



Fondation de France



Annual Philanthropy Barometer

Foundations and endowment funds in France

Special report

**Donor-advised funds:
an attractive option
for families
and companies**



Axelle Davezac

Chief Executive Director
of Fondation de France

**« Now more
than ever,
philanthropy
is essential
to social
cohesion. »**

The two-year health crisis has not made a dent in the dynamism of the philanthropic sector in France: despite all the uncertainties, the desire to engage for the common good is stronger than ever.

The number of funds and foundations has grown by 6% compared to 2020, and their number has more than doubled in 20 years!

This willingness to act in favor of the public interest also shows that the private sector has confidence in philanthropy's ability to transform society and have an impact on the world around us. The urge to commit for the common good is as strong for individuals as it is for businesses. There are six times more corporate foundations than there were 20 years ago, the number of French donor-advised funds has tripled during this same period, and endowment funds have grown exponentially since 2011.

At Fondation de France, we experience the need for engagement on a daily basis, having welcomed **46 new donor-advised funds in 2021**. This philanthropy barometer includes a special section on donor-advised funds, representative of the sector's growth.

For businesses, the health crisis has triggered a new awareness, and at times has increased it. **For family foundations, the desire to transmit, share and build an inter-generational project uniting the family** explains such a commitment. All of the founders express a strong desire to contribute to a cause they find meaningful.

This ability to take on important and pressing issues, to provide concrete, sustainable solutions, and to experiment with innovative options is what makes philanthropy essential to social cohesion, now more than ever.

At a time when France is about to take part in an important democratic event that will determine public policy in the years to come, it is important to note philanthropy's role and essential contributions to its life. As a complement to public measures, philanthropy can inspire and initiate the transitions necessary to face a changing world.

Foundations and endowment funds, growth is set to continue

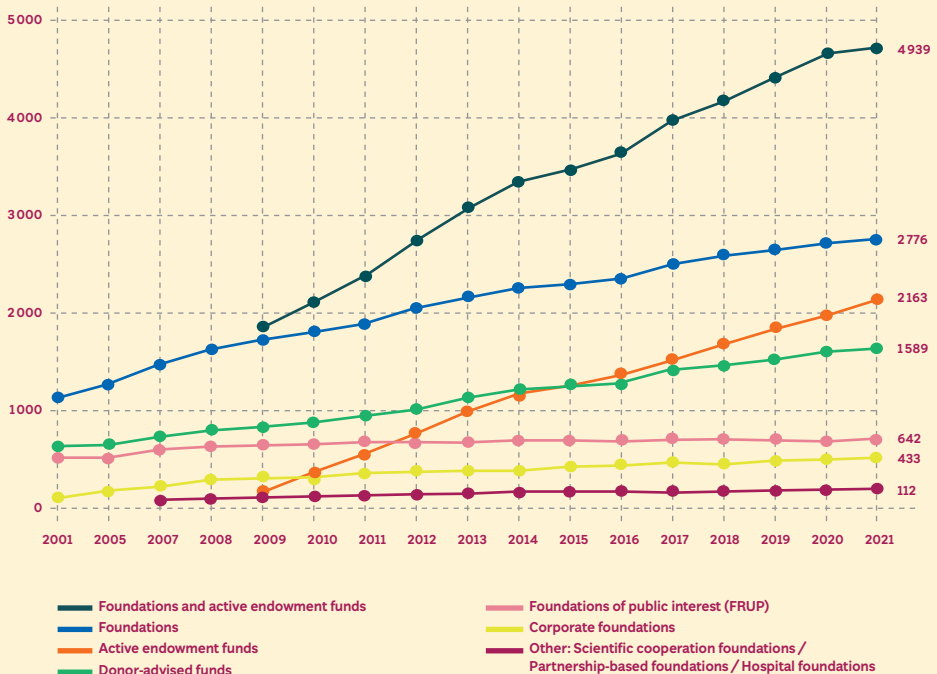
Since 2001, the Philanthropy Observatory has been conducting national surveys to track changes in the foundations and endowment funds sector.

The number of foundations has more than doubled in 20 years. In 2021, there are close to 2 800 active organizations. Including endowment funds raises the total to nearly 5 000 organizations.

