.9	5.0	5.3
Last year's spending plus inflation with upper and lower bands	6	8	9	0
Weighted average or hybrid method (Yale/Stanford Rule)	4	17	0	0
Other	8	8	13	0

\*\* multiple responses allowed

- The predominant FY2012 spending policy across all constituencies was to spend a percentage of a moving average (72% among total), with the average percentage ranging from 4.4-5.0%.
- Twelve percent of Total Community Foundations reported spending a pre-specified percentage of beginning market value, with the average pre-specified percentage being 5.1%.
- Community Foundations with assets Over \$500 Million showed a greater propensity to utilize a weighted average or hybrid method (Yale/Stanford Rule) than both other size cohorts; this as well as those using last year's spending plus inflation with upper and lower bands constituted 25% of the overall size cohort – trending upward year over year.



# Changes to Spending Dollars for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Increased spending dollars	46	59	39	47
<i>Average percentage increase</i>	8.7	6.7	7.3	13.1
<i>Median percentage increase</i>	5.9	3.8	6.0	5.8
Decreased spending dollars	22	25	26	13
<i>Average percentage decrease</i>	5.8	10.5	2.3	9.8
<i>Median percentage decrease</i>	3.0	10.5	2.4	9.8
No change	8	8	9	7
No answer/uncertain	24	8	26	33

- Among the Total Community Foundations group, 46% reported increased spending dollars during FY2012, with the average percentage increase being 8.7% (median 5.9%). Twenty-two percent reported decreased spending dollars, with the average percentage decrease being 5.8% (median decrease 3.0%), while 8% reported no change.
- More than half (59%) of Community Foundations with assets Over \$500 Million reported increased FY2012 spending dollars, highest among constituencies, with an average percentage increase of 6.7% (median 3.8%) – both lowest among constituencies. One-quarter reported decreased spending dollars during FY2012, with an average and median percentage decrease of 10.5% (both highest among constituencies), while 8% reported no change.
- Among Community Foundations with assets between \$101-500 Million, 39% reported increased spending dollars during FY2012, lowest among constituencies, with the average percentage increase being 7.3% (median 6.0%). Twenty-six percent reported decreased spending dollars, with the average percentage decrease being 2.3% (median decrease 2.4%) – both significantly lower than the other size cohorts. Nine percent reported no change.
- Nearly half (47%) of Community Foundations with assets Under \$101 Million reported increased FY2012 spending dollars, with the average percentage increase being 13.1%, considerably higher than both other size cohorts, and a median increase of 5.8%. Thirteen percent reported decreased spending dollars, lowest among constituencies, with an average and median percentage decrease of 9.8%. Seven percent reported no change.

# Percentage of Endowment Under Water for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
Percentage of endowment under water	5.5	0.0	3.2	15.7

- Among the Total Community Foundations group, the average reported percentage of endowment under water was 5.5% during FY2012.
- Community Foundations with assets Over \$500 Million reported no (0.0%) percentage under water during FY2012.
- Among Community Foundations with assets between \$101-500 Million, the average reported percentage of endowment under water was 3.2%.
- Community Foundations with assets Under \$101 Million reported a markedly higher average percentage of endowment under water (15.7%) than both other size cohorts during FY2012.

# Professional Staffing of Investment Function for Fiscal Year 2012

*Average number of Full-Time Equivalents (FTEs)*

	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
Average number of FTEs	1.0	1.3	1.1	0.6
Median number of FTEs	0.5	1.3	0.3	0.5

- Among the Total Community Foundations group, an average 1.0 full-time equivalent (FTE) was reported being staffed in the investment function during FY2012, while the median number of FTEs was 0.5 (which can be more indicative of true employment levels).
- Among Community Foundations with assets Over \$500 Million, an average and median 1.3 FTEs were reported being staffed in the investment function during FY2012, both highest among constituencies – the latter being significantly higher.
- Among Community Foundations with assets between \$101-500 Million, an average 1.1 FTEs were reported being staffed in the investment function during FY2012, while the median number of FTEs was 0.3 (lowest among constituencies).
- Among Community Foundations with assets Under \$101 Million, an average 0.6 FTEs were reported being staffed in the investment function during FY2012, lowest among constituencies, while the median number of FTEs was 0.5.

