Funds and foundations in France from 2001 to 2014

A study conducted in collaboration with the Ministry of the Interior's Office for associations and foundations

and with the support of Viviane Tchernonog,

a CNRS researcher
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Main Abbreviations

PUF = public utility foundation
EPUF employer’s public utility foundation
NEPUF no employee public utility foundation
CF = corporate foundation
SF = sheltered foundation
SCF = scientific cooperation foundation
UF = university foundation
PF = partnership foundation
EF = endowment fund
Funds and foundations in France from 2001 to 2014

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Philanthropy in action

Philanthropy in France, which was still low key twenty years ago, has now reached a decisive stage: Foundations have doubled their numbers since 2001, while 2,000 endowment funds have emerged in the last five years. It is very clear, the 21st century will be the century of foundations.

We are seeing the philanthropy ecosystem unfold, bringing together donors, founders, project patrons and mediators with the same solidarity and efficiency-seeking approach. Today, all the stars are aligned: Eight legal statuses allowing each project to take shape in the right conditions, professionalization which continues as the sector now has more than 84,000 salaried jobs, and many professional networks promoting the sharing of good practices and capacity building.

Foundations, of which two thirds have private resources, work in all areas of general interest, and notably, in favour of social action. The years of crisis we have just gone through have brought this subject to the forefront of philanthropists' concerns. Redistribution carried out by foundations in the form of aid, grants, scholarships or prizes represents more than €1.5 billion. Private philanthropy has therefore become an essential component of general interest funding.

True social innovation funds, foundations increasingly favour a flow model rather than long-term capitalisation. They thus find the flexibility needed to adapt to the needs of society, and to face the challenges of today whilst preparing for those of tomorrow. This choice of a dynamic expenditure model that favours rapid impact is also reflected in new philanthropists' desire and urgency to engage, without necessarily having extortionate means.

The extremely rapid development of the sector is the result of a determined government incentive, which I salute here for their vision and their constancy, but also of a recognition by new patrons of their role in society. 87% of individual founders are in professional activity, and a third of them are under the age of 55: Philanthropy is therefore the business of young people, who are actors in the economic activity and social development of our country.

The Fondation de France, the leading philanthropic network in France, welcomes this strong growth which it has, in accordance with its mission, helped to structure and support.

365 funds and foundations participated in this national survey, versus 150 four years ago. There, we see a positive signal in terms of their ability to mobilise for collective projects and for the development of sector knowledge. It is also an encouragement that strengthens our resolve to promote a genuine culture of philanthropy in France.

Francis Charhon
Managing Director
Fondation de France
Foreword from the Ministry of the Interior

The new issue of the report from the Fondation de France's Observatory has, as usual, a wealth of data and figures and is, therefore, very instructive. In particular, strong growth in the number of institutions dedicated to philanthropy can be noted. Developments or trends that one could have imagined or deduced from legislative changes such as the transformation of endowment funds into public utility foundations, which have produced little in reality and which are only very few in number. Perhaps it is still too early to draw conclusions from this, but one can, nevertheless, risk the hypothesis that the donations and gifts received by endowment funds have failed to meet the statutory endowment required to be able to file an application for public utility recognition.

The number of public utility foundation creations is tending to stabilise (6 in 2014 versus 7 in 2013) bringing the number of public utility foundations to 634, as of December 31, 2014. Interest can be seen in foundations for their shelter status that allows patrons to give their names to a fund or a cause, without the need to set up an endowment, but by leaving themselves the medium-term possibility of creating a PUF. The Ministry of the Interior, in its daily work of examining applications, meetings with project patrons and legal professionals, finds interest in the public utility recognition label. It also agrees with the Observatory's findings regarding the importance of the health and social sector.

The first figures in 2015 show a slowdown in the creation of endowment funds; the establishment of an initial endowment by the law on the social and solidarity economy (known as the SEE law) can explain this.

This same law legally framed restructuring operations between associations and foundations; the implementing decree to be published in the summer will help secure these operations by ensuring information for employees and third parties.

Called to serve as ex officio members or commissioners of the government, representatives from the Ministry of the Interior record with interest and encourage the attention paid by administrators and foundation leaders to the rigorous management of funds entrusted to them by the generosity of the public.

Patrick AUDEBERT
Head of the office for associations and foundations
Ministry of the Interior
Foundations in France: Definitions and principles

The appearance of foundations and guiding principles

Definition
The law of 23 July 1987 on the development of patronage defines the "foundation" as "the act by which one or more individuals or corporate bodies decide on the irrevocable assignment of property, rights or resources for the realisation of a work of general interest and not for profit". Thanks to the assets they are responsible for managing, foundations can organise services in various sectors - hospitals, retirement homes, research centres, museums, welfare facilities etc. - or fund community projects, prizes, scholarships.

Thus, we can mention the Institut Pasteur, the Apprentis d’Auteuil, the Musée Cognacq-Jay, the Fondation Philippe Chatrier, the Fonds Social Juif Unifié, the Fondation de France, and the Fondation pour la Recherche médicale etc.

The recent emergence of the term foundation
For a long time, substantive law applied to foundations was only based on the jurisprudence of the Council of State and the civil courts, while from the tax point of view, associations and public utility foundations were taken together. It was not until 1987 that the word foundation appeared in French law. Things then went faster. During the 1990s, several laws specified the status and the prerogatives of these prestigious institutions. 2003 marked an important milestone: the Council of State revised the standard statutes for public utility foundations, while the legislator significantly strengthened the tax incentives for patronage. 2008 was a breakthrough year with the arrival of the endowment fund.

Initial characteristics of foundations and their changes
The French system of foundations has long been marked by four characteristics, which are the fruit of a strong legacy of the past, which have however changed over the last fifteen years:

The link with the public authorities:
When they were created, as well as during their lives, foundations have long been linked to the advice and direct control of the public authorities. The French system of foundations still retains the imprint of the practice drawn up under royalty: the creation of a foundation (public utility, corporate, scientific cooperation) is subject to a priori control by a competent authority. Royal authorisation has been succeeded by the consent of the government, then of the Prime Minister in the form of a decree. For foundations without legal autonomy, acceptance must be formally declared by the organisation called upon to create them under its aegis.
Moreover, the presence of State representatives on the Board of Directors has long been, in the French system, the way of guaranteeing the public interest. Yet, the corporate foundation in 1990, then the public utility foundation in 2003, envisage Boards without government representatives. This latest advance clarifies the relationship with the guardian State: While completely maintaining the private nature of foundations, it places the role of guardianship as an external guarantor of the public interest.

➢ **The definitive character of gifts:**

The definitive character of gifts granted to foundations was clearly confirmed through the law of 23 July 1987 on the development of patronage. It has not been challenged since.

➢ **The principle of sustainability:**

The principle of sustainability has long been a central element in the definition of French foundations and specific with regard to foreign foundations. To be part of this perspective of sustainability, foundations must have a large enough endowment so that their revenues are sufficient to fund their annual budgets. For decades, public utility foundations were created only subject to this condition. In 1990, the sustainability requirement was questioned, for the first time, with the creation of the corporate foundation, which was essentially designed as a time-limited project, funded by financial flows rather than by an income from capital. This was a first step towards a radical modernisation of the tool that would be confirmed in the revision of the standard statutes for public utility foundations in 2003: The model now allows an expendable capital variant. It should be noted that in 1969, the Fondation de France allowed the creation of limited-duration individualised foundations within it, but because this measure belonged to organisation that is itself sustainable, it has not formally questioned the principle of foundations' longevity.

❖ **The special case of endowment funds**

In 2008, while the legal framework for foundations seemed to have reached maturity through a process of openness and flexibility, a new measure, the endowment fund, demolished the last traces of a Franco-French concept of patronage.

The legal definition of an endowment fund naturally associates it with all French foundations that existed before it. The economic modernisation law of 4 August 2008 refers to it as "a non profit-making private legal entity that receives and manages, by capitalising them, property and rights of any nature that are given to it freely and irrevocably and uses the income from capitalisation for the execution of a task or a mission of general interest".

Initially inspired by Anglo-Saxon Endowment funds (a capitalisation fund whose revenues serve a cause of general interest), the endowment was finally designed in a much broader perspective. The strictly capitalistic configuration is always considered, but it is among a range of formulas adapted to suit the intentions of founders. An endowment fund can also be a structure without capital managing resource flows (collection, gifts, bequests, possibly for a unique designated body), a structure leading to resource-generating activities, a structure itself leading to activities of general interest... All forms hitherto taken by foundations can also be found under this new statute.

What distinguishes the endowment fund from foundations that pre-existed it, is the more radically liberal vision of the general interest which it arises from it and thus the break with a secular French practice of control by the public authorities that it represents.

Exclusively dedicated to wealth management from private patronage (unless via special dispensation), the endowment fund is largely free from the supervision of the public authorities. No type of prior control is required for its creation: Like the 1901 association law, it can be created...
simply by making a declaration at the prefecture. No State representation is imposed within its governing bodies.

**Associations and foundations: What are the differences?**

In France, foundations are often confused with associations, including by policy makers. These two tools dedicated to the general interest have radically different characteristics:

- The association exists through "the grouping together of people around a non profit-making objective", while the foundation corresponds to "the irrevocable assignment of assets (movable or immovable) for the execution of a non profit-making task of public interest".

- If both are necessarily non profit-making, the association can defend the interests of a small group (a family, a professional body, a school’s pupils...), while the foundation is necessarily dedicated to the public interest.

- The association disappears with the dispersion of its members, whereas the foundation can survive without its founder(s).

- Associative governance based on the democratic principle (general meeting of members - one person = one vote); that of the foundation is collegiate (Board of Directors; expert committees).

**Four general measures, four specialised measures**

Having clarified the intent of the law on the development of patronage to protect the name of the foundation, the 1990 law restricted this term to three forms of organisation:

- the public utility foundation,
- the corporate foundation,
- the foundation sheltered by an approved body

The endowment fund, which does not have the foundation name, complemented this range of general measures in 2008.

Between 2006 and 2009, the legislator supported the development of foundations for research and higher education, with four specialised measures, directly inspired by existing statutes:

- the scientific cooperation foundation
- the university foundation
- the partnership foundation
- the hospital foundation.
Public utility foundations

The creation of a public utility foundation requires the authorisation of the State, by decree of the Prime Minister and countersigned by the Minister of the Interior, issued after the opinion of the Council of State.

Autonomous, they base their strength and durability on their wealth. As seen above, income from their endowments should normally cover their costs and finance their social missions. Moreover, they must, to endure, protect their assets against monetary erosion. In fact, this configuration required when they are created is often upset afterwards. Either because, in a perspective of development, the organisation diversifies its resources. Or because on the contrary, the vagaries of economic life lead it to reduce its ambitions or "nibble away" at its capital. The bet is not easy to keep and this balance can only be maintained over time by very large organisations. It can be seen that those which withstood the test of time generally had a significant property portfolio that stood up to attrition. It should be noted that the breach opened in the concept of the sustainability of public utility foundations during the reworking of the standard statutes in 2003 has not been explored. The new model of the expendable capital foundation, designed to accommodate medium-sized or modest assets and projects has, in fact, been strictly limited to date by the Council of State to the causes themselves considered to be limited in time and to research foundations.

The public utility foundation has long been governed by a Board of Directors which contained, in approximately equal proportions, the founders, representatives of public authorities and individuals co-opted for their expertise in the fields of the foundation's activities. Since 2003, it has been possible to opt for a two-headed governance (Supervisory Board and Management Board), and to have a government commissioner as the sole representative of the State, no longer a co-decision maker but an observer responsible for ensuring compliance with public utility.

Corporate foundations

In 1990, as a result of requests from organisations from the business community, French law established the corporate foundation. Necessarily permanent, the public utility foundation proved too heavy and rigid to support the patronage of a lucrative business subject to the vagaries of the economy and business strategies. It was therefore necessary to introduce a specific intermediate and more flexible measure.

The limited duration foundation, whose budget is no longer based on the earnings from capital but on resources provided annually by the company, this new legal structure is created by a decree of the prefect from the département where the company has its registered offices. The founder must commit to a renewable period of five years and an overall minimum of €150,000.

There are two major constraints on this new status, which is, however, revolutionary compared to the rules that had hitherto prevailed. In exchange for the fact that the corporate foundation has the right to bear the name of the company that created it, in 1990 the legislature banned it from appealing for any external generosity. Furthermore, the project keeps track of the endowment that is so central to the operation of public utility foundations. Indeed, the corporate foundation, in its first version, retained the requirement to freeze a fifth of its five-year budget until the end of the period. However, the meaning of this obligation has changed completely since there is no question that this modest sum guarantees the durability of the tool. So is this then about providing a deposit to guarantee the founder’s commitment? Or simply about not giving up too radically a long-established principle? Nevertheless, this requirement was removed in a second stage, when Parliament corrected the measure in 2002 in the law on French museums. The law of 1 August 2003 on patronage, associations and foundations reconsidered the strict prohibition on appealing to public generosity, to allow employees of the company, or the fiscally-integrated group to which it belongs, to financially partner their business' foundation.
**Sheltered foundations (or foundations under aegis)**

The 1990 law which created the corporate foundation, also made it possible to create sheltered foundations, without an independent legal entity, consisting of "the irrevocable assignment, for the realisation of a work of general interest and not for profit, of property, rights or resources to a public utility foundation whose articles have been approved to this end".

