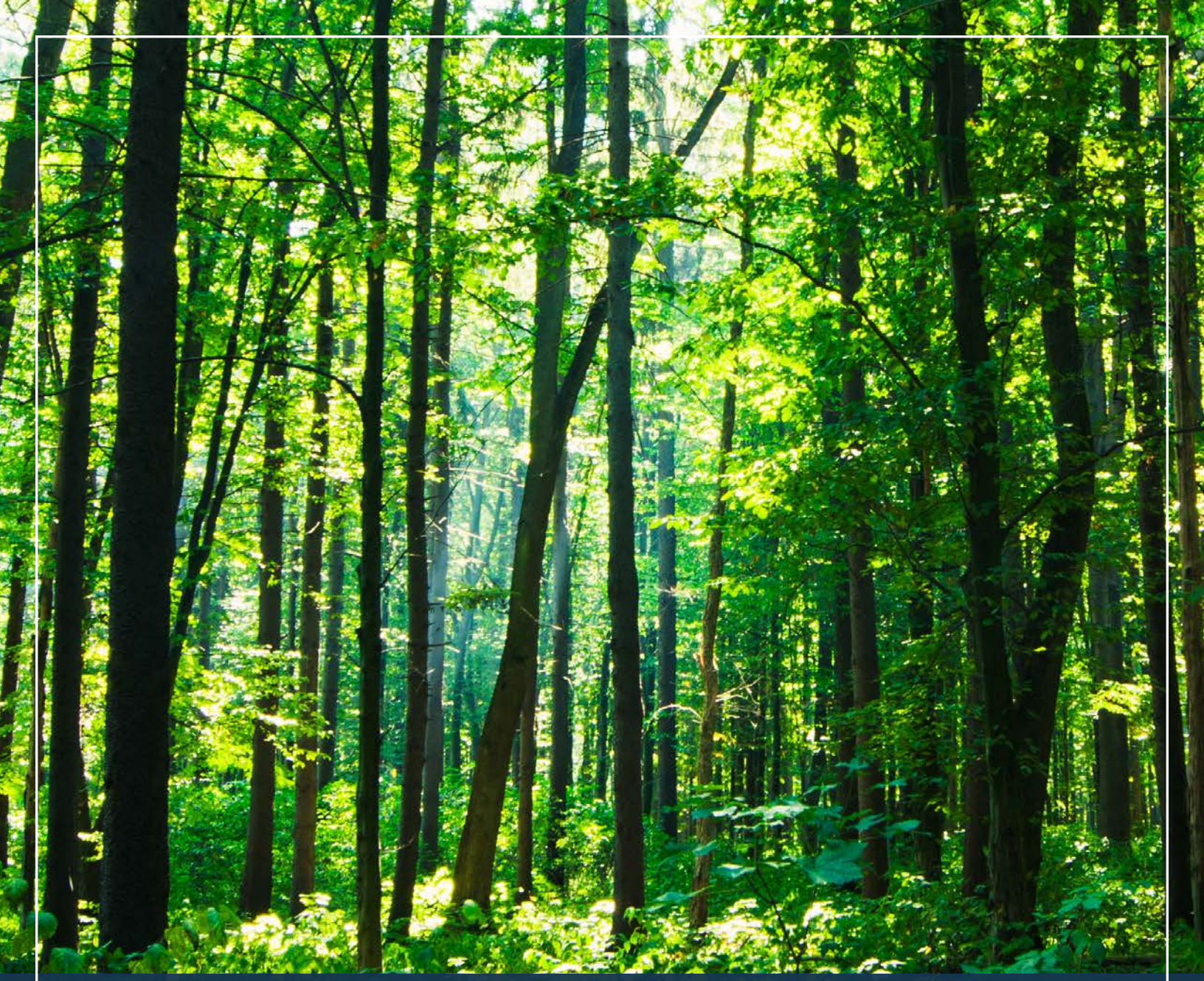

BREAKING THE MOLD:

The Transformative Effect of MacKenzie Scott's Big Gifts

The Final Report in a Three-Year Study

THE CENTER FOR EFFECTIVE PHILANTHROPY

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ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

CEP provides data, feedback, programs, and insights to help individual and institutional donors improve their effectiveness. We do this work because we believe effective donors, working collaboratively and thoughtfully, can profoundly contribute to creating a better and more just world.

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This report is based on CEP's independent data analyses, and CEP is solely responsible for its content. It does not necessarily reflect the individual views of the funders, advisers, or others named in this report.

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Alongside this report, CEP shares the stories of seven organizations that received gifts from MacKenzie Scott in a companion piece, "Transformative Gifts: Inside Organizations That Received MacKenzie Scott Gifts."

For more information on CEP, please visit www.cep.org.

CONTENTS

INTRODUCTION

In just five years, MacKenzie Scott has given more than $19 billion in unrestricted support to more than 2,000 organizations,[1] stating that her aim "has been to support the needs of underrepresented people from groups of all kinds."[2] Scott's very large, unrestricted gifts — with few to no restrictions on the time in which they must be spent — have transformed recipient organizations and influenced many of the communities these organizations serve.