# Outsourcing of Investment Function for Fiscal Year 2012

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Have substantially outsourced	34	17	35	47
Considering substantially outsourcing	8	0	9	13
Neither	58	83	56	40
No answer/uncertain	0	0	0	0

- Among the Total Community Foundations group, more than half (58%) reported they have neither outsourced the investment management function, nor are considering it, while an average 34% have substantially outsourced and only 8% are considering outsourcing.
- Most (83%) Community Foundations with assets Over \$500 Million reported they have neither outsourced the investment management function, nor are considering it (highest among constituencies), while the remaining 17% have substantially outsourced (lowest among constituencies).
- Just over half (56%) of Community Foundations with assets between \$101-500 Million reported they have neither outsourced the investment management function, nor are considering it, while 35% have substantially outsourced and 9% are considering outsourcing.
- Nearly half (47%) of Community Foundations with assets Under \$101 Million reported they have substantially outsourced the investment management function, notably higher than all other constituencies, while 40% have neither outsourced, nor are considering. The remaining 13% are considering substantially outsourcing.

# Number of Managers Used by Asset Class in Fiscal Year 2012

## Average Number of Managers Used

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Domestic equities	4.4	6.4	4.3	3.2
Fixed income	3.2	3.8	3.1	2.8
International equities	3.6	4.7	3.6	3.1
Alternative strategies (direct)	6.0	17.7	3.2	1.9
Alternative strategies (fund of funds)	3.7	4.3	4.1	2.7

- Among the Total Community Foundations group, an average 6.0 separate individual managers were reported being utilized for direct investments in alternative strategies during FY2012, followed by domestic equities (4.4) and fund-of-funds investments in alternatives (3.7).
- Community Foundations with assets Over \$500 Million reported utilizing the highest average number of separate individual managers for all mandates listed during FY2012, most notably direct investments in alternative strategies (17.7), domestic and international equities (6.4 and 4.7, respectively).
- Among Community Foundations with assets between \$101-500 Million, an average 4.3 separate individual managers were reported being used for domestic equities, followed by fund-of-funds investments in alternative strategies (4.1) and international equities (3.6).
- Community Foundations with assets Under \$101 Million reported utilizing the lowest average number of separate individual managers for all mandates listed during FY2012, most notably direct and fund-of-funds investments in alternative strategies (1.9 and 2.7, respectively). An average 3.2 managers were reported being used for domestic equities, followed by international equities (3.1).

# Conflict of Interest Policies\*\*

Numbers in Percent (%)

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
<b>Have conflict of interest policy</b>	98	100	100	93
<i>For board</i>	14	8	13	20
<i>For investment committee</i>	0	0	0	0
<i>For board and investment committee</i>	84	92	87	73
<i>Stricter standard applies to investment committee</i>	6	17	4	0
<b>Policy applies to senior staff</b>	96	92	100	93
<b>Allow board members to conduct business with organization</b>	36	25	39	40
<b>Have process for resolution of potential conflicts</b>	100	100	100	100
<i>Recusal and disclosure</i>	89	100	78	100
<i>Recusal only</i>	6	0	11	0
<i>Disclosure only</i>	6	0	11	0
<i>Other</i>	0	0	0	0

\*\* multiple responses allowed

- Nearly all (98%) Community Foundations reported having a conflict of interest policy, mostly for the board and investment committee (84% among total – lowest among Community Foundations with assets Under \$101 Million, 73%) or solely for the board (14% among Total – highest among the Under \$101 Million cohort, 20%).
- Nearly all (96%) Community Foundations reported their policy applies to senior staff.
- The mid-size and Under \$101 Million cohorts showed a greater propensity to allow board members to conduct business with the organization (ranging 39-40%).
- All (100%) have a process for resolution of potential conflicts, predominantly recusal and disclosure (89% among total).

# Voting Members on Investment Committee for Fiscal Year 2012

---

*Average number*

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Voting investment committee members	8.0	8.1	7.9	8.0

- Among the Total Community Foundations group, the average number of voting members on the investment committee was 8.0 during FY2012, nearly consistent across all size cohorts – modestly higher among Community Foundations with assets Over \$500 Million (8.1), slightly lower among Community Foundations with assets between \$101-500 Million (7.9).