Furthermore, in response to a question from the Minister of the Interior, a Council of State ruling, issued by the Interior section at its meeting of 25 October 1988, confirmed that gifts with expenses made for the benefit of the Institut de France could have the name of foundation.

Finally, since law no. 2010-1536 of 13 December 2010, partnership foundations can also shelter funds created under their aegis.

In 2015, there are 52 agencies in France that have the legal capacity to shelter foundations, including mainly the Fondation de France, the Institut de France, the Fondation du Judaïsme Français and the Fondation pour le Protestantisme Français. More recently, new players arrived in this field with the intention of deploying this activity: the Fondation Caritas, the Fondation Notre Dame, the Fondation du Patrimoine... The purpose and operation of the foundations they shelter must comply with their articles. Thus, a parent foundation dedicated to health cannot accept subsidiaries interested in culture. Similarly, a distributive organisation cannot easily accommodate sheltered foundations that have an operational project. Totally subject to the parent company from a legal and tax perspective, these foundations enjoy capillary public utility benefits, particularly with regard to the deductibility of donations made to them. They have more or less significant operational autonomy in terms of finance, organisation, communication...

Before successive developments that have, for nearly twenty years, modernised the foundation system, the umbrella that secures sheltered foundations allowed various measures to be experimented with, and thus to bring to reality many projects that the strict public utility foundation model prohibited. Whatever the ambition of the projects, this sheltering measure remains particularly relevant to founders who are looking for specialised skills or support over time, after their own demise and that of their relatives.

**Endowment funds**

Accessible to all individuals or corporate bodies, alone or together with others, they are created by the declaration and the submission of its articles at its headquarters' prefecture.

Originally, no initial financial contribution was required. However, the law on the social and solidarity economy of 31 July 2014, supplemented by decree no. 2015-49 of 22 January 2015, established a minimum threshold: Funds created after 25 January 2015 must make a minimum cash contribution of €15,000 to the fund when it is created. This new provision demonstrates the willingness of public authorities to fight against the creation of "empty shells".

Signs of the spirit in which the measure was designed:

- When an endowment is made, the choice of making it expendable deprives it of a significant tax advantage;
- Bequests and donations, whether initial or subsequent to the creation of the fund, are necessarily regarded as endowments. This is not the case for other gifts, which are possibly the result of calls for public generosity.

The endowment fund can also generate resources through activities and services rendered in accordance with the framework of its articles.
No public funds can be received by an endowment fund, unless exceptions are made by ministers responsible for the economy and the budget.

In terms of governance, the text only requires a Board of Directors with a minimum of three members and, if the endowment exceeds one million euros, an advisory committee composed of external qualified individuals. The function of this committee is succinctly stated in the decree of 11 February 2009 on endowments. Beyond €10,000 in annual resources, an endowment fund must appoint an auditor and an alternate.

Endowment funds are not without public controls. The prefect is the administrative authority for endowment funds with registered offices in her/his prefecture. S/he ensures the regularity of their functioning and may initiate proceedings leading to their dissolution if the mission of general interest is no longer assured.

Significantly reduced compared to other foundations, the control mode has switched from a priori control, towards a posteriori control.

On the issue of sustainability, the endowment fund endorses the relaxation of the foundation system: It is given total freedom as to the definition of its longevity. Nevertheless, when the fund chooses not to be sustainable and consume its endowment, it is liable to taxation on income from its assets.

Scientific cooperation foundations

The State, which obtained a historic increase in tax incentives for patronage from Parliament in 2003, decided to accelerate the collection of private funds for research and teaching. To do this, and even before the establishment of endowment funds, it initiated two texts providing additional special statuses for foundations dedicated to these purposes.

On the initiative of the Ministry of Research, scientific cooperation foundations were created by the act of 18 April 2006 on research. This new status initially aims to relax the management conditions for major research projects without straying too far from the obligations of accounting transparency or governance for strictly public projects. It is thus designed as supporting structure for scientific excellence projects involving companies with public or private higher education institutions. It is dedicated to the establishment and funding of thematic networks for advanced research (RTRA), research and higher education centres (PRES) and thematic centres for research and care (CTRS). In December 2010, the scientific cooperation foundation measure was expanded to the conduct of any "activity relating to public service research or higher education missions".

The status of scientific cooperation foundations is directly inspired by the status of the public utility foundation. However, it has certain important specific exemptions. The scientific cooperation foundation was created by simple decree, where the public utility foundation was approved by decree of the Prime Minister, countersigned by the Minister of the Interior, and adopted after the ruling of the Council of State.

Endowment of the scientific cooperation foundation can be made wholly or mainly by public sector entities, while in the case of participation by the public authorities in endowment of a public utility foundation, it must remain in the minority.

Contrary to public utility foundations, scientific cooperation foundations do not have the choice of organising their governance, which necessarily rests on the coupling of the Board of Directors + the government commissioner. The government commissioner will necessarily be the Chief Education Officer.

Finally, the composition of the Board of Directors of scientific cooperation foundations is also specific. Only two categories of members are required: Founding members and representatives of
teachers and researchers in the network. It is recommended that the board of founders has a majority, while the limit is set at a maximum of a third on the Board of Directors of public utility foundations.

**Partnership foundations**

The law of 1 August 2007 on the freedoms and responsibilities of universities, known as the "loi Pécresse", created the possibility for public scientific, cultural and professional establishments of creating a non-profit entity called a partnership foundation.

This status allows the diversity of founders: Universities and public research centres can partner with businesses.

The partnership foundation derives from the corporate foundation model, but founding public institutions always have a majority of seats on the Board of Directors, and the object of the foundation must comply with the missions of the founding public institution. In addition to the resources provided by public institutions, as well as by businesses and their employees, these foundations can receive external contributions in the form of manual gifts, donations or bequests. A partnership foundation can become a sheltering foundation subsequent to the law of 13 December 2010.

**University foundations**

The Pécresse law of August 2007 also authorises public scientific, cultural and professional establishments - universities - to manage foundations without a legal entity within them. These university foundations are the result of the irrevocable assignment of property, rights and resources provided by one or more founders to universities for carrying out one or more works or activities within their mission. They are managed by the "parent company" in an individualised manner, as with sheltered foundations in public utility foundations.

A decree of 7 April 2008 governs the operation of university foundations. They therefore have an overall framework, which is not the case for foundations sheltered by public utility foundations.

The articles of university foundations are approved by the Board of Directors of the institution that shelters them. Each university foundation is administered by a management board with a minimum of twelve members, composed of three associations: Representatives of the institution, the founders and qualified individuals competent in the field of foundation's activity. An association of donors may also be constituted. The founders' association is limited to a maximum of a third of the seats.

It is the Chief Education Officer of the area to which the sheltering establishment belongs who ensures the functions of government commissioner in the university foundation. S/he participates in an advisory capacity in the meetings of the management board.

The institution's Board of Directors has the right to object to the deliberations of the management board regarding the acceptance of gifts and bequests with related expenses.

Once a year at least, the university foundation shall submit its budget and its accounts, to the head of the institution on which it depends, for approval.

**Hospital foundations**

Created by Articles 8 and 9 of law no. 2009-879 of 21 July 2009 on the reform of the hospital and relating to patients, health and the territories, complemented by implementing decree no. 2014-956
of 21 August 2014, the hospital foundation is a non profit-making private legal entity that has similar rules of operation to those of a public utility foundation. It must fund research activities.

A hospital foundation is established on the initiative of one or more public health facilities and, where appropriate, one or more public or private legal entities. It must be specialised in the field of medical research. Its articles are approved by decree, after consulting the executive director of the regional health agency, the report of the minister of health or, if one of the public health institutions is a teaching hospital, ministers responsible for health and research.

Hospital foundations are subject to the rules relating to public utility foundations, and specific operating rules for each hospital foundation are established by their articles.

The hospital foundation is administered by a Board of Directors (establishment heads, chairmen of establishment medical commissions etc.), which deliberates on the policy to support research sponsored by the Foundation. Hospital foundations have a scientific board, composed of medical and scientific individuals from outside of the foundation who are designated by the Board of Directors. This board meets at least once a year.

Hospital foundation endowment is made up of contributions from the founding members in tangible and intangible assets, rights or resources defined by its articles. A hospital foundation can receive donations and bequests, and public subsidies. It can receive financial revenues and revenues from the sale of products or services.

The foundation is dissolved by decision of the Board of Directors or in the event of the repeal of the decree approving its articles.

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**What is an endowment?**

The endowment of a foundation is related to the share capital of a company. Part of the liabilities, it materialises the value of the assets to be maintained to ensure the sustainability of the foundation and this, whatever the nature of the assets in question. The only information on the nature of the assets that is useful for correctly interpreting the value of an endowment is the following: Does the endowment contain only income-producing assets or does it account for conservation assets? Depending on the answer to this question, two foundations with endowments of comparable value may be in radically different economic situations.

There are three financial models to create a fund or a foundation:

- **Flow funds and foundations**, which may be satisfied with an initial contribution of assets eligible for immediate consumption, even be subsequently renewed, in particular via contributions other than those from the founder (fund-raising, bequests etc.). Corporate foundations, although based on a five-year initial commitment from their founder, have this status, as well as partnership foundations, since they consume the gifts they receive in the short term. Sheltered foundations, university endowments and endowment funds can also choose this model.

- **Expendable endowment funds or foundations**: These structures form an endowment providing a source of income for a general interest cause that they have chosen as the purpose of their foundation, but choose to give themselves the opportunity to spend some of this allocation, in accordance with a pace specified in their articles. Sheltered foundations, endowment funds and very rarely, public utility foundations and scientific
cooperation foundations can opt for this scheme.

- **Permanent endowment funds or foundations**: The originally incorporated endowment is intangible. Only the income that it generates will be spent on the general interest cause chosen by the foundation. This form is essentially the prerogative of public utility foundations and scientific cooperation foundations, but sheltered foundations and endowment funds can also opt for this model.

It should be noted that the endowment fund, contrary to what its name suggests, is a measure that does not require a long-term asset contribution. If a minimum initial contribution of €15,000 is now required, the establishment of an endowment remains optional, and is greatly in the minority in practice.

## Two distinct modes of operation

French foundations belonging to the different legal statuses described above can operate according to two distinct modes of operation, and some structures can mix these two modes:

- **Distributive, backing or funding foundations** are dedicated to financing projects external to them through the distribution of subsidies to associations of institutions or groups, and of scholarships or prizes to individuals (researchers, students...)
- **Operating foundations** directly run activities themselves via salaried teams (managing a museum, a retirement home, a hospital etc.).

This report presents the results according to the distribution of foundations in these two categories, which are structuring for analysing the operation of foundations, foundations mixing the two modes being attached to the group financially corresponding to their dominant procedure.

## Patronage and foundation taxation

- **Donor taxation**

Donations and bequests to endowment funds and foundations made by individuals and businesses are respectively governed by articles 200 and 238 bis of the General Tax Code.

- **Individuals**

Donations from individuals made to foundations and endowment funds are 66% tax-deductible to a limit of 20% of their taxable income. The rate rises to 75% if the donation is allocated to providing free care, meals or accommodation for people in difficulty.

The 2008 Finance Act also provided for a tax incentive for donations on income from savings products, in the case of an automatic payment to the beneficiary organisation performed by the manager of the savings fund. The applicable source taxation rate is reduced to 5%, which reduces the overall tax rate on such income from 27 to 16%.

In accordance with terms of article 885 G of the General Tax Code (CGI), in the case of dismemberment of ownership between the usufruct of a property and its bare ownership, the
usufructuary is liable to pay ISF (wealth tax) on the property value. To prevent abusive transactions, the tax authorities described, in a directive of 6 November 2003, the conditions under which such a donation can be made to a public utility organisation: The donor can deduct the value of the asset which s/he gave to the usufruct from its tax base, for the duration of the donation, without this operation being able to be questioned as long as the following conditions are met:

- It must be performed by notarial deed
- It must be made in favour of certain organisations (public utility foundations and associations, charities, and since the law of July 2014 on the social and solidarity economy, associations of general interest)
- It must be done for a period of at least three years
- It must cover assets that contribute to achieving the recipient organisation’s purpose
- The transaction must preserve the rights of the usufructuary

This provision only concerns public utility foundations and their sheltered foundations.

In addition, the law "in favour of work, employment and purchasing power", known as the TEPA Act, passed by Parliament on 1 August 2007, introduced the possibility of deducting 75% of the sums paid\(^1\) to public utility foundations, university foundations or partnership foundations, of a maximum of €50,000, from one's ISF (wealth tax).

Donations and bequests to public utility foundations, to sheltered foundations and to endowment funds are exempt from capital transfer tax.

- **Businesses**
  Companies can deduct 60% of the amount of their gift from their taxes, within the limit of 0.5% of their turnover.