LARGE, UNRESTRICTED GIFTS

The size and scale of Scott's giving remains unmatched. As we concluded in our 2023 report, "Scott's giving continues to have profound effects on recipient organizations, and … the fears many other funders express — whether about nonprofits' ability to handle grants of this size or unintended consequences — have not materialized."[3]

Results from our 2022 and 2023 research on the effects of Scott's gifts are similar to those of research on efforts from the Ford Foundation's Building Institutions and Networks (BUILD) program and the Ballmer Group's giving. Both efforts provided large, unrestricted gifts to vetted organizations, though they do not share the lack of time restriction that characterizes Scott's gifts.[4]

A five-year analysis of the Ballmer Group's large, unrestricted grants notes that, "By and large, the challenges donors often hypothesize that large, unrestricted grants will create — such as leadership team overload, internal culture tensions, strain in relationships with peer organizations, and hampered ability to fundraise — did not materialize."[5]

RESEARCH QUESTIONS AND METHODOLOGY

Understanding Scott's giving as a departure from prevailing norms and recognizing the potential for other funders to learn from its effects, we at CEP undertook a three-year research study examining the impact of these large, unrestricted gifts on recipient organizations.

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[1] "Yield Giving," Yield Giving, https://yieldgiving.com/.

[2] MacKenzie Scott, "Helping Any of Us Can Help Us All," *Medium*, March 23, 2023, https://mackenzie-scott.medium.com/helping-any-of-us-can-help-us-all-f4c7487818d9.

[3] Ellie Buteau, Elisha Smith Arrillaga, and Christina Im, *Emerging Impacts: The Effects of MacKenzie Scott's Large, Unrestricted Gifts* (Cambridge, MA: Center for Effective Philanthropy, 2023), https://cep.org/wp-content/uploads/2023/11/BigGiftsStudy_Report_Y2_FNL.pdf.

[4] Ellie Buteau et al., *Giving Big: The Impact of Large, Unrestricted Gifts on Nonprofits* (Cambridge, MA: Center for Effective Philanthropy, 2022), https://cep.org/wp-content/uploads/2022/11/BigGiftsStudy_Report_FNL.pdf; Buteau, Smith Arrillaga, and Im, *Emerging Impacts;* Raphaëlle Bisiaux et al., *BUILD Developmental Evaluation: Final Report* (Stockholm: NIRAS Sweden AB, 2022), https://www.fordfoundation.org/wp-content/uploads/2022/05/build-evaluation-final-report-1.pdf.

[5] Kathleen Fleming et al., "The Impact of Large, Unrestricted Grants on Nonprofits: A Five-Year View," *Center for Effective Philanthropy* (blog), January 24, 2023, https://cep.org/blog/the-impact-of-large-unrestricted-grants-on-nonprofits-a-five-year-view/.

This report represents the third and final year of this three-year research effort.[6] We invited the more than 1,900 organizations listed on Scott's Yield Giving website that had received a gift between 2020 and early 2024 to complete the year three survey. This final year of research has included a deeper focus on the effects of these gifts as well as the implications of these gifts on the financial health of recipient organizations. It has also included a broader effort than in previous years to understand foundation leaders' beliefs and practices as they relate to the provision of large, unrestricted grants with few time limits on when the funds need to be spent.

The following research questions guided the final year of this study:

- How did nonprofits allocate the grant, and why?
- Do nonprofits believe this gift has increased their impact and in what ways?
- Are organizations maintaining the fundraising changes that they reported implementing in years one and two of our study, and are they continuing to experience more of a positive than negative impact on their fundraising?
- What can we start to learn about the financial trajectory of organizations receiving gifts from Scott?
- Have organizations experienced unintended negative consequences of the gift? What have been the downsides of receiving this gift?
- To what extent are funders' beliefs and practices being influenced by MacKenzie Scott's approach?

The findings discussed in this report are based on the following data collection efforts:

[6] This research has been conducted independent of Scott and her team or consultants. Although CEP received a $10 million grant from Scott, we are funding this effort through support provided by other donors.

Table 1. Data Collection

Data Source	Timing	Number of Organizations	Response Rate
Survey of nonprofit leaders[7]	June – July 2024	813	43%
Survey of foundation leaders[8]	September – October 2024	243	31%
Analysis of U.S. tax filings (Form 990s) for recipients of Scott's gifts[9]	2019 – 2023	Pre-grant year: 1,087 Grant receipt year: 1,074 One year post-grant: 952 Two years post-grant: 512	N/A
Analysis of U.S. tax filings for comparable nonprofits that did not receive a gift from Scott[10]	2020 – 2023[11]	2020: 1,666 2021: 1,558 2022: 1,644 2023: 905	N/A

As with earlier years of this study, the findings should be viewed in the context of the moment the data were collected: one to four years after receipt of the gift. Any analysis of unintended consequences — positive or negative — should be viewed in light of the fact that it often takes years to understand fully the effects of any significant event or development. Yet this remains, to our knowledge, the most comprehensive public accounting of the experiences of the organizations that received grants from Scott.

We are grateful to the nonprofit and foundation leaders who have shared their experiences and insights with us throughout these three years to make this research possible.

[7] See Appendix B for information about demographic characteristics of surveyed nonprofit leaders.

[8] See Appendix C for information about demographic characteristics of surveyed foundation leaders.