# Investment Committee Credentials for Fiscal Year 2012

*Average number*

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Investment committee members who are investment professionals	4.8	4.9	4.7	4.8
Investment committee members with alternative strategies experience	3.3	4.1	3.2	2.7
Non-trustee voting members	3.7	3.0	3.8	4.0

- Among the Total Community Foundations group, the average reported number of FY2012 investment committee members that are investment professionals was 4.8, while the average number with alternative strategies experience was 3.3.
- Community Foundations with assets Over \$500 Million reported a modestly higher average number of investment committee members who are investment professionals (4.9) than both other size cohorts (4.7 and 4.8, respectively).
- Community Foundations with assets Over \$500 Million reported the highest average number of investment committee members with alternative strategies experience (4.1) during FY2012, followed by Community Foundations with assets between \$101-500 Million (3.2) and Community Foundations with assets Under \$101 Million (2.7 – lowest among constituencies).
- Community Foundations with assets Over \$500 Million reported having the lowest average number of non-trustee voting members (3.0) among all constituencies.



---

# APPENDIX I

---

## SUPPLEMENTAL TABLES

## Investable Assets Not Part of Endowment

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
Investable assets not part of endowment	14.2	14.8	7.6	26.6

## Long-Term Return Objectives for Fiscal Year 2012

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
Have return objectives	72	75	69	73
Less than 5%	0	0	0	0
5.0 - 5.9%	14	25	13	7
6.0 - 6.9%	6	0	4	13
7.0 - 7.9%	10	8	4	20
8.0 - 8.9%	42	42	48	33
9.0% and over	0	0	0	0
Do not have return objectives	20	17	22	20
No answer/uncertain	8	8	9	7
Average	7.2	7.0	7.4	7.2
Median	8.0	8.0	8.0	7.5

## Asset Allocations<sup>†</sup> for Fiscal Year 2012

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
<b>Domestic equities</b>	29	26	33	29
<b>Fixed income</b>	18	17	21	18
<b>International equities</b>	19	19	19	22
<b>Alternative strategies</b>	28	31	23	27
Private equity (LBO's, mezzanine and M&A funds, international private equity)	3	3	3	5
Marketable alternative strategies (hedge funds, absolute return, market neutral, long/short, 130/30, event-driven and derivatives)	8	6	11	15
Venture capital	0	0	1	0
Private equity real estate (non-campus)	1	1	2	1
Energy & natural resources, commodities and managed futures	2	2	3	3
Energy & natural resources	1	1	2	2
Commodities and managed futures	1	1	1	1
Distressed debt	1	0	1	1
Alternatives not broken out	13	19	2	2
<b>Short-term securities/cash/other</b>	6	7	4	4
Short-term securities/cash	5	6	2	3
Other	0	0	2	1
Short-term securities/cash/other not broken out	1	1	0	0

<sup>†</sup> Dollar-weighted

## EW Asset Allocations<sup>†</sup> for Fiscal Year 2012

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
<b>Domestic equities</b>	30	27	33	29
<b>Fixed income</b>	19	18	21	18
<b>International equities</b>	20	19	19	21
<b>Alternative strategies</b>	26	29	22	28
Private equity (LBO's, mezzanine and M&A funds, international private equity)	4	4	3	5
Marketable alternative strategies (hedge funds, absolute return, market neutral, long/short, 130/30, event-driven and derivatives)	11	8	11	15
Venture capital	1	1	1	1
Private equity real estate (non-campus)	1	1	1	1
Energy & natural resources, commodities and managed futures	3	2	3	3
Energy & natural resources	2	1	2	2
Commodities and managed futures	1	1	1	1
Distressed debt	1	1	1	1
Alternatives not broken out	5	12	2	2
<b>Short-term securities/cash/other</b>	5	7	5	4
Short-term securities/cash	3	5	3	3
Other	1	0	2	1
Short-term securities/cash/other not broken out	1	2	0	0

<sup>†</sup> Equal-weighted

## Domestic Equity Asset Mix<sup>†</sup> for Fiscal Year 2012

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
Responding institutions	37	6	19	12
Active	62	*	55	67
Indexed (passive/enhanced)	38	*	45	33