A strong growth in foundations over the past 20 years

In 20 years, the number of foundations increased by 2.5. There were 1 109 of them in 2001 and 2 776 in 2021 (excluding endowment funds). While foundations of public interest (known as FRUP in France) saw a moderate increase, the rise in donor-advised funds and corporate foundations has been particularly striking. There has been a three-fold increase in donor-advised funds, from 571 in 2001 to 1 589 currently. Corporate foundations also experienced a marked increase, from 67 to 433, increasing by six. Since 2011, endowment funds have also seen a very steep rise.

→ Number of foundations and endowment funds according to legal status, 2001-2021



Note: The 2019 national survey of foundations and endowment funds shows that only 60% of the latter were created but not actually active. The orange line shows the number of active endowment funds over time.

5 | Key figures

Changes in the French fiscal and legal frameworks may partly explain the overall increase in this sector. From the 2000s, a number of laws introduced some flexibility, which facilitated charitable giving for both individuals and companies. These were: the 2003 Law on Patronage, Associations and Foundations, the 2007 TEPA Law On Labor, Employment And Purchasing Power and the 2014 Law on the Social And Solidarity Economy. In addition, since the end of the 2000s, companies' growing corporate social responsibility definitely played a part in driving the development of corporate foundations. Common points between the CSR approach and philanthropy meant that companies were able to contribute coherently to charitable activities.

The desire of private individuals to act for the common good partly explains the development of donor-advised funds: more than half of these funds were set up by individual founders. This model is also increasingly attractive for companies, in fact one in four of all donor-advised funds created were created by companies. In 2021, they even represented half of the new donor-advised funds set up at Fondation de France.

The impact of the philanthropy sector is also evidence of its significant development. In less than 20 years, both the assets and expenses of foundations and endowment funds increased by a factor of 4. In 2001, 8 billion euros of assets and 3.1 billion euros of expenses rose respectively to 32 billion and 11.9 billion euros in 2020.

→ The financial impact of foundations and endowment funds

	Foundations (excluding endowment funds)	Endowment funds (estimated)
Amount in million euros	2020	
Assets	32 114	1 600–2 100
Income	11 669	300–400
Expenses	11 867	400–450

Source: data from the 2020 annual financial statements (new ANC standard N°2018-06)

A sector that remains flourishing, despite the pandemic

For the second year of the pandemic, the philanthropic sector was still on an upwards trajectory. In 2021, the growth rate of foundations and endowment funds was higher than in previous years: more than 6% in 2021 compared to 5% in 2020. The growth was largely due to the development of donor-advised and endowment funds, which represents three quarters of all nonprofit organizations in France. This trend clearly demonstrates the power of commitment to the common good in the private sector during the pandemic.

Foundations have been variously affected by the pandemic

In 2020 – the latest year for which foundations’ and endowment funds’ financial statements are available – foundations held 32 billion euros of assets, with income amounting to 11.7 billion euros and expenses being close to 11.9 billion euros. For endowment funds, assets were estimated to total between 1.6 and 2.1 billion euros, income between 300 and 400 million euros, and expenses between 400 and 500 million euros.

As of January 1, 2020, the French Accounting Standards Authority (ANC) has applied accounting rule N°2018-06 to associations, foundations and endowment funds. The impact of this reform on 2020 financial statements has prevented precise comparisons with 2019 financial indicators. Note that the reform affected mostly foundations’ assets and to a lesser degree, their income and expenses.

Despite this change in the French accounting regulation, we can establish overall trends by categorizing foundations in three groups according to their expenses: those that spend less than 1 million euros per year, those that spend between 1 and 10 million euros per year and those that spend more than 10 million euros per year. The data shows that foundations spending less than 1 million euros each year have seen a sharp decrease in both income and expenses in 2020.

The extent of the decrease cannot only be attributed to the accounting reform. The pandemic affected badly these foundations. At times because income-generating organizations’ sale of goods and services plummeted (such as tickets for cultural events, vacations for children), at other times because foundations have been unable to access the logistics required to set up emergency fundraising. Some foundations even had to postpone their expenses, in particular those relating to projects canceled due to the pandemic, as with cultural institutions.

However, foundations spending more than 10 million euros per year saw a marked increase in both their income and expenses. For these foundations, the increase was greater for expenses than income, demonstrating their strong commitment to solidarity during the first year of the pandemic.