[9] Organizations that did not have a U.S. employer identification number were not included in this analysis.

[10] Comparable nonprofits were matched to Scott grant recipient organizations on the following characteristics: budget in total expenses, issue area (National Taxonomy of Exempt Entities code), and revenue composition.

[11] Since comparable nonprofits did not receive a Scott grant, there was no "year of grant receipt" to compare to recipient organizations' year of grant receipt. Instead, analysis for the comparable nonprofits was conducted on the most recent available four-year sequence of fiscal years: 2020, 2021, 2022, and 2023.

A Note on Response Bias

We examined data about nonprofits and foundations in our sample to understand whether certain nonprofits or foundations were more or less likely to respond to our surveys. As is typical for our survey research, we found very little identifiable response bias.

Response Bias for Survey of Nonprofit Recipient Organizations

We analyzed whether nonprofit leaders were more likely to respond to our survey based on their organization's annual expenses or location. There were no differences based on an organization's geographic location within or outside the United States. However, larger organizations, more specifically those for which annual expenses were greater than $21.7 million U.S. dollars, were slightly less likely to respond to the survey than organizations for which annual expenses were less than this amount (36 percent versus 44 percent). Annual expenses were reported below $21.7 million for three-quarters of the sample.

Response Bias for Survey of Foundations

We also analyzed whether foundation leaders were more likely to respond to the survey based on certain foundation characteristics. There were no statistically significant differences found based on a foundation's asset size, annual giving amount, or its geographic location within the United States. However, current or former CEP clients were slightly more likely to respond to the survey than foundations that have not been CEP clients (42 percent of former clients responded versus 26 percent of nonclients). Independent foundations were also slightly less likely to respond to the survey than foundations of other types (28 percent of independent foundations responded versus 37 percent of other foundation types).

We were able to analyze response bias only for data we have for all organizations that received our surveys. That means, for example, that we were unable to analyze bias for whether or not organizations were more or less likely to respond based on whether they had challenges with their gift from Scott, whether an organization is led by a person of color, or other factors for which we did not have publicly available data about both respondents and nonrespondents to the survey.

SCOTT'S TWO APPROACHES TO GIVING: QUIET RESEARCH AND AN OPEN CALL

The website for MacKenzie Scott's organization Yield Giving distinguishes between two processes she has used for her philanthropy to date: a "quiet research" process and an open call.[12] CEP's research on Scott's giving includes only those nonprofits that received a gift through her quiet research and does not examine the gifts given through the open call.

Quiet Research Recipients

Many of Scott's gifts since 2020 came as a surprise to recipients. At the median, these gifts have been around $5 million. These gifts carried no restrictions on how or when they must be used, and came with few, if any, reporting requirements. Recipient organizations were selected based on a research process meant to "limit burden" on nonprofits and a "careful analysis of criteria specific to their size, geography, and mission for indicators of high potential for sustained positive impact, including stable finances, multiyear track records, measurement and evidence of outcomes, and experienced leadership representative of the community served."[13]

Open-Call Recipients

In 2023, while Scott was still conducting her quiet research, Yield Giving partnered with Lever for Change to host an open call for "community-led, community-focused organizations whose explicit purpose is to advance the voices and opportunities of individuals and families of meager or modest means, and groups who have met with discrimination and other systemic obstacles."[14] This open call included a multistep application process for nonprofits to complete.

SIZE OF SCOTT GRANTS AND RESPONDING ORGANIZATIONS

Organizations that received gifts from Scott between 2020 and 2024 were, on average, much larger than the typical nonprofit. The median staff size was 50. The median budget of responding organizations was about $7 million. By contrast, in a CEP dataset containing data from thousands of grantees that receive grants from larger foundations, the median nonprofit size is $1.8 million. More broadly, most nonprofits in the United States operate with a budget of $500,000 or less.[15]

Scott's grants are also typically much larger than the grants of even large foundations and megadonors. Nonprofit organizations in this study received grants from Scott that ranged from $300,000 to $80 million (see Table 2). At the median, the grant size was $5 million and represented 77 percent of the organization's prior-year budget.[16] This compares to a median grant size of $123,000 at staffed foundations in CEP's dataset of grantmaking at hundreds of larger foundations.

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[12] "Process," Yield Giving, https://yieldgiving.com/process.

[13] "Process," Yield Giving.

[14] "Yield Giving Open Call," Lever for Change, https://www.leverforchange.org/challenges/explore-challenges/yieldgivingopencall.

[15] Tiffany Gourley Carter et al., *Nonprofit Impact Matters: How America's Charitable Nonprofits Strengthen Communities and Improve Lives* (Washington, DC: National Council of Nonprofits, 2019), https://www.councilofnonprofits.org/reports/nonprofit-impact-matters-how-americas-charitable-nonprofits-strengthen-communities-and.