Regarding endowment funds, application of the donation and patronage tax system is conditioned by the fact that the endowment fund itself exercises an activity of general interest, or that the endowment fund has a disinterested management and pays its revenues to organisations which are themselves eligible for patronage status, and is able to issue a certificate proving the amount and the allocation of payments received by the endowment fund.

- **Foundation taxation**
  Foundations are generally not subject to VAT or corporation tax for activities directly related to their purpose.

Nevertheless, corporate foundations pay tax on income from their investments at rates more or less arranged according to the types of assets.

Regarding endowment funds, only those whose articles do not allow them to consume their endowment, are exempt from corporation tax for income from their assets. Regarding remunerated activities (services rendered, sales, etc.), that they could implement, as yet, there is no law that specifies the criteria that would decide their taxable nature, but in fact the criteria are similar to those used for associations or foundations to determine their not-for-profit character.

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\(^1\) In addition to SME capital, to insertion associations or organisations or to public research and education institutions.
Public utility foundations and sheltered foundations were, meanwhile, exempted from corporation tax on income from their assets by the Finance Act of 30 December 2004.

Scientific cooperation foundations are exempt from corporation tax on income from research development, i.e. notably for the marketing of their licenses and patents, the publication of their results, and for marketing expertise related to research (consultancy, outsourcing, legal consulting, innovation support...).

❖ Taxation and the definition of the public interest: Current issues

General interest stakeholders who wish to receive donations or to redistribute them are now facing increasing difficulties to determine their own eligibility, or that of their beneficiaries, for patronage.

Given the scarcity of public funds, in order to maintain their activities and to sustain the jobs that they create, public interest stakeholders are increasingly encouraged to develop an economic activity and to fix a price for their services. Public authorities themselves are increasingly using public procurement rather than subsidies to finance them.

In the current state of regulation, some organisations acting for the public good are seeing themselves excluded from the patronage system, because of "lucrativeness". The interpretation of "not-for-profit status" is increasingly difficult because the boundary between economic and social activities is becoming increasingly blurred.

Paradoxically, the scope of activities eligible for patronage is reducing, whereas the social reality and public policies are pleading for recognition of the public interest of certain causes. This is the case, for example, with jobs for disadvantaged people, a priority for France.

In this context, the criterion of "lucrativeness" is therefore no longer satisfactory for judging the eligibility of a project for patronage on its own.

Furthermore, the juxtaposition of several concepts - and the rights relating thereto - set out in Conseil d’État case law, taxation law and organic law is also a source of confusion:

- **Public interest**, as defined by Article 200 of the French General Taxation Code (CGI), and Article 885-0 V bis (TEPA law) which gives it a wider definition, includes a number of activities that come under integration through economic activity or support for business start-ups.

- **Recognition of public utility** attributed to associations and foundations by Decree issued following a Conseil d’État opinion. This enables tax benefits to be granted to donors, but does not cover public interest in the meaning of Article 200 of the General Taxation Code. In reality, these organisations grant tax deductions on income tax, even though some of their activities do not come under Article 200, something that the tax authorities have not yet challenged.

- **Social utility**, recently defined by Law no. 2014-856 on the social and solidarity economy.

In view of the increasing porosity between the economic and social sectors, the obsolescence of the "lucrativeness" criterion, the multiple layering of provisions and the definitions of the common good
call for an in-depth revision of the scope of these concepts and the conditions of eligibility for the patronage scheme.

**Governance of foundations**

The composition of the governance of foundations and how their different legal statuses work has undergone significant changes since the sector’s origins. Three main phases are worthy of mention:

- Traditionally, PUFs have a Board of Directors with a seat for the founders in a specific electoral college, but this is in a minority against the two other electoral colleges. This original formula guarantees the total independence of the foundation's purpose and its beneficiaries from the founders: the foundation cannot in any way serve the interests of the founders.

- A significant change has taken place, in that sheltered foundations are now able to have a majority of founders in their governance, provided that these foundations remain under the control of their umbrella foundation.

- There has been a third major change in the philosophy of governance of funds and foundations: university foundations, created in 2007, are sheltered foundations in which the beneficiary, the university, is the same as the umbrella foundation. In endowment funds, meanwhile, the organisation is its own beneficiary. For this reason, many associations have chosen to create endowment funds.

**Challenges in the development of funds and foundations in France**

The development of foundations in France, compared to other European countries in particular, is relatively weak and lagging behind. There are at least three reasons which have hindered the emergence of foundations in France:

- Firstly, the inadequate development of foundations in France has often been explained by the State’s very strong hold over the public utility, and its fear of seeing private competition develop, capable of accumulating wealth that would constitute a genuine counter-authority. This mistrust, expressed through the restrictive prior authorisation supervisory regime, has lasted for centuries: the mistrust under the (pre-1789) "Ancien Régime" towards institutions, often linked to religious power and accumulation of endowment assets, was followed by condemnation under the Revolution, and then persistent reluctance up to the present day to promote instruments perceived as the prerogative of the wealthy.

  The modern history of foundations is however marked by the creation, in the late 1960s, of the Fondation de France, a generalist intermediary body responsible for developing private patronage, by enabling the creation under its legal control of individual foundations of various sizes. Thus, over 1,000 foundations have seen the light of day under its auspices - 775 were still active at the end of 2014 - giving a new lease of life to private philanthropy.

- The second explanation for the modest number of French foundations is undoubtedly the great success of associations. Created considerably later than foundations, and enshrined in
the famous 1901 law, associations have developed enormously due to the freedom they are
given. Unlike foundations, associations do not require any financial resources or any
authorisation to be created.

While only 4,058 funds and foundations have emerged from a multi-secular tradition, over a
million associations have been created in a hundred years.

Given the restrictions on the creation of foundations, and the freedom given to associations,
these figures do not completely reflect the reality of the situation. Over time, many
associations, due to an increase in their resources and the professionalization of their
activities, have become financial institutions whose original democratic project has gradually
faded away, until they are more and more like a foundation.

• The last reason, which is much less frequently suggested, yet is crucial to explaining the
  modest development of foundations, is French inheritance law.

The Civil Code contains a serious impediment to the development of private foundations:
the reserved portion, introduced to protect the transfer of assets within families. This public
policy provision ensures that descendants automatically receive a fraction of the deceased's
fortune: 50%, 66% or 75% of the estate depending on the number of living heirs. Heirs who
consider themselves injured by any sizeable donations made by the deceased person in their
lifetime, are justified in claiming (through the courts, where necessary) the recalculation of
their proportional right, on the basis of the estate plus the amount of donations in question.
This recourse can be exercised by the direct heirs up to ten years after the death of the
testator. This provision is not trivial, when we consider that family value systems are not as
homogeneous as they were a few generations ago...

The inheritance reforms of 23 June 2006 however open up the possibility, which until now
was prohibited, of entering into "future inheritance agreements": the statutory heirs can
now waive their right to exercise future recourse once the estate has been opened. This
"informed" waiver can only be done in favour of one or more specific persons, which
includes an existing foundation or a foundation in the process of creation. This waiver can
only be revoked in certain limited cases, and its purpose is to enable donors to make specific
bequests in full knowledge of their statutory heirs, who can if they wish be involved in the
project. Without fundamentally changing the principles of French inheritance law, this
softens it somewhat, through simultaneous respect for the freedom of the principal heirs
and the donor's generous intentions.

Furthermore, in the absence of a future inheritance agreement, the time limit for recourse
by the heir after the testator's death has been reduced from thirty years to ten years.

From the point of view of the beneficiaries and therefore the foundations, this provision
definitively secures significant donations made while the founders and donors, the heads of
the family, are still living.

In 2008, endowment funds were created in order to help France catch up in terms of private
philanthropy. Looking at the number of funds created, the results are edifying: in five years, 2,000
endowment funds were created.

Nevertheless the real financial impact of endowment funds on private philanthropy must be
examined in relative terms: many funds were created without an endowment, sometimes in order
to collect promised sums, and sometimes simply in the hope of collecting them. This survey
proposes several ways of clarifying the weighting of endowment funds.
Why support the development of foundations?

Aware that it can no longer cope on its own with the many demands on it, the State has ceased to concern itself with the wealth and independence of private contributors who work for the public good. Moreover, although the public sector is withdrawing its funding from the charity sector, it is creating its own tools for mobilising private funding: many public institutions and local authorities now have their own endowment funds or foundations, with dedicated fundraising jobs.

The State is currently increasing the number of partnerships with the private sector, to complement action by public bodies or support their development.

Foundations are specifically concerned by this new challenges. To back this up, we only need to look at the situation in countries where the State has historically been less present. In the United Kingdom or the United States, for example, foundations play a very important role in society, both locally and country-wide. As long-term asset institutions, foundations offer essential guarantees of stability for offering good quality services and building effective support policies to promote social progress.

Considerably expanding but still very little developed in France compared to many other countries, foundations which redistribute funds could however have a leading role to play in this context. In the context of a reconstruction of collective funding, it is neither imaginable nor desirable to leave citizen-donors face to face with the ocean of social stakeholders, forced to shop around for private funding. Grant-making foundations can help to structure these relationships by acting as intermediaries between the generosity of individuals and the needs of society as expressed by the social stakeholders.

Finally, by identifying and financing projects according to specific objectives, and supporting them over time in an appropriate way, grant-making foundations are able to implement structural policies for the sector.

Thanks to the independence which their financial resources give them, they can also act as spokespersons for local public bodies, called on to play an increasingly significant role in the widening context of decentralisation.

Foundations in Europe: key figures

130,000 foundations in Europe
€433 billion in total assets
€51 billion in annual expenditure
The Fondation de France, a major contributor to the development of philanthropy

The Fondation de France was founded in 1969 to encourage the development of private philanthropy. Principally set up to host and manage foundations, and secondarily to raise funds to support social innovation, it has very quickly helped to promote the philanthropic sector and lead a discussion on how to optimise its practices, by pursuing several objectives:

- **Promoting the development of foundations in France** by encouraging the creation of suitable legal forms. The Fondation de France has carried out long-term lobbying work with the competent administrative and legal authorities, and with political representatives.

- **Ensure that the role of private philanthropy and the added value of foundations as social innovation laboratories is recognised.** This ambition was put into practice in 1997 by the creation of the Observatoire de la Fondation de France, whose role is to analyse and promote awareness of the extent and mechanisms of private philanthropy in France and Europe, through surveys and studies. The publication of profiles of philanthropists every month in Le Monde, and the organisation of a number of conferences highlighting the wealth and diversity of philanthropic initiatives has also served this purpose.

- **Ensuring the security of donation practices** To achieve this, the Fondation de France was involved in the creation in 1989 of the Comité de la Charte de déontologie des organisations faisant appel à la générosité du public (Ethics charter committee for public fundraising organisations), which brings together fundraising organisations that have drawn up rules of good conduct and transparency, to give their donors the best possible guarantees as to the quality and legibility of their actions.

- **Creating a European-scale vision for the philanthropic sector,** by founding the Centre européen des fondations (CEF - European Foundations Centre) in 1989, a spokesperson and lobbying organisation for European institutions, and a forum for exchanging and sharing good practice between foundations.

- **Increasing the professionalization and collaborative dynamic of the philanthropic sector.** This requirement led to the creation, in 1998, of the Union des organisations faisant appel à la générosité publique (Unogep - Union of fundraising organisations), now France Générosités, the professional representative body of private not-for-profit fundraisers, responsible for promoting philanthropy and negotiating the terms of its exercise (taxation, legislation etc.) then, in 2001, the creation of the Centre français des fonds et fondations (CFF - French Centre of funds and foundations). As an association of foundations and endowment funds (since 2009), the CFF is a platform for information, discussion, advice and representation of these specific organisations, and a catalyst for projects that promote the spread of ethical practices for funds and foundations.
Methodology

The data used for the results of this survey have come from two collection methods:

- A survey carried out in summer 2014 using an eight-page questionnaire, sent to all public utility foundations, scientific cooperation foundations, partnership foundations, university foundations, corporate foundations and all endowment funds. It was also sent to sheltered foundations for which we had a separate address from that of their umbrella foundation.

365 funds and foundations completed the questionnaire, either on paper or online. This spontaneous participation rate of 10% is satisfactory for a survey of this kind, requiring data collection and careful completion.

- For the funds and foundations that did not reply, in autumn 2014 the Observatoire de la Fondation de France team filled in the same questionnaire, using:
  - Files belonging to foundations sheltered by the Fondation de France
  - Files for public utility foundations held by the Office for Groups and Associations at the Ministry of the Interior
  - Files for corporate foundations and endowment funds held by the Rhône Prefecture (the Prefecture with the largest number of corporate foundations and endowment funds after Paris)
  - And information publicly available on the funds and foundations’ websites or on other public websites, such as the French Official Gazette (Journal Officiel).