2776

foundations and 2 163 active
endowment funds



11.9

billion euros allocated
to charitable causes

Donor-advised funds: key trends in 2021

Although 2021 was a year still deeply marked by the pandemic, the urge to act for public interest did not waver, quite the opposite in fact. In the same way that the philanthropic sector saw consistent growth, so did the number of donor-advised funds in 2021.

“A major health crisis, financial worries, those were some of the pandemic’s consequences that could be expected to slow down the willingness to engage in philanthropy. And yet, with 46 new foundations created in 2021, the pace of their development was very brisk,” says Sabine de Soyres, in charge of foundation development and bequests at Fondation de France.

The growth in donor-advised funds can be partly explained by their unique legal status, which, in France, offers many advantages. This status enables founders to benefit from legal and practical support and to pool both expertise and costs. The main advantage for founders is that they can join a network and tap into the interactions and collaborations that work towards common causes.

“Founders enjoy belonging to a network,” agrees Jean-Marie Destrée, general manager of Fondation Caritas France. *Some of our donor-advised funds were initially set up as endowment funds. Later, they might opt to become a donor-advised fund, so as to benefit from the Caritas network’s expertise and project sourcing, especially when it comes to combating poverty and exclusion.”*

“People and institutions choose us for the quality accreditation and guarantees that a foundation of public interest brings,” adds Elsa Bouneau, director of Fondation du Protestantisme. *“This status gives credibility to both their fundraising strategy and their relations with potential partners.”*

Companies and families, a willingness to commit on the long term

Two significant trends emerge when looking at founders of donor-advised funds. The majority are still family-governed foundations, bringing together parents, children and even grandchildren who work together towards a charitable cause. The desire to embark on a shared, intergenerational adventure, based on family relations is often the starting point. *“Including children and grandchildren is far more frequent now than ten years ago. Thinking through and establishing the foundation’s purpose is a family project,”* points out Jean-Marie Destrée.

Another strong trend is the record number of donor-advised funds created by companies, representing close to half the number of all foundations created at Fondation de France. *“In 2020, they were mostly SMEs and they engaged in research and nonprofits to meet emergency needs during the pandemic. They are now ready to make this a lasting commitment by creating their foundation,”* explains Sabine de Soyres.

At Fondation du Protestantisme, foundations are historically created by protestant institutions and nonprofits that want to consolidate their fundraising strategy. *“But we also now welcome individuals who can be described as early retirees,”* notes Elsa Bouneau. *“Rather than taking a final job, they decide to devote the end of their career to their philanthropic commitment.”*

Charitable causes addressing current concerns

These new foundations are keen to offer practical and effective solutions to address today’s major social challenges. For 30% of the new donor-advised funds at Fondation de France, helping to support the ecological transition and protect biodiversity lies at the heart of the commitment.

At Fondation Caritas, environmental issues are increasingly taken into account by way of projects promoting inclusion or, for instance, combating energy poverty. The focus on at-risk populations, often made worse by two years of health crisis, is the core mission of many foundations. Others are involved in combating inequality, domestic violence, poverty, or active in issues such as young people’s mental health, education and support for the culture sector, which was so badly hit in the past few months.



Caroline and Frédéric Brun,
founders of Fondation Brun

A family foundation that unites us and reflects our values

“From the start, the idea was to create a family foundation that would include our four children. They are between 11 and 19 years old, and like all children and teenagers, they have a refreshing vision of the world, and at the same time, a sharp sense of justice. Having them take part in this adventure was a chance to share a long-term group project that would get us all involved, and for the right reasons. The children will leave home one day, but we hope that they will always remain attached to this foundation. We would like this to be the starting point for a shared history that perpetuates our values: living together in harmony, respecting others, and showing solidarity.

Beyond the differences in their ages and outlooks, it is also a good way to develop their awareness of the realities of our era, to get them interested in other people’s issues and especially, to learn that it is possible to change what doesn’t work. While we all agreed on the importance of protecting our environment, the youngest insisted on including the fight against poverty where they felt it was the most urgent, in Africa and Asia. This created a debate, because in the middle of a health crisis it seemed as important to help students in distress and vulnerable populations...in the end, we went with their idea, and it turned out to be a good one.”