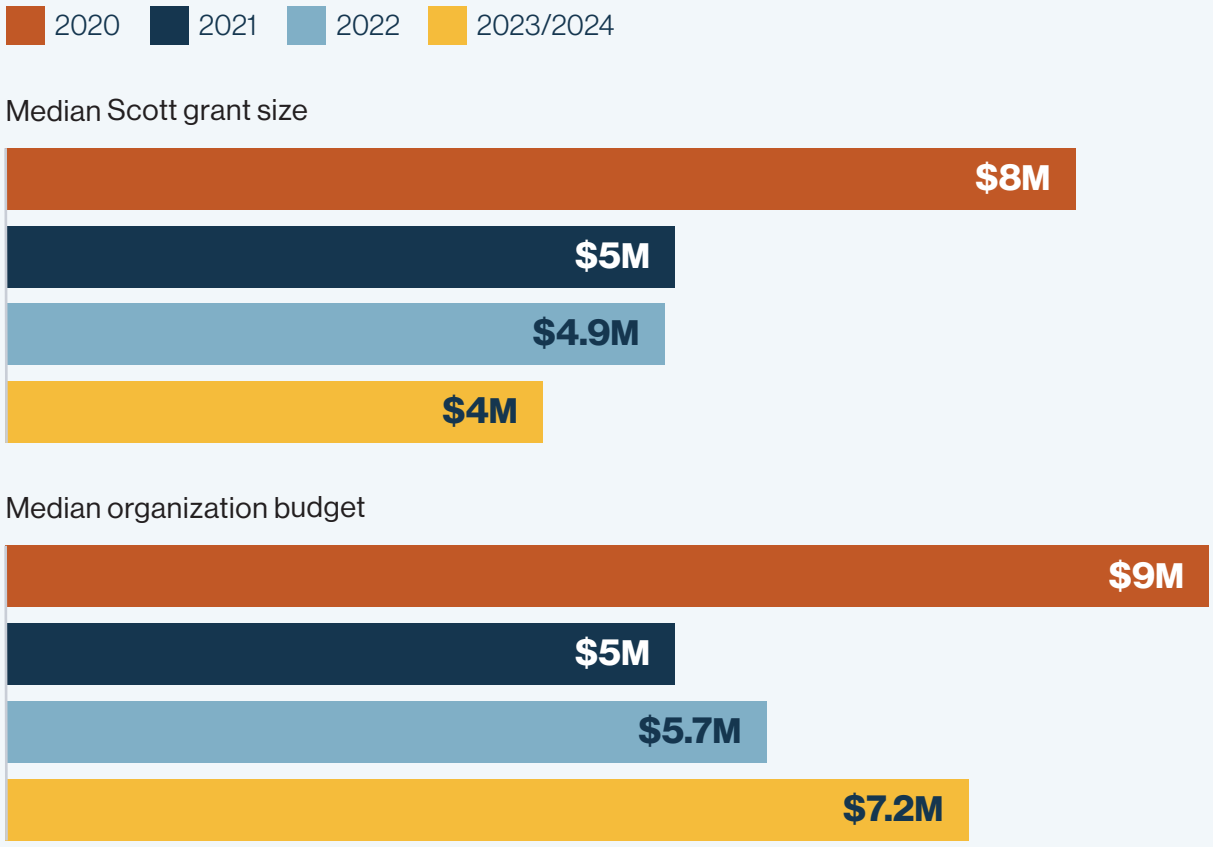
[16] An organization's budget from the year prior explains only about five percent of the variation in grant size provided; this means 95 percent of the variation in grant size provided is due to factors other than the organization's budget size. Organizations led by people of color are slightly more likely than organizations not led by people of color to have received grants exceeding their organization's prior-year operating budget.

Table 2. Range of Grant Size, Nonprofit Budget, and Staff Size

	Grant Amount Received from Scott (N=791)	Operating Budget Prior to Grant (N=772)	Staff Size (Full-Time Equivalent) (N=807)
Minimum	$ 300,000	$ 250,000	1
Median	$ 5,000,000	$ 7,000,000	50
Maximum	$ 80,000,000	$ 3,200,000,000	10,000

While Scott's grants remain massive relative to those of other donors, they have, at the median, decreased in size since 2020. The sizes of recipient organizations have varied over time (see Figure 1).

FIGURE 1. Median Scott Grant Size and Organization Budget by Year of Grant Receipt (N=771-791)