The structure of the scope of funds and foundations at the end of 2013 is as follows:

<table>
<thead>
<tr>
<th>Foundation Type</th>
<th>Numbers at end 2013</th>
<th>% at end 2013 (without endowment funds)</th>
<th>% at end 2013 (with endowment funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public utility foundations (PUF)</td>
<td>628</td>
<td>29.8%</td>
<td>17%</td>
</tr>
<tr>
<td>Corporate foundations (CF)</td>
<td>325</td>
<td>15.4%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Sheltered foundations (SF)</td>
<td>1,067</td>
<td>50.6%</td>
<td>29%</td>
</tr>
<tr>
<td>Scientific cooperation foundations (SCF), partnership foundations (P) and university foundations (UF)</td>
<td>89</td>
<td>4.2%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Endowment funds (EF)</td>
<td>1568</td>
<td>-</td>
<td>42.7%</td>
</tr>
<tr>
<td><strong>Total (without endowment funds)</strong></td>
<td>2109</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total (with endowment funds)</strong></td>
<td>3677</td>
<td>-</td>
<td>100%</td>
</tr>
</tbody>
</table>

All foundations created after 31 December 2013, or considered inactive on that date, were excluded from the survey. However, the Observatoire de la Fondation de France regularly updates a database, so that information concerning the number of funds and foundations at the end of 2014 can be used in this report.
The basis contains data on 1,852 foundations active at the end of 2013, including 1,142 sheltered foundations, 574 public utility foundations, 108 corporate foundations, 19 scientific cooperation foundations, 5 partnership foundations and 4 university foundations. This basis therefore represents 87% of foundations active in France in 2013, which is a marked improvement compared to the previous survey (data from 2009).

The survey carried out in 2012 by the Observatoire de la Fondation de France showed that around 60% of endowment funds created on that date had not commenced their activity, and that 36% had been created without any assets. This factor persuaded us to separate their analysis from that of the foundations, in the context of this report.

The basis also contains data on 207 endowment funds. 103 endowment funds responded spontaneously to the survey, and are active funds. We then collected data on a random sample of 100 endowment funds from those that had not responded, in order to better identify their profile and economic weighting. Finally, we collected data on the largest endowment funds in order to take these exceptional cases into account in our analysis.

The base therefore represents a total of 56% of the existing funds and foundations in France in 2013.

The calculation of the economic weighting of foundations, that is their assets, their expenditure and their personnel costs, relates to 2013. The figures on salaried jobs are taken from INSEE – DADS data (annual social security declarations). The other economic weighting figures are extrapolated, and therefore are neither accounting figures nor public statistical figures. The extrapolation was done in three stages:

- After analysing the difference between the highest values and the average, taken from the 15 foundations holding the most assets, considered as atypical, then calculating the averages for each economic weighting indicator for the rest of the sample
- Extrapolation of these averages in accordance with the structure by legal status, for which we have complete data
- Addition of the values of the 15 largest foundations.

Foundations sheltered by the Institut de France are not included in this overview, as the Institute did not wish to participate in our survey.

By default, all the tables and figures in this report were sourced from the aforementioned survey, produced in summer 2014. Where other sources are used, they are mentioned.
Key figures

In 2014

- 2,229 foundations and 1,842 endowment funds

In 2013

- 2,109 foundations and 1,568 endowment funds
- €21.9 billion of assets held by the foundations
- 50 foundations have more than €100 million in assets (compared with 10 in 2001)
- €600-700 million of assets held by endowment funds
- €7.4 billion of annual expenditure by the foundations
- €1.5 billion in aid, grants, subsidies and awards allocated per year by the foundations
- 84,100 employees in the foundations
- 29% of foundations involved in social action, spending 34.5% of the total foundations expenditure
- 18% of foundations involved in health and medical research, spending 40% of the total foundations expenditure
Results of the survey

I. Expansion and diversification of the foundations sector

A. An explosion in the number of foundations

Going from 1,109 foundations at the end of 2001 to 4,071 funds and foundations at the end of 2014, the sector has experienced 267% growth in 13 years. Although this spectacular growth is largely the result of the appearance and rapid development of endowment funds (1,842 funds created in five years), growth in foundations was also very lively, at a rate of 101% over the same period.

Table 1 – Numbers and percentages of foundations per legal status from 2001 to 2014

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2009</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% foundations</td>
<td>% foundations</td>
<td>% foundations</td>
<td>% foundations</td>
</tr>
<tr>
<td>PUF</td>
<td>471</td>
<td>42%</td>
<td>578</td>
<td>34%</td>
</tr>
<tr>
<td>CF</td>
<td>67</td>
<td>6%</td>
<td>250</td>
<td>15%</td>
</tr>
<tr>
<td>SF(^2)</td>
<td>571</td>
<td>52%</td>
<td>811</td>
<td>48%</td>
</tr>
<tr>
<td>SCF</td>
<td>-</td>
<td>-</td>
<td>25</td>
<td>2%</td>
</tr>
<tr>
<td>PF</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>0%</td>
</tr>
<tr>
<td>UF</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total foundations</strong></td>
<td>1109</td>
<td>100%</td>
<td>1686</td>
<td>100%</td>
</tr>
<tr>
<td><strong>EF</strong></td>
<td>-</td>
<td>-</td>
<td>162</td>
<td>-</td>
</tr>
<tr>
<td><strong>Funds and foundations total</strong></td>
<td>1109</td>
<td>-</td>
<td>1848</td>
<td>-</td>
</tr>
</tbody>
</table>

B. Foundations and endowment funds: non-competing but cumulative growth

From 2009 to 2013, a period of rapid development for endowment funds, 423 new foundations were created, compared to 460 in the previous four years. Thus the growth in endowment funds and foundations is not competitive, but cumulative, as shown by the linear curve in the growth of foundations from 2001 to 2014.

\(^2\) Excluding foundations under the umbrella of the Institut de France.
C. Growth of sheltered foundations, appearance of university foundations

The growth in foundations is particularly due to the many sheltered foundations created in the last five years, which increased from 811 to 1,161 between 2009 and 2014 (+43%). In the same period, the number of PUF with the capacity to shelter foundations has significantly increased: there were 17 umbrella foundations in 2008, and 52 in 2014. Although most of these umbrella foundations only shelter one or even no foundations, at the end of 2014 there were 12 umbrella foundations with over 10 sheltered foundations, and 4 umbrella foundations with over 50 sheltered foundations. Alongside these large generalist umbrella foundations, which are able to host all types of projects under their auspices, most of the new umbrella foundations are characterised by specialisations or themes, or are local and/or religious in nature.

In addition to the sheltered foundations, the growth in foundations is due, to a lesser extent, to the development of three legal statuses of foundations specialising in higher education and research: scientific cooperation foundations, partnership foundations and university foundations. To facilitate the analysis, these three statuses which follow a similar logic and have similar activities are usually grouped together in this report. From 2009 to 2013, 89 foundations of this type were created.
Thus, although 150 public utility foundations have been created during the last 13 years, the proportion of PUF in the total number of foundations has lessened: they represented 42% of foundations in 2001, and only 28% in 2014. Corporate foundations significantly increased over the period, increasing from 6% to 16% of the total. Sheltered foundations remained a little above half of the total number.

D. A young sector, a recent phenomenon

This is a very young sector: 75% of foundations have been created since 1980. In the last two decades, there has been an acceleration in the number of new foundations, which backs up this analysis: 17% of foundations created between 1990 and 2000, then 30% between 2000 and 2010 and already 15% of the total number created since 2010.

Reading of the graph: 30% of foundations were created between 2000 and 2010.

Nearly one-third (30%) of PUFs are very old organisations created before the Second World War. As for corporate foundations, 88% have been created since 2000, i.e. ten years after the law
incorporating their existence. Sheltered foundations, however, did not wait for this law to officially sanction their existence, as 25% of them were created before 1990, mainly under the umbrella of the *Fondation de France*. They then experienced rapid growth in the 2000s, with a multiplication in umbrella foundations (33% of sheltered foundations created in this decade), which continued up to 2014.

### Table 2 – Breakdown of new foundations by legal status and by period

<table>
<thead>
<tr>
<th></th>
<th>PUF</th>
<th>CF</th>
<th>SF</th>
<th>SCF, PF, UF</th>
<th>Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>from 1700 to 1945</td>
<td>30%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13%</td>
</tr>
<tr>
<td>from 1945 to 1970</td>
<td>10%</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>4%</td>
</tr>
<tr>
<td>from 1970 to 1980</td>
<td>11%</td>
<td>-</td>
<td>6%</td>
<td>-</td>
<td>8%</td>
</tr>
<tr>
<td>from 1980 to 1990</td>
<td>11%</td>
<td>1%</td>
<td>18%</td>
<td>-</td>
<td>13%</td>
</tr>
<tr>
<td>from 1990 to 2000</td>
<td>12%</td>
<td>11%</td>
<td>23%</td>
<td>-</td>
<td>17%</td>
</tr>
<tr>
<td>from 2000 to 2010</td>
<td>19%</td>
<td>56%</td>
<td>33%</td>
<td>71%</td>
<td>45%</td>
</tr>
<tr>
<td>from 2010 to 2014</td>
<td>7%</td>
<td>32%</td>
<td>19%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>Foundations</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

II. **High growth in the economic weighting of foundations**

A. Rapid growth in all the economic indicators

### Table 3 – Development of the main indicators of economic weighting for foundations

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2009</th>
<th>2013</th>
<th>Development 2009-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of foundations</td>
<td>1,109</td>
<td>1,686</td>
<td>2,109</td>
<td>+25%</td>
</tr>
<tr>
<td>Expenditure (social missions and running costs)</td>
<td>€3,842m</td>
<td>€5,218m</td>
<td>€7,454m</td>
<td>+43%</td>
</tr>
<tr>
<td>Assets</td>
<td>€9,565m</td>
<td>€15,196m</td>
<td>€21,896m</td>
<td>+44%</td>
</tr>
<tr>
<td>Vitality index (expenditure/ assets ratio)</td>
<td>40%</td>
<td>34%</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>47,000</td>
<td>72,241</td>
<td>84,100</td>
<td>+16%</td>
</tr>
</tbody>
</table>

*The asset and expenditure figures are corrected by inflation for 2001 and 2009.*

3 The data on salaried jobs in the foundations comes from INSEE – DADS (annual social security declarations).
The economic weighting of foundations has significantly increased over the last four years. The factors which explain this growth include:

- a rapid increase in the number of foundations (+29% from 2009 to 2013)
- a 16% rise in the number of employees over the period, coupled with a 5% average annual increase in payroll
- foundation groupings or absorption of associations
- revaluation of fixed assets by some large foundations which have fixed assets
- a favourable financial market between 2010 and 2013

The vitality index for foundations, i.e. the ratio of expenditure/assets, is very positive: French foundations spend on average more than one-third of their assets every year. This finding is due to the large, growing number of:

- foundations reliant on donation inflows, which spend everything they receive in the short-term
- expendable endowment foundations which have a more long-term view but use up their capital all at once.

**B. Economic weighting focused on older foundations, but a rise in influence of more recent foundations**

Although foundation assets are highly concentrated in older organisations (created before 1945), their share is continually increasing in more recent foundations (created since the 1970s).

Public subsidies are heavily concentrated on the older foundations: 65% of total subsidies paid in 2013 were allocated to foundations created before 1970, which only represent 17% of the total number, compared to 35% of public subsidies for foundations created since 1970, which represent 83% of the total.

However, in more recent foundations, distribution is more dynamic: 71% of aid, grants, subsidies and awards are made by foundations created since 1980, while foundations created since 2000 make up nearly one-third (32%) of the total. Foundations created before 1945 only represent 2% of the total.

These contrasts are related to the rapid increase in the number and proportion of grant-making foundations in recent years, whereas the older foundations are mostly operator foundations, with the most employees and relatively less weight in terms of redistribution expenditure.
Table 4 – Relative economic weight in 2013 of foundations, according to when they were founded

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of foundations</td>
<td>13%</td>
<td>4%</td>
<td>8%</td>
<td>13%</td>
<td>17%</td>
<td>30%</td>
<td>15%</td>
<td>100%</td>
</tr>
<tr>
<td>Assets</td>
<td>31%</td>
<td>6%</td>
<td>7%</td>
<td>13%</td>
<td>15%</td>
<td>22%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Income</td>
<td>39%</td>
<td>9%</td>
<td>4%</td>
<td>15%</td>
<td>7%</td>
<td>20%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Donations from natural persons</td>
<td>23%</td>
<td>14%</td>
<td>9%</td>
<td>18%</td>
<td>15%</td>
<td>14%</td>
<td>7%</td>
<td>100%</td>
</tr>
<tr>
<td>Public subsidies (Government and local authorities)</td>
<td>34%</td>
<td>31%</td>
<td>4%</td>
<td>2%</td>
<td>19%</td>
<td>8%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>Expenditure</td>
<td>40%</td>
<td>8%</td>
<td>4%</td>
<td>15%</td>
<td>7%</td>
<td>21%</td>
<td>5%</td>
<td>100%</td>
</tr>
<tr>
<td>Allocations of aid, subsidies, grants and awards</td>
<td>2%</td>
<td>16%</td>
<td>11%</td>
<td>21%</td>
<td>18%</td>
<td>26%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Number of employees</td>
<td>45%</td>
<td>5%</td>
<td>3%</td>
<td>10%</td>
<td>6%</td>
<td>25%</td>
<td>6%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Reading of table: in 2013, 45% of foundation employees worked in foundations created before 1945, and 26% of aid, subsidies, grants and awards were allocated by foundations created between 2000 and 2009.