Clémence Brachotte,
founder of Fondation Gratitude

Refocusing on my values

“Inspired by my mother and grandmother, who gave so much of their time to people in difficulty, I have always been involved in volunteer work. When I was very young, I participated in numerous humanitarian missions, in Romania with children living in the streets, in India in a village of lepers... and that commitment has never ended. When I was 30, I felt the need to take a break from my professional career to refocus on my values. I traveled to Africa, Latin American and Asia to devote myself to those who have been abandoned and are suffering the most. The idea of creating a foundation that would have an impact in the long-term was born during this in-the-field experience. I sold the family business and that was how Fondation Gratitude was born, with a mission to offer those most in need access to health care, social inclusion and education. The original mission, both international and humanitarian, was turned upside down by the Covid-19 crisis. Today, half of the projects we support are overseas, the others are in France, focusing especially on social inclusion. In the future, we hope to become operators and run dispensaries and orphanages where they are most needed.”



Philippe Poncin,
founder of Fondation
Alpes sauvages

Turning contemplation into action

“Having always been awestruck by the beauty of nature, and the massifs of the Alps in particular, I wanted to create a foundation that would help preserve this unique biodiversity. The foundation is called Alpes sauvages and focuses on the European Alps, an area that has always been important to me but also has the advantage of being a relatively uniform geographical and climatic zone. My desire to get involved was further encouraged by the positive changes I saw in the last few years right near where I live, near Grenoble. Today we can see species that we didn't see before, like the bearded vulture and other vultures, as well as other large animals, thanks to reintroduction projects and a more

reasonable approach to hunting...reasons to be optimistic! I wanted to be part of these efforts to protect and re-wild nature by offering my support to those working on the ground. The foundation operates in a pragmatic manner, exchanging with men and women in the field in order to better understand how they work and what they need. Being a donor-advised fund under Fondation de France is also an opportunity for me to meet other founders who share the same values, so we can share our experiences and imagine possible collaborations, because together we can have more impact. In short, it's a very enriching experience, both intellectually and on a human level."



Franck Duriez,
executive director of
Fondation Blancheporte

Fulfilling the company's social mission

"There are several reasons behind the creation of Fondation Blancheporte. First of all, the redefinition of our company's mission: to enhance women's lives so they feel beautiful and good about themselves, and to work to create a more harmonious world. We wanted to fully commit to this mission, beyond our commercial activities. We also wanted to make a permanent commitment to our company's social responsibility. Finally, something our teams were really strong on, especially after the health crisis – to add another dimension to their professional goals.

Accompanying us on this path towards Fondation Blancheporte was Fondation de France Nord, who helped us narrow the scope of the project. Right away, the idea of supporting women, who are our clients but also most of our employees, came to the forefront. We decided to send a positive message by supporting initiatives developed by women who want to change the world. We are going to send out a call for projects to encourage those who want to act and innovate in the domains of education, access to culture, training, entering the job market, social or intergenerational connection, and so on. The initiatives will be selected by the foundation's executive committee, which consists of Blancheporte's senior management, a team of employee volunteers, and external advisers. The foundation's launch has already stirred up a lot of support among our teams, as well as a new pride in their work. A very promising sign."

Methodology

Every four years, since 2001, Fondation de France's Observatory of Philanthropy conducts a large-scale study of foundations and endowment funds in France. Since 2020, the Annual Philanthropy Barometer provides a yearly overview of trends in the sector.

The Barometer produces indicators on the number of foundations and endowment funds as well as their economic impact (assets, expenses and income for the most recent year available, thus 2020 for this edition of the barometer). To measure these key developments, the Observatory of Philanthropy updates data on the creation and dissolution of foundations and endowment funds. Additionally, the Observatory collects data on financial statements published in the Official Register of Associations and Foundations and online.

The financial indicators (total assets, income and expenses) are based on data from 227 foundations' accounts (including 25 umbrella foundations representing 1388 donor-advised funds, that is 60% of all foundations) as well as data from 160 endowment funds. The calculations were made using three groups of foundations and three groups of endowment funds, defined according to their expense levels.



Sources

Philanthropy Observatory survey data

Official Register of Associations and Foundations: foundation and endowment fund annual statements for 2020

Étude nationale Fondations et fonds de dotation 2019 (National Study on Foundations and Endowment Funds 2019)

A study conducted with the cooperation

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