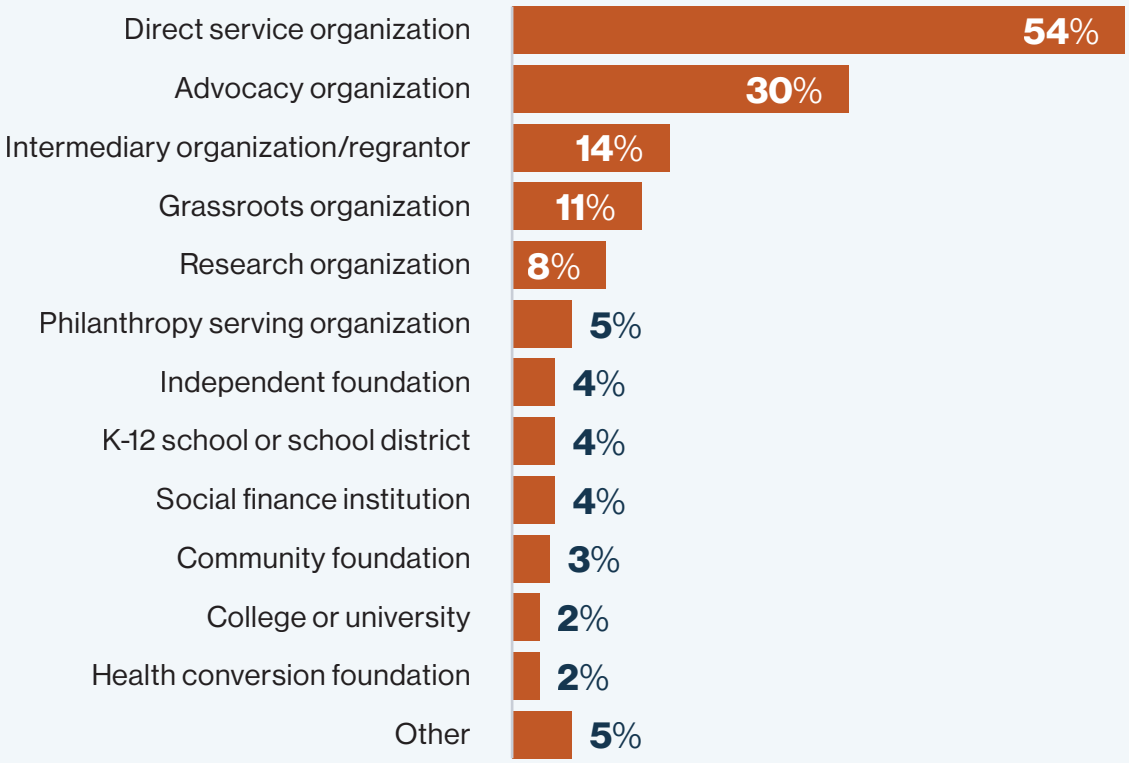


Note: Organizations that received grants in 2023 and 2024 are presented as a combined group due to the small number of respondents whose organizations received grants in early 2024.

What Types of Nonprofits are Receiving Grants From MacKenzie Scott?

Organizations that have received grants from Scott vary in type and key focus area.[17] More than half of recipient organizations that responded to CEP's survey are direct service organizations, and nearly one third are advocacy organizations (see Figure 2). Organizations' most common key focus areas include social justice, human services, and education (see Figure 3). An early 2022 analysis from Panorama Global categorized more than 40 percent of Scott's gifts as going to organizations focused on civil society.[18]

FIGURE 2. Types of Nonprofit Grant Recipients (N=811)

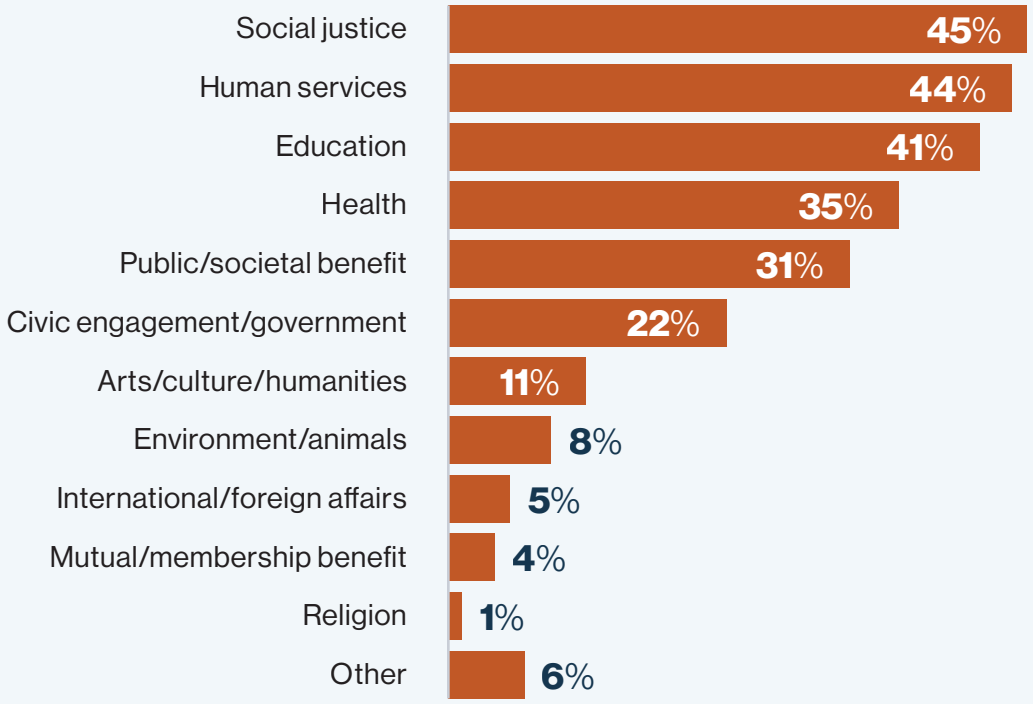


Note: Percentages add up to greater than 100 because respondents could select all that apply.

[17] For more information on the types, sizes, and focus areas of organizations that received grants from Scott, see analyses conducted by Harvard University and Panorama Global; Matthew Lee, Brian Trelstad, and Ethan Tran, "$15 Billion in Five Years: What Data Tells Us About MacKenzie Scott's Philanthropy," *Working Knowledge*, Harvard Business School, December 19, 2023, https://www.library.hbs.edu/working-knowledge/mackenzie-scotts-15-billion-pledge-what-the-data-says-about-her-epic-giving.