Figure 4 – Breakdown in 2013 of the share of assets, public subsidies and redistribution expenditure according to when the foundations were created
C. A dual phenomenon of concentrated and split assets

1. Growth of the largest foundations and creation of many small-sized foundations

Observation of the breakdown of foundations by asset band shows that the concentration of capital has increased since 2001: foundations holding over 50 million euros in assets represented 3% of the total in 2001; 5% of foundations are now in this band. The concentration increased even further between 2009 and 2013: while 2.3% of foundations held 53.8% of capital in 2009, they accounted for 57.8% in 2013.

A few significant figures:

- In 2013, over 200 foundations had between €10 and 50 million in assets. There were around 100 in 2001.
- In 2013, about 50 foundations had over €100 million in assets. There were around 10 in 2001.
- In 2013, ten foundations had over €300 million in assets.
- From 2009 to 2013, four foundations previously created were recapitalised, for a total amount of €1.5 billion in assets.

This high concentration in assets, which brings the sector’s economic weighting upwards, must not conceal significant growth in small and medium-sized foundations: between 2001 and 2013, the share of foundations holding less than €100,000 in assets increased from 15% to nearly 20%. In 2013, one in five French foundations has less than €100,000 in assets.

Table 5 – Concentration of foundations' assets in 2001, 2009 and 2013
<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th></th>
<th>2009</th>
<th></th>
<th>2013</th>
<th></th>
<th>% Assets</th>
<th>Number</th>
<th>%</th>
<th>% Assets</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>1,109</td>
<td>100</td>
<td>1,686</td>
<td>100</td>
<td>2,172</td>
<td>100</td>
<td>100%</td>
<td></td>
<td></td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than €100 k</td>
<td>166</td>
<td>15</td>
<td>275</td>
<td>16.3</td>
<td>432</td>
<td>19.9</td>
<td>0.1%</td>
<td></td>
<td></td>
<td>0.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>€100 k to less than €1 million</td>
<td>422</td>
<td>38</td>
<td>629</td>
<td>37.3</td>
<td>860</td>
<td>39.6</td>
<td>1.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€1 million to less than €10 million</td>
<td>388</td>
<td>35</td>
<td>534</td>
<td>31.7</td>
<td>576</td>
<td>26.5</td>
<td>7.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€10 million to less than €50 million</td>
<td>100</td>
<td>9</td>
<td>170</td>
<td>10.1</td>
<td>206</td>
<td>9.4</td>
<td>19.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€50 million to less than €100 million</td>
<td>22</td>
<td>2</td>
<td>39</td>
<td>2.3</td>
<td>49</td>
<td>2.3</td>
<td>14.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€100 million and over</td>
<td>11</td>
<td>1</td>
<td>39</td>
<td>2.3</td>
<td>49</td>
<td>2.3</td>
<td>57.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Reading:** In 2013, 49 foundations, i.e. 2.3% of the total number, held over 100 million euros in assets each. This category represents 57.8% of the total assets of foundations.

**Figure 5 – Breakdown of foundations per asset band in 2001 and 2013**
2. Breakdown of assets according to legal status: clear diversification

In 2013, over two-thirds of foundation assets (67%) were held by public utility foundations with employees.

Since 2001, there has been a regular move in the diversity of the types of foundations holding assets, from PUFs towards other categories of foundations, in particular sheltered foundations, which have doubled their weighting of the total assets, from 7% to 14% over the period. The emergence of three specialised statuses (SCF, PF, UF), at 9% of the total sector assets in 2013, is also very significant: these few foundations (4% of the total number) often have considerable capital (several have over 100 million euros in assets). By contrast, corporate foundations have a very modest share of assets (1%), much lower than their weighting in the total number of foundations (16%).

Table 6 – Breakdown of foundation assets according to legal status since 2001

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2005</th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUF with empl.</td>
<td>85%</td>
<td>83%</td>
<td>78%</td>
<td>67%</td>
</tr>
<tr>
<td>PUF without empl.</td>
<td>8%</td>
<td>8%</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>CF</td>
<td>DK</td>
<td>1%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>SF</td>
<td>7%</td>
<td>8%</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>SCF, PF, UF</td>
<td>0</td>
<td>DK</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Foundations</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
D. Expenditure: similar diversification

The diversification in the breakdown of foundation assets is partially reflected in their expenditure. Although in 2013, PUF with employees accounted for 85.5% of foundation expenditure, this proportion has markedly fallen since 2001, when they represented 94% of expenditure.

The diversification has occurred in favour of sheltered foundations, which represent 3.5% of total expenditure in 2013, but also foundations specialising in research and higher education, which experienced a significant increase from 2009 to 2013, from 1% to 5% of total expenditure. During this period, these foundations, which already existed in 2009, became truly operational.

Lastly, corporate foundations, which have a negligible weighting in total assets, saw their weighting continually increase, from 1% in 2001 to 4% in 2013.

Table 7 – Breakdown of foundation expenditure according to legal status since 2001

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2005</th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUF with empl.</td>
<td>94%</td>
<td>94%</td>
<td>92%</td>
<td>85.5%</td>
</tr>
<tr>
<td>PUF without empl.</td>
<td>2.5%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>CF</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>SF</td>
<td>2.5%</td>
<td>2%</td>
<td>2%</td>
<td>3.5%</td>
</tr>
<tr>
<td>SCF, PF, UF</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Foundations</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Average annual expenditure per foundation has increased since 2001, a rise that accelerated significantly between 2009 and 2013. PUF average expenditure increased from 8.5 million euros to 11.1 million euros (+31%), corporate foundation expenditure increased from 712,000 on average to nearly 1 million euros per foundation (+32%). Average expenditure by sheltered foundations saw the most rapid growth during the period, from 110,000 to 215,000 euros between 2009 and 2013 (+95%). This high growth in average annual expenditure is due to the development of foundations reliant on donation inflow, created according to a dynamic expenditure model.
III. The development of grant-making foundations

As was the case with the previous version of this survey, we refer to the category of operating methods, which is relevant for analysing the foundation sector. French foundations can function using one of two different operating methods (some can mix both methods):

- **Grant-making, backing or funding foundations** fund projects external to them by distributing subsidies to associations, institutions or groups (research teams etc.), and grants or awards to individuals (students, researchers etc.).
- **Operator foundations** directly work in the activities via salaried teams (managing a museum or a heritage site, a retirement home, a hospital, setting up conference cycles, publishing etc.).

The presentation of the results in this report is organised around these two categories, and mixed foundations are placed in the financially dominant category.

**Out of the whole foundation population, the share of grant-making foundations, which is the largest, has increased since 2009, from 70% to 74% (1,593 foundations), compared to 26% operators (579 foundations). Operator foundations have also grown significantly, but at a slower rate.**

**Figure 12 – Development of breakdown in foundations according to the two operating methods from 2009 to 2013**

A. Sheltered and corporate foundations: large majority of grant-making foundations

Significant differences appear according to the legal status: sheltered foundations are all, with a few notable exceptions, grant-making foundations, placed under the control of umbrella foundations which are also financial backers. Three-quarters of public utility foundations are operators, whereas the great majority of corporate foundations (87%) choose the financial backing model.
B. Four out of five new foundations are grant-making foundations

Out of the foundations created before 1945, 90% are operator foundations. The trend switched between 1945 and 1970: during this period, 68% of new foundations were operator foundations, and 32% were grant-making foundations. In the period that followed, the 2/3 to 1/3 ratio was reversed: during the 1970s, 63% of new foundations were grant-making foundations.

The trend has continually increased since then, and since 1980, on average a minimum of four out of five new foundations are financial backers.

C. Economic weighting: growth in the weighting of grant-making foundations

The number of grant-making foundations has grown more quickly than operator foundations since 2013. This finding is corroborated by the increase in the relative weighting of grant-making foundations in foundation expenditure, rising from 12% to 18% of the total between 2009 and 2013.
IV. Foundation resources and expenditure

A. Public resources for operator foundations, private for grant-making foundations

Although private funding accounts for the majority (66%) of foundation resources, the public sector contributes around one-third of their funding. The breakdown between private and public resources is however very unequal according to legal status and operating method:

- **Operator foundations** receive 73% of their funding from the public sector.
- **Over half of operator resources (52%) are on a daily charge basis**, exclusively concentrated in PUF. In France, daily charges are part and parcel of the social and socio-medical establishment model: the person received is a client of the establishment, but the price of the services is paid in full or part by a third party, in this case the public authorities. Depending on the case, the State is the financier, under the health insurance scheme, or the **Conseil Général** (General Council) under the welfare assistance scheme. As this funding is considered as payment for services, foundations that receive it are not subject to the public accounting regulations.
- **Grant-making foundations**, meanwhile, receive 79% from private resources.
- Public resources account for zero in corporate foundations, in accordance with their status, and virtually zero in sheltered foundations.
- **Foundations specialising in higher education and research (SCF, PF, UF)** receive **significant public resources**, up to one-quarter (24%) of their funding. Unlike operator PUFs, these are not daily charges, but are income from services and subsidies.
- **Operator foundations also receive** up to 5% of their resources as **benefits in kind** (provision or partial payment for equipment or premises), which grant-making foundations do not receive.
Finally, **revenue from financial investments** represents a small proportion of foundation resources, but is **significantly higher in the structure of grant-making foundations (8%) than operator foundations (1%)**. This proportion is modest for financial backers, as many operate according to a flow model, rather than capitalisation. These resources also fluctuate considerably according to the year, as a large number of foundations hold stocks and shares.

### Table 8 - Structure of foundation resources in 2013

<table>
<thead>
<tr>
<th></th>
<th>PUF</th>
<th>CF</th>
<th>SF</th>
<th>SCF, PF, UF</th>
<th>Together 2013</th>
<th>Operator foundations</th>
<th>Grant-making foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public subsidies</strong> (Government and local authorities)</td>
<td>11%</td>
<td>0%</td>
<td>0%</td>
<td>11%</td>
<td>10%</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Products and services</strong> (Government and local authorities)</td>
<td>37%</td>
<td>0%</td>
<td>0%</td>
<td>24%</td>
<td>33%</td>
<td>73%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Daily charges</strong></td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
<td>13%</td>
<td>20%</td>
<td>52%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Income from private donations (donations from individuals, company sponsorship)</strong></td>
<td>23%</td>
<td>94%</td>
<td>70%</td>
<td>22%</td>
<td>29%</td>
<td>6%</td>
<td>79%</td>
</tr>
<tr>
<td><strong>Investment income</strong></td>
<td>8%</td>
<td>1%</td>
<td>26%</td>
<td>12%</td>
<td>8%</td>
<td>1%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Products and services - Private sector</strong></td>
<td>22%</td>
<td>0%</td>
<td>0%</td>
<td>4%</td>
<td>20%</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Benefits in kind</strong></td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>9%</td>
<td>5%</td>
<td>4%</td>
<td>38%</td>
<td>10%</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The results of this survey corroborate the analysis made in 2009: from the point of view of the structure of resources, the division between operator foundations and grant-making foundations corresponds to:

- foundations principally resourced by income from their activities and public funding.
- foundations resourced by private donations (individuals and companies) and investment income.
B. Employee expenditure vs. distribution of aid

When analysing foundation expenditure, it must be remembered that this is a purely accounting reading. **Only an analytical reading will determine the share of operating costs and the costs of social missions**, but as these analytical rules are not harmonised between all foundations, we use an accounting reading, stating in each model the costs relating to social missions.

An analysis of the structure of expenditure makes most sense according to the operating method, rather than the legal status, given that within the same legal group, the operating costs and/or salaries for large operator foundations will inflate the average operating or personnel costs for all the foundations under this status, and drown out the redistribution expenses of grant-making foundations.

Mixed foundations, which combine both operating methods, are included in the category matching their dominant financial activity.

For operator foundations, out of a total expenditure of six billion euros, most of this was related to management of the foundations. Expenditure structure is very clearly dominated by management and operating costs on one side, and by personnel costs on the other side: together, these two lines represent 80% of operator foundation expenditure. These types of expenditure are a full part of the foundations’ social missions (funding for researchers, healthcare personnel etc.).

Since 2009, the share of operating and management costs has very slightly fallen; the share of personnel costs has fallen more significantly (from 51% to 47%), particularly in favour of distribution of aid, subsidies, grants and awards, which increased from 3% to 9%. This relative diversification has...
taken place, even though the number of employees - and therefore personnel costs - has significantly increased. The amount of redistribution costs in operator foundations, which was not high in 2009, has therefore rapidly increased over the period.