<sup>†</sup> Dollar-weighted

\*Sample size too small to analyze

## Fixed Income Asset Mix<sup>†</sup> for Fiscal Year 2012

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
Responding institutions	36	6	19	11
Domestic investment-grade (active)	66	*	59	63
Domestic investment-grade (passive)	10	*	12	20
Domestic non-investment grade (active or passive)	11	*	17	2
International bonds (active or passive)	10	*	10	11
Emerging markets (active or passive)	3	*	2	4

<sup>†</sup> Dollar-weighted

\*Sample size too small to analyze

## International Equity Asset Mix<sup>†</sup> for Fiscal Year 2012

<i>Numbers in Percent (%)</i>	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
Responding institutions	37	7	18	12
Active MSCI EAFE	63	*	68	39
Passive/index MSCI EAFE	7	*	3	24
Emerging markets	30	*	29	37

<sup>†</sup> Dollar-weighted

\*Sample size too small to analyze


## EW Alternative Strategies Asset Mix<sup>†</sup> for Fiscal Year 2012

<i>Numbers in Percent (%)</i>	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
Responding institutions	39	7	20	12
Private equity (LBO's, mezzanine, M&A funds and international private equity)	19	*	15	20
Marketable alternative strategies (hedge funds, absolute return, market neutral, long/short, 130/30, event-driven and derivatives)	55	*	55	58
Venture capital	3	*	4	1
Private equity real estate (non-campus)	6	*	8	4
Energy and natural resources (oil, gas, timber, commodities and managed futures)	13	*	14	12
Distressed debt	4	*	4	5

<sup>†</sup> Equal-weighted

\*Sample size too small to analyze

## Percent Allocated to Liquidity Categories in Fiscal Year 2012



<i>Numbers in Percent (%)</i>	<b>Responding Institutions</b>
	30
Daily	51
Monthly	21
quarterly	9
Semi-Annually	1
Annually	3
Illiquid (>365 days)	14
Other	1

## Classifications Used in Constructing Portfolio in Fiscal Year 2012

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>
<b>Classifications under consideration**</b>	
<i>Growth assets</i>	62
<i>Risk reduction</i>	60
<i>Inflation protection (real assets, TIPS)</i>	62
<i>Opportunistic</i>	32
<i>Liquidity</i>	32
<i>Duration</i>	16
<i>Other</i>	2
<b>No answer/uncertain</b>	22

\*\* multiple responses allowed



## Uses Environmental, Social, Governance (ESG) Criteria for Portfolio\*\*

<i>Numbers in Percent (%)</i>	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Environmental	2	0	4	0
Social	6	8	9	0
Governance	4	0	4	7
Other	2	0	0	7
None	84	92	78	86
No answer/uncertain	6	0	13	0

\*\* multiple responses allowed

## Percentage of Operating Budget Funded by Endowment

<i>Numbers in Percent (%)</i>	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
<b>Average percentage of operating budget funded by endowment</b>	55.2	58.1	61.5	43.0
<b>Median percentage of operating budget funded by endowment</b>	66.5	89.1	67.0	28.3
Increase	5	0	6	9
Decrease	24	20	6	55
No change	68	80	82	36
No answer/uncertain	3	0	6	0

## Cost of Managing Investment Programs for Fiscal Year 2012

	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
Responding institutions	44	10	19	15
Average cost (\$ in thousands)	1,191	3,948	541	400
Average cost (basis points)	68	75	65	68
Median cost (basis points)	73	83	69	72

## Included in Cost Calculations\*\*

<i>Numbers in Percent (%)</i>	Total Institutions	Over \$500 Million	\$101-500 Million	Under \$101 Million
	50	12	23	15
Asset management fees and mutual fund expenses	70	67	70	73
Direct expenses	54	58	57	47
Incentive/performance fees paid to asset managers	8	25	0	7
Internal staff	20	33	17	13
Consultant fees/outourcing fees	60	67	61	53
Other	6	8	4	7