[18] "MacKenzie Scott's Transformational Giving" (Seattle: Panorama Global, 2022), https://cdn.prod.website-files.com/62448c65f2a3dc00dc4193ba/628518f626318d3069944924_Infographic_MacKenzie-Scott%E2%80%99s_Transformational_Giving-May_2022.pdf.

FIGURE 3. Key Focus Areas of Nonprofit Grant Recipients (N=811)



Note: Percentages add up to greater than 100 because respondents could select all that apply.

KEY FINDINGS

1. Most leaders report managing grant funds to ensure their organization's long-term financial sustainability, and few anticipate a financial cliff.

2. Many organizations are collecting information about the impact of this gift and are observing meaningful change created for communities.

3. Leaders report Scott's gifts increased their confidence in their own leadership, reduced their burnout, and sparked innovations in their programs and improvements in fundraising.

4. Over the past three years, nonprofits have consistently reported positive effects of these large, unrestricted gifts, but foundation CEOs have mixed perspectives on the approach.

FINDING

1

Making Intentional Choices for Financial Sustainability

Most leaders report managing grant funds to ensure their organization's long-term financial sustainability, and few anticipate a financial cliff.

Consistent with findings from previous years, nearly 90 percent of nonprofit leader respondents indicate that the grant has moderately or significantly strengthened their organization's long-term financial sustainability.[19] In this third year of the study, analyses of recipient organizations' tax filings demonstrate that the choices that organizations made about use of the grant funds they received have placed them in a stronger financial position than comparable organizations that did not receive a grant.

GRADUAL SPENDING, STEADY GROWTH

Although almost all organizations have determined specific uses for some or all of the grant funds, organizations that received a grant from Scott are intentionally spending their grant funds over time. Even for those organizations that received a grant in 2020, leaders report that, at the median, they have spent just over half of the grant funds to date (see Table 3). Relatively few organizations — just 15 percent — have spent all of the grant. Notably, Scott's giving did not come with restrictions on the time frame in which grant funds must be spent.

Table 3. Median Percent of Grant Spent by Year of Grant Receipt (N=732)

Year of Grant Receipt	Median Percent of Grant Spent
2020	60%
2021	40%
2022	30%
2023/2024	7%

Leaders overwhelmingly indicate that they plan to stretch grant funds over multiple years, to sustain their organizations in the long term. Nearly 60 percent of leaders report that their organization intends to spend down its Scott grant over two to five years. An additional 36 percent report that their organization intends to spend the Scott grant over six years or more. "By investing wisely and using the gift as a vote of confidence for other major donors, we have grown and strengthened our balance sheet at a time when we are under great political threats to our very existence," one leader shares. "It has given us a fighting chance, and the kind of financial sustainability that would have otherwise taken us years to build."

Organizations are also spending across a wide variety of categories. Nearly two thirds of leaders report spending grant funds across all three of the following use types: programs, operations, and finances.[20] About half of nonprofit leaders report spending the largest portion of their grant on programmatic work.

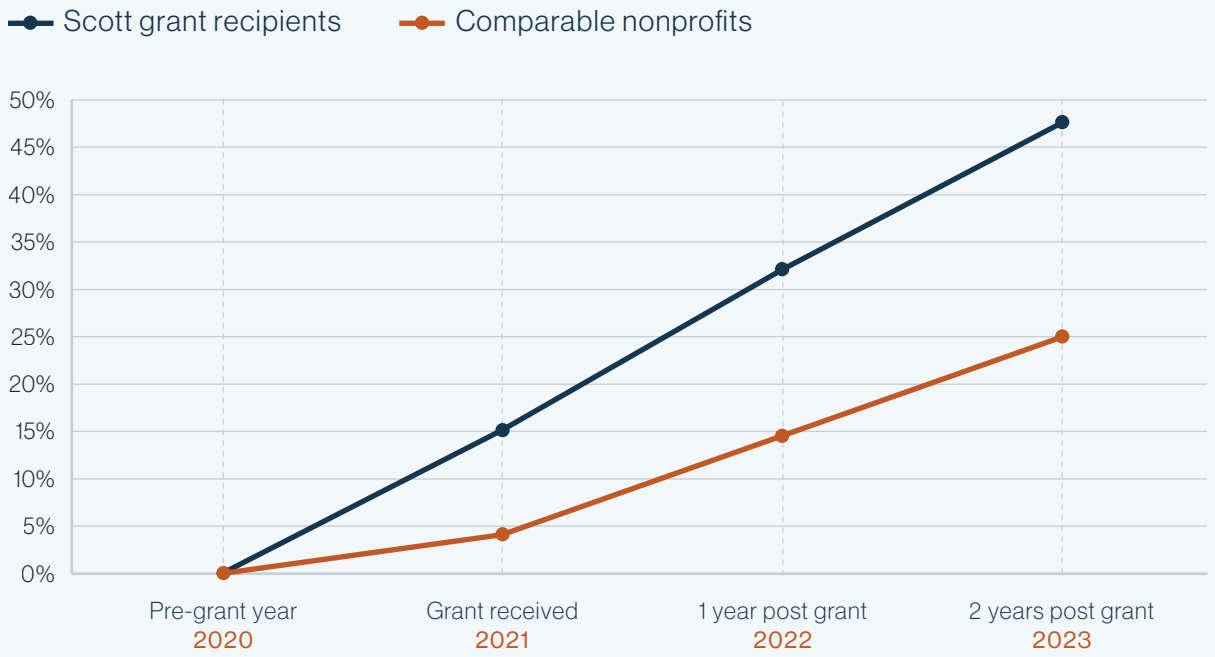
Data from nonprofits' tax filings (Form 990s) show that recipient organizations' expenses have grown by nearly 50 percent, at the median, in the two years since they received the grant (see Figure 4). In contrast, comparable nonprofits' expenses have grown by approximately 25 percent.[21]