**Table 9 – Structure of operator foundations' expenditure in 2009 and 2013**

<table>
<thead>
<tr>
<th></th>
<th>Operator foundations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2013</td>
</tr>
<tr>
<td>Aid, subsidies, grants and awards</td>
<td>3%</td>
<td>9%</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>51%</td>
<td>47%</td>
</tr>
<tr>
<td>Operating and management costs</td>
<td>35%</td>
<td>33%</td>
</tr>
<tr>
<td>Taxes and charges</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Financial expenditure</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Other expenditure</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

With regard to grant-making foundations, out of a total assessed at 1.4 billion euros, two-thirds of expenditure (64%) relates to aid, subsidies, grants and awards.

The 13% in operating and management costs, stable since 2009, includes structural costs (rent, purchases, running costs, communication and fundraising costs), but also expenditure related to the specifics of project funding: assessing and examining files, publishing and distributing calls for tender, monitoring and evaluating funded projects etc.

In addition, some large foundations, which mainly focus on funding, also manage activities directly, which helps to explain the non-negligible weighting of management costs and personnel costs in this category.

The structure of grant-making foundations has been very stable since 2009, in all areas. The grant-making foundation model seems well established, regardless of the diversity in size and areas of activity of the organisations it includes.

**Table 10 – Structure of grant-making foundation expenditure in 2009 and 2013**

<table>
<thead>
<tr>
<th></th>
<th>Grant-making foundations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2013</td>
</tr>
<tr>
<td>Aid, subsidies, grants and awards</td>
<td>63%</td>
<td>64%</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Operating and management costs</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Taxes and charges</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Financial expenditure</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Other expenditure</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
The analysis shows the following figures:

- **Foundation personnel costs** represent a total of 3.5 billion euros, of which 3.4 billion relate to PUFs and 131 million to specialist foundations (SCF, PF, UF).

- **The aid, subsidies, grants and awards** distributed by the foundations in 2013 came to a total of 1.54 billion euros, of which 1 billion euros were distributed by grant-making foundations:
  - 550 million euros distributed by PUFs
  - 250 million euros by sheltered foundations
  - 170 million euros by corporate foundations
  - 20 million euros by SCF, PF and UF.

Figure 17 – Structure of foundation expenditure according to operating method in 2013
V. **Who creates foundations?**

A. Individuals are still the majority, companies are increasing

Although individuals are still the majority founders of foundations, their weighting has reduced: they do not represent more than 52% of all founders, compared to 61% in 2001. Companies, however, are continuing the increase observed at the last survey: they now represent 29% of founders, compared to only 20% in 2001. The relative weighting of associations in creating foundations is down considerably: of the foundations in existence in 2001, over one quarter (23%) had an association among their founders. In 2013, this was only 11%.

**Table 11 – Breakdown of categories of founders according to date created**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals, families</td>
<td>78%</td>
<td>66%</td>
<td>81%</td>
<td>74%</td>
<td>66%</td>
<td>47%</td>
<td>39%</td>
<td>61%</td>
<td>52%</td>
</tr>
<tr>
<td>Companies</td>
<td>7%</td>
<td>4%</td>
<td>14%</td>
<td>22%</td>
<td>44%</td>
<td>49%</td>
<td>49%</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>Associations, foundations⁴</td>
<td>5%</td>
<td>20%</td>
<td>18%</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
<td>13%</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>Government and local authorities</td>
<td>14%</td>
<td>13%</td>
<td>2%</td>
<td>4%</td>
<td>5%</td>
<td>7%</td>
<td>4%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Public education and research bodies</td>
<td>3%</td>
<td>3%</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Congregations</td>
<td>3%</td>
<td>-</td>
<td>3%</td>
<td>2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>3%</td>
<td>4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Foundations</td>
<td>104%</td>
<td>112%</td>
<td>109%</td>
<td>104%</td>
<td>105%</td>
<td>115%</td>
<td>114%</td>
<td>118%</td>
<td>103%</td>
</tr>
</tbody>
</table>

*The totals are higher than 100% as each foundation can have several founders.*

*Reading: 44% of foundations created between 2000 and 2009 have at least one company among their founders. 51% of foundations active in 2013 have at least one individual among their founders.*

The more recent the foundations, the more likely they are to have a company among their founders. This is nearly one foundation in two (49%) for structures created since 2010. Twenty-five years after

⁴ In the “associations and foundations” group, foundations accounted for only 2% in 2001 and 1% in 2013.
the law which inaugurated corporate foundations, nearly all major companies have organised their sponsorship activities. New foundations are usually the result of SMEs, which sometimes create their foundations alongside their founder or single or majority shareholder, often in the form of sheltered foundations, rather than as a corporate foundation. Until 2014, corporate foundations could only be financed by the company and its employees; the Law on the social and solidarity economy of 31 July 2014 (Article 81) has expanded their fundraising capacities to the corporate representatives, associates, members or shareholders in the company.

Individual founders are still the majority in all foundations, but their share is decreasing: of the foundations created since 2000, a minority now count individuals among their founders.

Although the Government and the local authorities were very involved in creating foundations up to 1970, they then disappeared for two decades, but have been returning as foundation creators since the 1990s. 6% of the most recent foundations (created since 2010) count public authorities among their founders, which is far from negligible.

Finally, we have recently seen a certain number of new foundations bringing together several founders from the same category (e.g. re-grouping of companies or individuals). This trend, which demonstrates a capacity to work together to build a successful philanthropic project, is a sign of maturity in the sector.

B. State involvement in operators; sheltered foundations, the philanthropic tool for individuals

From the point of view of founder profiles, the breakdown between operator and grant-making foundations delineates two main models:

- **Grant-making foundations, largely created by individuals and companies, redistribute private money**: 93% of them include individuals and/or companies among their founders.
- **Operator foundations are often created by associations (21%)**, which often already manage organisations or establishments themselves, **supported from the outset by the public authorities (14%)**. **One operator foundation in ten counts the State among its founders.**

Although the State and the associations are much less present as financial backers, operators also mobilise support from individuals (47%) and to a lesser extent companies (20%).
Table 12 – Breakdown of founder category according to operating method in 2013

<table>
<thead>
<tr>
<th>Founder Category</th>
<th>Operator foundations</th>
<th>Grant-making foundations</th>
<th>Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals, families</td>
<td>47%</td>
<td>59%</td>
<td>52%</td>
</tr>
<tr>
<td>Companies</td>
<td>20%</td>
<td>34%</td>
<td>29%</td>
</tr>
<tr>
<td>State</td>
<td>10%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Local authorities</td>
<td>4%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Public education and research bodies</td>
<td>10%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Foundations</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Associations, federations of associations</td>
<td>21%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Congregations</td>
<td>3%</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Foundations</td>
<td>119%</td>
<td>108</td>
<td>103%</td>
</tr>
</tbody>
</table>

Reading: in 2013, 10% of operator foundations counted the State among their founders.
Table 18 – Proportion of each founder category according to operating method in 2013

The total is higher than 100 as some foundations have several founder categories.

The breakdown in the different categories of founders according to legal status produces the following typology:

- **PUFs include all founder categories** (private, public authorities, charity sector) and can mobilise all types of energy and resources.
- Corporate foundations are by definition all created by companies.
- **Sheltered foundations** are primarily a philanthropic tool for individuals, who are present in nearly three-quarters of these structures (72%), and to a lesser extent companies, present as founders in 18% of cases.
- Higher education and research specialist foundations have a public authority among their founders in **28% of cases** (Government - 16%; local authorities - 12%). These are the foundation categories which involve public authorities the most. Of these foundations, **one in five** (20%) also have companies among their founders.
Table 13 – Breakdown of founder category according to legal status in 2013

<table>
<thead>
<tr>
<th></th>
<th>PUF</th>
<th>CF</th>
<th>SF</th>
<th>SCF, PF, UF</th>
<th>Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals, families</td>
<td>49%</td>
<td>1%</td>
<td>72%</td>
<td>4%</td>
<td>52%</td>
</tr>
<tr>
<td>Companies</td>
<td>10%</td>
<td>97%</td>
<td>18%</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>State</td>
<td>6%</td>
<td>-</td>
<td>1%</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Local authorities</td>
<td>2%</td>
<td>-</td>
<td>1%</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>Public education and research bodies</td>
<td>2%</td>
<td>-</td>
<td>-</td>
<td>44%</td>
<td>4%</td>
</tr>
<tr>
<td>Foundation(s)</td>
<td>2%</td>
<td>-</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Associations, federations of associations</td>
<td>24%</td>
<td>-</td>
<td>7%</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Congregations</td>
<td>3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>2%</td>
<td>-</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Foundations</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>103%</td>
</tr>
</tbody>
</table>

C. Profile of individual and corporate founders

The average age of individual founders is 61, although young founders are not rare: one-third are under 54, and 4% are under 35. Creators of sheltered foundations are on average much younger (59) than individuals who found PUFs (64).

Figure 19 – Breakdown of individual founders per age band
Table 14 - Average age of individual founders in PUFs and sheltered foundations

<table>
<thead>
<tr>
<th></th>
<th>Average age of individual founders</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUF</td>
<td>64</td>
</tr>
<tr>
<td>SF</td>
<td>59</td>
</tr>
<tr>
<td>Together</td>
<td>61</td>
</tr>
</tbody>
</table>

A few details will help to sketch the photo-fit of the individual founder:

- 52% of foundations are created by men, 37% by women and 11% by couples;
- 87% of founders are working, and 83% work in the private sector;
- 24% of founders are senior managers, 14% are members of the clergy, 13% are artists and 10% are professionals.

With regard to companies, the sectors of activity most represented by founders of foundations are as follows:

- Banks, credit institutions, financial services (24%)
- Industry (13%)
- Insurance (12%)
- Non-financial services - consultancy, audit, telecommunications (11%)
- Construction and public works (10%).

D. A falling trend in foundations created by bequests

Bequests as the origin of a foundation are in sharp decline. This system, which by definition only concerns foundations created by individuals, was however at the origin of nearly one foundation in five (19%) in 2009. Of all the foundations existing in 2013, this proportion had fallen to 14%.

Figure 20 – Share of foundations existing in 2009 and 2013 created by bequests

This is a recent development: until the 1990s, new foundations were created from bequests in 17% of cases on average. For foundations created after 2000, this proportion fell to 13%, then to 7% from
2010. For foundations created since 2000, representing 45% of the total number, the reduction in the share of bequests in this period fell on average among all foundations.

Table 15 - Proportion of foundations created from bequests according to date created

<table>
<thead>
<tr>
<th>Share of foundations created from bequests</th>
</tr>
</thead>
<tbody>
<tr>
<td>before 1969</td>
</tr>
<tr>
<td>1970 to 1979</td>
</tr>
<tr>
<td>1980 to 1989</td>
</tr>
<tr>
<td>1990 to 1999</td>
</tr>
<tr>
<td>2000 to 2009</td>
</tr>
<tr>
<td>2010 and later</td>
</tr>
<tr>
<td>Total 2013</td>
</tr>
</tbody>
</table>

Reading: of the foundations created before 1969, 15% were created from bequests. This is the case for 14% of existing foundations in 2013.

Figure 21 - Share of foundations created from bequests
VI. Fall in the proportion of foundations created by endowment and increase in the flow model

A. Fall in the frequency and amount of endowments

65% of foundations existing in 2013 chose to set up an endowment when they were created. This was the case with nearly all operator foundations, while 44% of grant-making foundations were founded without an initial endowment.

Setting up an endowment concerns all PUFs, by definition. Within specialist foundations, 15% of foundations were created without endowment; this proportion increased in sheltered foundations: more than one-third of them (37%) are flow model foundations; all corporate foundations are flow model foundations, even though they are based on an initial five-year commitment from their founder.

Table 16 – Proportion of foundations with an endowment, according to operating method

<table>
<thead>
<tr>
<th></th>
<th>Operator foundations</th>
<th>Grant-making foundations</th>
<th>Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>With endowment</td>
<td>91%</td>
<td>56%</td>
<td>65%</td>
</tr>
<tr>
<td>Without endowment</td>
<td>9%</td>
<td>44%</td>
<td>35%</td>
</tr>
<tr>
<td>Foundations</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Reading: 91% of operator foundations were created with an endowment. Of all the foundations, 65% were created with an endowment.

Figure 22 – Proportion of foundations with an endowment, according to legal status

For foundations that chose to set up an initial endowment or which had a multi-year corporate commitment, the value of these initial contributions has on average tended to decrease: it was lower than €500,000 for 35% of these foundations in 2009, and 42% of foundations were in this category in
2013. The largest endowments or multi-year commitments were mostly received by operator foundations: 38% of them had endowments or initial asset commitments above 3 million euros, compared to only 15% of grant-making foundations. This finding is due to the size of the initial investments needed by operators to launch their activities.