\*\* multiple responses allowed

## Changes in Gifts and Donations for Fiscal Year 2012

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
Increase in gifts	48	67	35	54
Median percent increase	26.1	18.3	14.7	61.7
Decrease in gifts	18	0	26	20
Median percent decrease	48.6	N/A	50.0	30.0
No change	18	8	26	13
No answer/uncertain	16	25	13	13

## Organization has a Chief Investment Officer

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
Yes	14	42	9	0
No	86	58	91	100
No answer/uncertain	0	0	0	0

## Consultant Use

<i>Numbers in Percent (%)</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
Used consultant	86	100	87	73
<b>Services Used**</b>				
Asset allocation/rebalancing	79	67	75	100
Manager selection	88	92	80	100
Policy review	86	92	85	82
Performance attribution and measurement	91	92	85	100
Outsourced investment management	28	17	30	36
E/S/G review	7	8	0	18
Other	7	17	5	0

\*\* Multiple responses allowed

---

# APPENDIX II

---

## DEMOGRAPHIC TABLE

## D.1 Endowment Fund Flows for Fiscal Year 2012

<i>Dollars (\$) in Thousands</i>	<b>Total Institutions</b>	<b>Over \$500 Million</b>	<b>\$101-500 Million</b>	<b>Under \$101 Million</b>
	50	12	23	15
Total beginning period endowment value	15,360,670	10,170,338	4,288,311	902,021
Total additions to investment pool	963,848	568,323	288,713	106,812
Total withdrawals from investment pool	-718,225	-414,206	-240,509	-63,510
Adjustment to account for non-responding institutions	1,282,514	823,001	407,350	52,163
Total ending period endowment value	16,888,807	11,147,456	4,743,865	997,486

---

# APPENDIX III

---

## PARTICIPATING INSTITUTIONS

## Participating Public (Community) Foundations

---

### A

Akron Community Foundation, OH  
Amarillo Area Foundation, TX  
Arizona Community Foundation, AZ

### B

Baton Rouge Area Foundation, LA  
The Boston Foundation, MA

### C

Central Indiana Community Foundation, IN  
The Cleveland Foundation, OH  
The Colorado Health Foundation, CO  
The Columbus Jewish Foundation, OH  
Communities Foundation of Texas, TX  
Community Foundation for Southeast Michigan, MI  
Community Foundation of Abilene, TX  
Community Foundation of Greater Chattanooga, TN  
Community Foundation of North Texas, TX  
Community Foundation of St. Joseph County, IN  
Community Funds, Inc. - Affiliated with New York Community Trust, NY

### D

Dallas Jewish Community Foundation, TX  
The Denver Foundation, CO

### E

Elkhart County Community Foundation, IN  
Endeavor Foundation, AR

### F

Fairfield County Community Foundation, CT  
Fremont Area Community Foundation, MI

### G

Grand Rapids Community Foundation, MI  
Greater Milwaukee Foundation, WI  
Greater Texas Foundation, TX  
Gulf Coast Community Foundation, FL

### H

Hartford Foundation for Public Giving, CT  
Hawaii Community Foundation, HI  
Heifer International, AR

### J

Jewish Communal Fund, NY  
Jewish Community Foundation of Greater Hartford, CT  
Jewish Community Foundation of Greater Kansas City, KS  
Jewish Community Foundation San Diego, CA

### K

Kalamazoo Community Foundation, MI

### M

Madison Community Foundation, WI  
Maine Community Foundation, ME  
Morris Animal Foundation, CO



## Participating Public (Community) Foundations

---

### P

The Pittsburgh Foundation, PA  
Princeton Area Community Foundation, NJ

### R

The REACH Healthcare Foundation, KS  
Richmond Memorial Health Foundation, VA  
Rose Community Foundation, CO

### S

The Saint Paul Foundation, MN  
Santa Barbara Foundation, CA  
Silicon Valley Community Foundation, CA  
Sioux Falls Area Community Foundation, SD  
St. Luke's Health Initiatives, AZ

### T

Texoma Health Foundation, TX

### U

United Way of Greater Rochester, NY

### Y

York County Community Foundation, PA

15 Old Danbury Road  
P.O. Box 812  
Wilton, CT 06897-0812

Tel 888-TCF-MAIN  
Tel 203-563-5000  
[www.commonfund.org](http://www.commonfund.org)

commonfund