[19] In both years one and three of CEP's research, the mean rating on CEP's survey for the extent to which the grant has strengthened organizations' financial sustainability was between "moderately" and "significantly." "Moderately" and "significantly" are items 3 and 4 on a 1-4 scale.

[20] See Appendix A for more details on the specific uses for the grant covered by each of these three categories.

[21] Note that these figures are not adjusted for inflation.

FIGURE 4. Median Percent Growth in Total Expenses for Scott Grant Recipients Versus Comparable Nonprofits Over Time (Ns=512-1666)



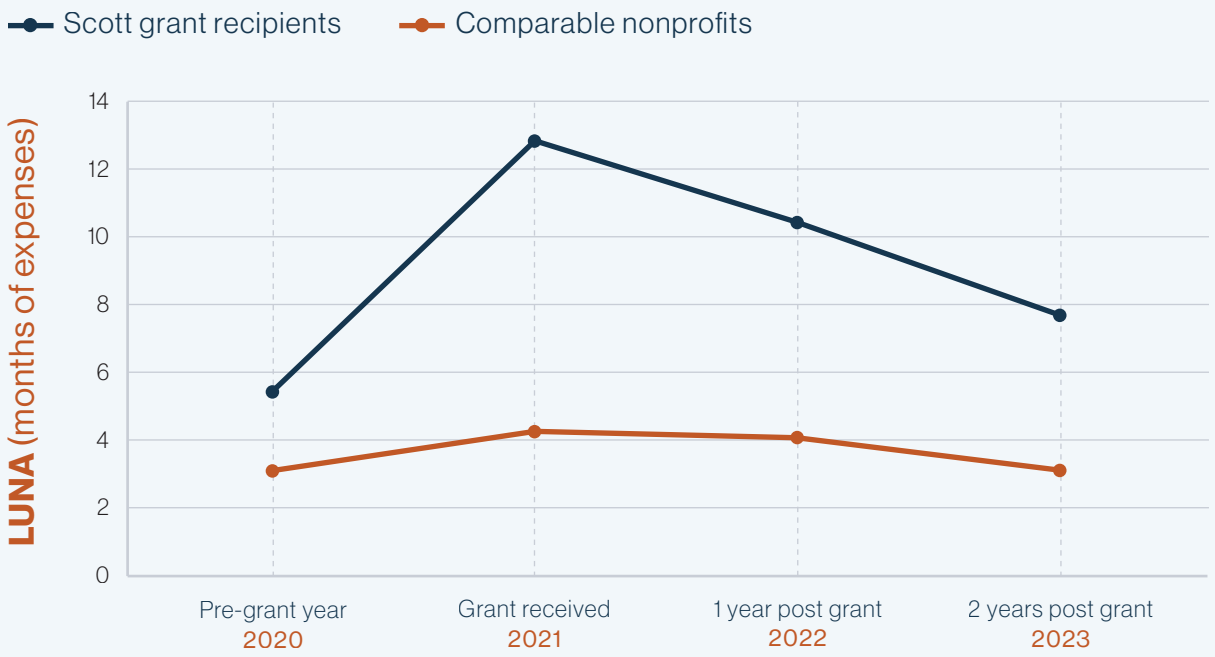
USE OF RESERVES AND INVESTMENT ASSETS

Nearly half of nonprofit leaders report that the grant strengthened their organization's financial sustainability either by strengthening their organization's reserves or by growing their organization's investment assets. "It is rare for feminist and/or movement strengthening organizations to receive unrestricted grants," one leader notes. "It's even more rare for us to be able to use them to build reserves and to create an investment strategy in line with our social justice values. In the current political and funding landscape, reserves will help us shore up our organization as resources for social justice work continue to diminish."

In nonprofits' tax filings, data from Form 990s show that two years after grant receipt, organizations that received a grant from Scott have a median of twice as many months of operating expenses in cash reserves as comparable nonprofits (see Figure 5).[22] One leader explains that their organization was able "to establish three months of reserves for the first time in the 50-year history of the organization." Another leader notes that the grant "has reset the bar for a healthy level of unrestricted net assets. Our ambitions were to have a six-month reserve, and we'd never had that beforehand. We now have that and intend on keeping that."