Table 17 - Breakdown of actual value of endowment amount according to operating method

<table>
<thead>
<tr>
<th>Category</th>
<th>Operator foundations</th>
<th>Grant-making foundations</th>
<th>Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than €100 K</td>
<td>10%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>€100 to 500 K</td>
<td>12%</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>€500 K to €1 million</td>
<td>11%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>€1 to 3 million</td>
<td>29%</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>€3 to 10 million</td>
<td>22%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Over €10 million</td>
<td>16%</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>Foundations</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 23 – Breakdown of endowments and multi-year commitments in 2009 and 2013
B. Nearly half of the most recently created foundations are flow model foundations

The choice of creating a foundation with endowment is in sharp decline: before 1945 and until the end of the 1970s, a period during which half of PUFs were created, nearly all foundations were created with an endowment. This proportion fell to a little over 80% in the 1980s and 1990s, then fell even more, to reach only 53% for the most recent foundations, created since 2010.

Thus, in the 2000s and 2010s, the flow model has considerably increased, now including nearly half of newly created foundations. Flow model foundations are characterised by a lack of initial endowment, and are given resources that are intended to be spent immediately, which can be boosted subsequently by other contributions from the founder or founders, or from third parties (fundraising, bequests etc.). This development is consistent with the rapid growth in sheltered foundations in the 2000s and 2010s.

Figure 24 – Breakdown of foundations with or without endowment according to date founded

C. Sustainability is no longer an obligation for foundations

Sustainability, one of the main principles of foundations from their origin, since the creation of the first legal statutes, is no longer a *sine qua non* condition for creating and running a foundation, quite the opposite in fact. It is much more likely to be the case with operator foundations (95%) than grant-making foundations (27%). Since 2009, the decision to choose sustainability has significantly decreased: over half of foundations made this choice in 2009, but only 43% in 2013. This trend is due to several factors:

- The desire to create a structure to support projects, not for long-term action. This trend is also apparent in associations.
- The pragmatism of only spending the income on capital means that significant philanthropic action cannot be carried out in the short or medium term. Some years, foundations with smaller funds would not be able to spend anything, according to this model.
Finally, the economic crisis of the last five years has encouraged more foundations to take part in social action. In this sector, in a period of crisis, the feeling of emergency tends towards a quick expenditure model.

**Table 18 – Proportion of foundations choosing sustainability according to operating method**

<table>
<thead>
<tr>
<th></th>
<th>Operator foundations</th>
<th>Grant-making foundations</th>
<th>Total 2009</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent endowments</td>
<td>95%</td>
<td>27%</td>
<td>53%</td>
<td>43%</td>
</tr>
<tr>
<td>Expendable endowments</td>
<td>5%</td>
<td>73%</td>
<td>47%</td>
<td>57%</td>
</tr>
<tr>
<td>Foundations</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Figure 25 – Proportion of foundations choosing sustainability in 2009 and 2013**
VII. Areas of intervention and targeted populations

A. Social action has become the first choice for foundations, culture is declining

Social action, having been on an equal footing with arts and culture since the early 2000s, has seen a marked rise between 2009 and 2013, now clearly taking first place in the areas in which foundations act: 29% of foundations currently choose this area as their main target.

Within social action, the highest growth (from 6% to 10% between 2009 and 2013) is the category entitled: "Assistance and services to people: material emergency aid, services to disadvantaged populations, counselling and advice." Clearly, the economic crisis that marked this period is not coincidental to this development.

This increase is mainly to the detriment of arts and culture, which are attracting a much lower proportion of foundations than before: from 2009 to 2013, they fell from 22% to 17% of the total number. Cultural topics are just behind health, whose place has remained stable since 2009, going from 19% to 18%. Medical research, meanwhile, has held strong, accounting for 10% of all foundations on its own.

Finally, we note the still very modest place of development and international relations, an area that has peaked between 4% and 5% since 2001, and the environment, which only attracts 3% of French foundations. A significant number of new foundations dedicated to the environment have however come to light in recent years, but they are still too few to have any weighting in the total number.

Table 19 - Breakdown of foundations according to main area of intervention in 2001, 2009 and 2013
<table>
<thead>
<tr>
<th>Category</th>
<th>2001</th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heritage protection</td>
<td>-</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Museums</td>
<td>-</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Arts and culture - Others</td>
<td>-</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Total Arts and culture</strong></td>
<td><strong>21%</strong></td>
<td><strong>22%</strong></td>
<td><strong>17%</strong></td>
</tr>
<tr>
<td>Higher education, specialisation (2nd and 3rd university cycles)</td>
<td>-</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Higher education and initial training - Others</td>
<td>-</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total higher education and initial training</strong></td>
<td><strong>13%</strong></td>
<td><strong>17%</strong></td>
<td><strong>11%</strong></td>
</tr>
<tr>
<td>Sciences</td>
<td>-</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Social sciences</td>
<td>-</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total sciences</strong></td>
<td><strong>6%</strong></td>
<td><strong>6%</strong></td>
<td><strong>4%</strong></td>
</tr>
<tr>
<td>Medical care</td>
<td>-</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Medical research</td>
<td>-</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Mental health</td>
<td>-</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Health - Others</td>
<td>-</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total Health and medical research</strong></td>
<td><strong>15%</strong></td>
<td><strong>19%</strong></td>
<td><strong>18%</strong></td>
</tr>
<tr>
<td>Assistance and services to people: material emergency aid, services to</td>
<td>-</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>disadvantaged populations, counselling and advice</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Places of residence: specialist, temporary residences (day centres,</td>
<td>-</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>short-stay centres) or permanent residences (retirement homes)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social integration, reducing isolation, people's social lives:</td>
<td>-</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>resocialisation via cultural, sports and leisure activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social action France - Others</td>
<td>-</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total Social action France</strong></td>
<td><strong>22%</strong></td>
<td><strong>22%</strong></td>
<td><strong>29%</strong></td>
</tr>
<tr>
<td>Environment</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Animal protection</td>
<td>DK</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Entertainment and sport</td>
<td>2%</td>
<td>DK</td>
<td>1%</td>
</tr>
<tr>
<td>Religion, civil society, philanthropy</td>
<td>3%</td>
<td>1%</td>
<td>3%</td>
</tr>
</tbody>
</table>
### B. Healthcare, medical research and social action: three-quarters of foundation expenditure

Above all, an analysis of expenditure breakdown helps us to understand the scale of foundation activity according to sector.

---

5 The figure for "other" areas of intervention has slightly increased since the last survey, particularly as a result of the growing hybridisation between areas (educational and cultural; scientific and environmental; health and social etc.), making it difficult to select one category. We have however decided to retain the original categories in order to be able to see the trends since 2001.
Reading: medical research represents 11.8% of foundation expenditure in 2013.
For the survey, each foundation could indicate several areas of intervention, classifying them in order of importance in their expenditure. Figure 27 compares the breakdown of foundation expenditure according to the main area of intervention, and its breakdown taking into account multiple subjects. The reading with multiple subjects, which was used to establish a ranking order, produced the following results:

- **23.2% of foundation expenditure is allocated to medical care.** This is due to large operator foundations that manage healthcare establishments. As these foundations are entirely dedicated to medical care, this proportion increases to 35.8% if we do not consider the main areas of intervention.
- **14.9% of expenditure for temporary residences** (specialist homes, day centres or short-stay centres) or **permanent residences** (retirement homes). Many operator foundations also manage these types of establishment.
- **11.8% of expenditure on medical research.** This area is financed partly by operator foundations, which directly fund laboratories, and by grant-making foundations which give grants to researchers or research teams. France is one of the countries in which medical research is very largely supported by private philanthropy.
- **10.5% of expenditure on aid and services to people.** In the same way, this area is funded by operator foundations managing for example emergency aid organisations, services to disadvantaged people, counselling and advice, but also by grant-making foundations which allocate aid or subsidies to associations working in these areas. Dedicated operating structures increase to 16.2% the proportion of expenditure according to principal areas only, making this area the second largest item of foundation expenditure.

Analysis of the multiple responses also highlights areas which are never main or single areas of intervention for foundations, but whose aggregated weight in expenditure is far from negligible. This is the case for the following areas:

- Social integration and measures to tackle isolation (5.6% of foundation expenditure)
- Mental health (3.9%)
- Philanthropy, voluntary work, not-for-profit organisations (2.4%).

Figure 28 – Breakdown of the areas of intervention according to foundation expenditure in 2013 (including multiple areas)
The aggregation of several areas in the same sector highlights the strong domination of health and social action, which together represent nearly three-quarters of foundation expenditure in 2013. More specifically:

- Nearly 40% of foundation expenditure is dedicated to health. This very high proportion is due to a number of large foundations each managing several medical establishments, but also significant budgets devoted to research by the foundations.
- Social action, which is an area of action for 29% of foundations, has a higher share of expenditure (34.5%).
- 5.3% of expenditure is allocated to higher education and initial training.
- Arts and culture, which are second in the number of foundations (17% of foundations are involved in this sector), only represent 3.7% of expenditure. Foundations working in this sector have less money and are less dynamic in expenditure on average.

This high concentration is to the detriment of other areas: in France in 2013, the environment only accounted for 1.2% of foundation expenditure, and development and international relations, 1% of expenditure.
C. Grant-making foundations are more diversified in their areas of intervention

Table 20 - Breakdown of foundation expenditure between the main areas of intervention according to operating method (multiple subjects included)

<table>
<thead>
<tr>
<th>Area of Intervention</th>
<th>Operator foundations</th>
<th>Grant-making foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>53%</td>
<td>27%</td>
</tr>
<tr>
<td>Social welfare</td>
<td>36%</td>
<td>32%</td>
</tr>
<tr>
<td>Sciences</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Arts and culture</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>Higher education and initial training</td>
<td>1%</td>
<td>14%</td>
</tr>
<tr>
<td>Environment</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Housing</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>International development and relations</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Employment and the labour market</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Philanthropic intermediaries, voluntary work, not-for-profit organisations</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>Animal protection</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Foundations</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Reading: 32% of grant-making foundations are involved in social action.

The analysis of expenditure breakdown according to operating method highlights some specific features:

- Although health expenditure is largely carried out by operators (53%), it still represents a significant share of grant-making foundation expenditure (27%).
- Operator and grant-making foundations spend equally on social action.
- A number of areas are mostly, if not exclusively, the domain of grant-making foundations. This is particularly the case for arts and culture, higher education, environment, international development and employment.
D. Beneficiary populations: a quarter of foundations target young people

Table 21 – Breakdown of foundations according to targeted populations and operating method in 2013

<table>
<thead>
<tr>
<th>Population</th>
<th>Operator foundations</th>
<th>Grant-making foundations</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>All groups, all ages</td>
<td>62%</td>
<td>53.5%</td>
<td>57%</td>
</tr>
<tr>
<td>Elderly people</td>
<td>12%</td>
<td>7.2%</td>
<td>9%</td>
</tr>
<tr>
<td>Children and young people</td>
<td>14%</td>
<td>8.3%</td>
<td>9%</td>
</tr>
<tr>
<td>Children only</td>
<td>1%</td>
<td>5.1%</td>
<td>24%</td>
</tr>
<tr>
<td>Young people only</td>
<td>6%</td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td>Disabled people</td>
<td>8%</td>
<td>9.7%</td>
<td>9%</td>
</tr>
<tr>
<td>Disadvantaged people</td>
<td>10%</td>
<td>18.1%</td>
<td>13%</td>
</tr>
<tr>
<td>Drug users, alcoholics</td>
<td>0.3%</td>
<td>0.7%</td>
<td>1%</td>
</tr>
<tr>
<td>Delinquents</td>
<td>0.3%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>Ethnic minorities</td>
<td>0.3%</td>
<td>0.6%</td>
<td>2%</td>
</tr>
<tr>
<td>Immigrants, refugees</td>
<td>1%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>Women, young girls</td>
<td>1.5%</td>
<td>3.4%</td>
<td>2%</td>
</tr>
<tr>
<td>Families</td>
<td>3.5%</td>
<td>2.4%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>19%</td>
<td>11.2%</td>
<td>14%</td>
</tr>
<tr>
<td>Foundations</td>
<td>138.9%</td>
<td>136.2%</td>
<td>133%</td>
</tr>
</tbody>
</table>

The total is higher than 100% as each foundation can choose several beneficiary populations.

Although 57% of foundations target all groups and all ages, some specific populations are the subject of greater attention from foundations:

- a quarter of foundations (24%) specifically target children or young people
- next comes disadvantaged people (13%)
- then elderly people and people with disabilities (9% in both cases)

Among operator foundations, 62% target all groups. Elderly people are more targeted by operator foundations (12%), which either manage day centres or retirement homes, or are foundations that offer personal services, particularly home help.
Grant-making foundations are more inclined to choose a specific beneficiary population than operators:

- Disadvantaged people (18.1%) and disabled people (9.7%) are more targeted by grant-making foundations than operators
- The same applies to specific activities for children (5%) and young people (15%).

Figure 29 – Proportion of foundations according to beneficiary population and operating method

E. Approaches and methods: personal assistance first, before research

During this survey, we tried to identify as accurately as possible the types of approaches or methods used by foundations. This question helps to refine our understanding of how foundations work and contribute to the public interest in 2013:

- One foundation in two is involved in personal assistance;
- All areas combined, one foundation in four practises or funds research;
- One foundation in five works in prevention, raising awareness and/or lobbying;
- More than one foundation in ten invests in capacity building, networking and third sector initiatives.
VIII. Establishment and scale of intervention of foundations: what role for local regions?

A. Breakdown of funds and foundations across the territory

In order to identify the geographical establishment of funds and foundations and their economic weight in the local regions, we looked firstly at the postal addresses of each organisation that we used to send our survey, and secondly at the INSEE data (DADS - annual social security declarations) on the geographical breakdown of salaried jobs.

Figure 30 – Breakdown of foundations in French territory

Source: Observatoire de la Fondation de France.

The map showing the breakdown of foundations across French territory highlights the very high concentration of foundations in the Paris region (1,388 foundations in the inner suburbs out of 2,216 in total, i.e. 63% of the total), and above all in Paris itself, which has 1,231 foundations, or 55% of French foundations. These proportions are much higher than those of the population or national wealth concentrated in the capital region\(^6\). Although it is possible to think that the creation of

\(^6\) In 2013, Île-de-France represented 18.3% of population and 30% of wealth (INSEE).
foundations correlates to a high concentration of wealth, it nevertheless seems that the very high proportion of foundations in Paris is also partly due to the fact that many sheltered foundations are attached to umbrella organisations with an administrative address in Paris, even though the sheltered foundation itself may be in another department, and created by founders from that local area. We can therefore consider that the Parisian figure is a little over-valued in relation to the reality of foundation establishments.

Outside the Greater Paris concentration, foundations are present across the whole of France. The departments with the most foundations after the Île-de-France are:

- the Rhône, with Lyon (85 foundations)
- the Nord, with Lille (55 foundations)
- the Yvelines (47 foundations)
- the Bouches-du-Rhône, with Marseille (45 foundations)
- the Alpes-Maritimes, with Nice (37 foundations)
- the Haute-Garonne, with Toulouse (31 foundations)
- the Aquitaine with Bordeaux (27 foundations)
- the Bas-Rhin, with Strasbourg (25 foundations)
- on an equal par, with 20 foundations, are the Haut-Rhin, the Loire-Atlantique and the Hérault.

38 French departments, i.e. over one-third of the total, only have two foundations in their local area.

**Figure 31 – Breakdown of endowment funds in French territory**

*Source: Observatoire de la Fondation de France.*
The breakdown in endowment funds is also characterised by a very high concentration in the Greater Paris area: with 574 funds in Paris, the capital has 31% of the endowment funds in existence at the end of 2014. The concentration is nevertheless much less than for foundations: this reinforces the hypothesis of over-representation of Paris on the previous map, due to the phenomenon of "Parisian umbrella organisations", which does not exist for endowment funds.

Penetration of the territory by endowment funds is greater than for foundations: 34 French departments have over 10 endowment funds, compared to 24 departments with over 10 foundations.

As with foundations, the concentration increases in coastal areas and border areas.

Finally, the endowment fund map also shows the Overseas Territories: 14 endowment funds have been created in La Réunion, 11 in Guadeloupe and 7 in Martinique.

**Figure 32 – Breakdown of salaried jobs in foundations in French territory**

The map for salaried jobs gives an indication of the economic weighting of the foundations.

In addition to the departments already noted as containing a large number of foundations, the significant weight for the Dordogne and the Finistère is due to the presence in each of these
departments of large foundations managing medical, social and medico-social establishments. In Dordogne, a single foundation of this type employs over 1,500 employees.

**B. 38% of French foundations act at local level, 16% at international level**

Apart from a few large foundations which act both in the territory and beyond its borders, 51% of French foundations act at national level. Foundations which act in the European Community or internationally jointly represent 16% of the total, and are more represented within grant-making foundations (19%) than operators (11%).

Local level holds a very important place: it concerns 28% of foundation activities, and this proportion increases up to 42% for operators, who manage establishments that primarily affect the populations in the area surrounding their establishment. Nearly one quarter of grant-making foundations (23%) act at local level, even though their identity as a backer frees them from constraints on their physical establishment, and leaves them to free to fund projects at all levels.

Many foundations choose to act at micro-local level (district, village, small town): this represents 17% of operator foundations and 7% of grant-making foundations.

In addition, when the question was asked subjectively, 23% of foundations replied that the local dimension was "essential", and 22% considered it as "important". This vision is shared by foundations belonging to each of the different legal statuses. Local action is therefore a key issue for nearly half of French foundations.

**Figure 33 – Proportion of foundations according to scale of intervention and operating method**

![Bar chart showing the proportion of foundations according to scale of intervention and operating method.](image)
Foundations acting outside France are mainly concentrated in Europe (32% of foundations acting internationally), Africa (20%) and Asia (11%).

A significant proportion of operator foundations act within the European Union (31%) and North America (16%). These are mainly foundations involved in culture, sciences or education, subjects which easily cross borders.

Grant-making foundations, meanwhile, are more present than average in Africa (21%) and Asia (16%). The foundations involved in these two continents are scattered across many countries, and their primary area of intervention is education.

**Figure 34 - Breakdown per geographical zone of foundations acting internationally, according to operating method**

*NB: The figures shown in the graph relate to all foundations.*

*Reading: 14% of foundations acting internationally are present in Asia.*
IX. What are the challenges for foundations?

A. Main challenges: funding, self-assessment and visibility

In 2013, over half of French foundations (56%) said they had difficulties stabilising and renewing their funding. 35% were concerned by the lack of legibility or visibility of their actions, and 34% had difficulties assessing their projects or programmes. The foundations most concerned with assessment were sheltered foundations and corporate foundations.

Figure 35 – The main difficulties encountered by foundations

Total higher than 100% as each foundation can have several difficulties.
Reading: 56% of French foundations have difficulty stabilising and renewing their funding.
B. Large operator foundations have problems consolidating their funding

The analysis of the problems stated according to the foundations' asset bands highlight some specific points:

- Foundations with the largest assets have the most difficulty stabilising and renewing their funding (83% of foundations with 50-100 million euros of assets, and 71% of foundations with over 100 million euros).
- The largest foundations (100 million euros and over) also have the most difficulty mobilising volunteers (43%), and above all recruiting high-level professional employees (71%).
- Assessment of projects and programmes is a challenge for foundations of all sizes.
- By contrast, smaller foundations have the most difficulty working with other funds or foundations, and improving the legibility and visibility of their activities.

On average, foundations in the highest asset band reported the most difficulties, all items combined. The analysis according to legal status shows that PUFs and specialist higher education and research foundations, which receive a lot of public funding, have the most difficulty stabilising their finances.

Figure 36 – The main difficulties encountered by foundations in 2013
**Focus on endowment funds:**

**assessment of five years in existence**

- **2,000 endowment funds created in five years**

Endowment funds have enjoyed great success, since they were created under Article 140 of Law no. 2008-776 of 4 August 2008: in the last five years, on average as many endowment funds have been created per month as the number of foundations created per year. There were 1,842 endowment funds at the end of 2014, and the bar of 2,000 was exceeded in 2015.

**Figure 8 – Creations and number of endowment funds in activity from 2009 to 2014**

- **Estimate of economic weight of endowment funds in 2013**

As part of this survey, out of all the endowment funds questioned, 103 responded spontaneously to the questionnaire. A survey carried out in 2012 by the *Observatoire de la Fondation de France* on endowment funds showed that at the end of 2012, around 60% of funds that had been created by a simple declaration to the Prefecture had not commenced their activity, and that at least 36% had been created without any assets. At the end of 2013, many funds were therefore inactive or empty, which justifies the separate treatment of this status in this report.

As the 103 funds who replied to our survey are virtually all active funds, we collected data from a random sample of 100 endowment funds of those that had not responded, in order to better identify their degree of activity and economic weighting. We completed this sample with the largest endowment funds in order to take their weighting into account in our analysis.
As the data we collected was only partial, it is impossible to know whether the funds that did not respond are inactive (no response = 0), or whether they did not wish to respond but are active, in which case we can attribute to them the average value calculated from the sample collected. We chose to base our analysis on the two hypotheses (no response = 0 and extrapolation of the average of the collected sample) to produce the following estimate of the economic weighting of endowment funds in 2013:

**Total assets: 600 to 700 million euros**

**Total expenditure: 100 to 150 million euros**

- **Endowment funds in Paris: statistical elements**

In addition to these two main figures, we will reproduce here the figures published by the Paris Prefecture, which regularly produces an inventory of endowment funds registered in the department. The Prefecture counted 549 endowment funds registered in Paris at the end of July 2014. The data from this inventory therefore represents a larger basis than we were able to collect via our survey. However, the Parisian "tropism" may represent a bias, so these elements are presented here for information only.

**Profile of founders**

As with foundations, individuals represent over half (52%) of founders of endowment funds. Associations, by contrast, are much more represented among the founders of endowment funds (30%) than within foundations (10%), unlike companies, which are only present in 17% of endowment funds, compared to 29% of foundations. Public institutions in various forms are significantly more represented among founders of foundations (9%) than endowment funds (1%).

With regard to public institutions, the Paris Prefecture specifies that these are mainly higher education establishments (École des hautes études en sciences sociales - School for Advanced Studies in the Social Sciences, École nationale supérieure des arts décoratifs - public university of art and design) and museums (Louvre museum, Picasso museum etc.).

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**Figure 9 – Breakdown of founder categories in French foundations and Paris endowment funds in 2014**
The total is higher than 100% as some foundations can have several founders.


**Initial asset contributions**

A large majority of endowment funds registered in Paris were created without initial assets (59%), which is impossible for foundations. This figure is reinforced by the results of the national survey carried out by the Observatoire de la Fondation de France in 2012, which showed that at least 36% of French endowment funds were created without initial assets.

Among the Paris endowment funds created with initial capital, the level of assets is markedly lower than the average for foundations: only 18% of endowment funds were created with over €100,000 in assets, and 7% of funds were created with over one million euros in assets.

**Figure 10 – Breakdown of endowment funds registered in Paris in 2014 by initial asset amounts**
Endowment and sustainability

Furthermore, among the Parisian endowment funds created with an endowment, 69% stated that this was expendable. Only 57% of foundations chose this option. Sustainability is therefore clearly not an objective for the majority of endowment funds.

Figure 11 – Proportion of foundations and Paris endowment funds seeking sustainability

Endowment funds, which have a very flexible status and are accessible to all types of founders for projects of varied formats, have experienced considerable success in the first five years of their existence. This experimentation phase has been characterised by a high concentration of economic weighting within a few large structures, but also the creation of a large number of empty structures.

Following Decree no. 2015-49 of 22 January 2015 laying down an initial minimum endowment of €15,000 to create an endowment fund, the observers of this sector have already noted, in the first few months of 2015, a decline in new funds. When we consider that at least half of endowment funds have been created up to now without any initial assets or in any case below the required threshold, we can imagine that the number of new funds will fall in a significant proportion over the coming months and years.


Endowment funds (Paris)

<table>
<thead>
<tr>
<th>Permanent endowment</th>
<th>Expendable endowment</th>
</tr>
</thead>
<tbody>
<tr>
<td>69%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Fondations

<table>
<thead>
<tr>
<th>Permanent endowment</th>
<th>Expendable endowment</th>
</tr>
</thead>
<tbody>
<tr>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>

7 Decree following the Law of 31 July 2014 on the social and solidarity economy.
Conclusion

The growth in the funds and foundations sector, very significant since 2001, has continued at a rapid rate since the beginning of the 2010s: 45% of French foundations have been created since 2001.

The rapid development in endowment funds (nearly 2,000 structures created in five years) has not affected the growth of foundations, which has even increased slightly compared to the previous period. It is moreover probable that the growth curve in endowment funds will soon lessen, given that the minimum threshold of 15,000 euros now required was not met by the majority of funds created in recent years.

Although operator foundations still predominate in terms of financial volume and power of intervention, particularly in the social, health and medical research sectors, in the last four years there has been a significant increase in the number of grant-making foundations, and their economic weighting. With a billion euros of aid, subsidies, awards and grants per year, these foundations, which are 80% privately funded (individuals and/or companies), mark the development of a culture of private philanthropy for the benefit of public interest in France. Today, 84% of new foundations opt for the grant-making model. They represent a desire for direct involvement, beyond taxes and without waiting for retirement (87% of individual founders are working), to resolve the problems faced by society.

The principle of sustainability, originally part and parcel of the foundation concept, has started to give way to the flow model, through which founders focus on the pragmatic, short or medium term impact, rather than an eternal ideal for their foundation. Currently, only two foundations in three are created with an initial endowment, of which less than half have a permanent vocation.

This growth in the flow model is partly due to the economic crisis, which has favoured a growth in social action, the primary area of intervention chosen by foundations. In this sector, the feeling of emergency in face of people's acute needs encourages founders to adopt a rapid expenditure model.

The sector continues to become more professional, as witnessed by the significant growth in the number of salaried jobs (+16% since 2009) in foundations. In addition, more than one foundation in ten now invests in third sector initiatives and capacity building. The development of collective initiatives to create foundations (groupings of individuals or companies) also demonstrates the maturity of the sector.

Due to their diversity and vitality, foundations are now essential players in the funding of public interest initiatives in our country.