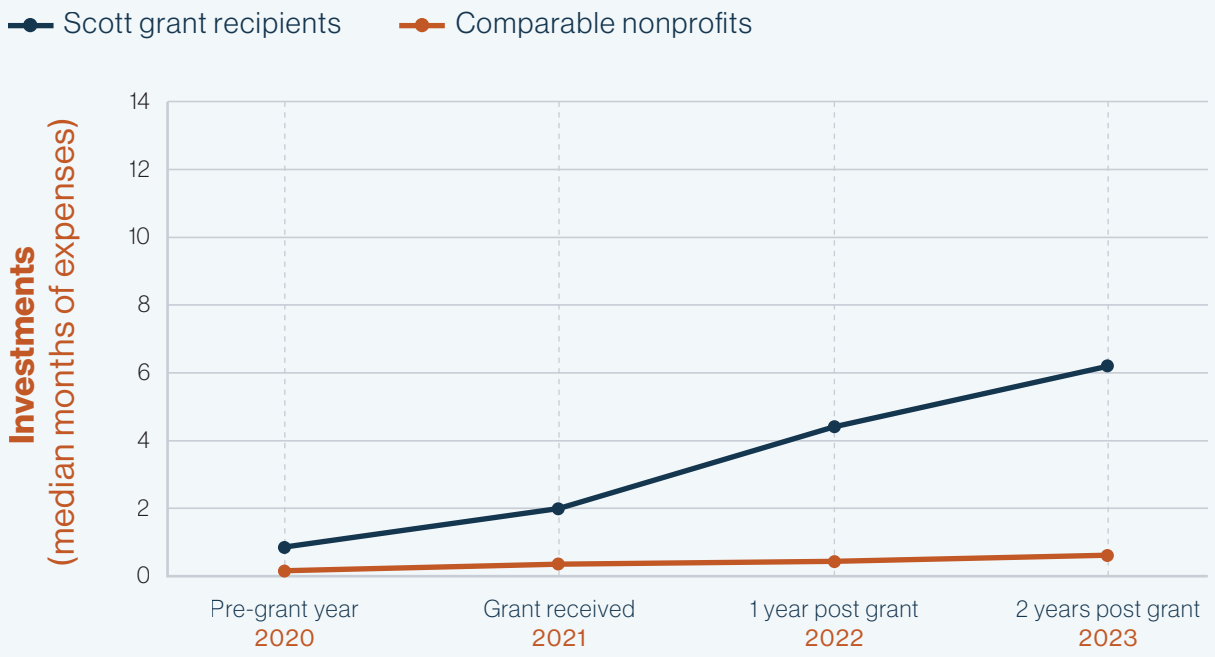
[22] Financial reserves are represented in terms of liquid unrestricted net assets, or LUNA. Note that — in addition to the spending down of grant funds — another factor in the downward sloping trend post-grant for Scott grant recipient organizations is that total expenses are increasing. In other words, a month of expenses is a larger amount in later years, as organizations' total expenses increase. Even if the absolute dollar amounts in financial reserves remained the same, reserves expressed in terms of months of expenses would decline based on the greater expenses.

FIGURE 5. Median Financial Reserves of Scott Grant Recipient Organizations Versus Those of Comparable Nonprofits Over Time (Ns=512-1666)



Form 990 data also indicate that recipient organizations have grown their investment assets — mainly publicly traded investments and other securities — relative to their expenses in the two years after grant receipt, while comparable nonprofits' investment assets have stayed essentially the same (see Figure 6). For some organizations, these investments were used to build an endowment. "We did not believe it was the right move to use MacKenzie Scott grant dollars to start new programs or hire people in a way that would be unsustainable," one leader explains. "Rather, they were invested in long-term sustainability of the organization by paying down debt and building an endowment. This enabled us to invest in other areas, such as enhancing staff compensation, giving staff free health insurance, and improving our facilities using existing operating dollars."

FIGURE 6. Median Investment Assets of Scott Grant Recipient Organizations Versus Those of Comparable Nonprofits Over Time (Ns=512-1666)

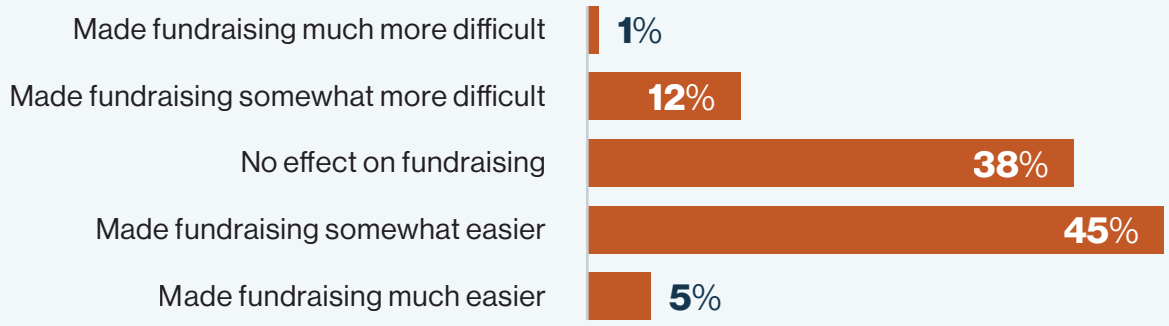


Some leaders cite these choices as the reasons why they do not anticipate difficulty covering ongoing costs after the grant is spent. Among leaders who do not anticipate difficulty covering ongoing costs, approximately 20 percent mentioned having used each of the following methods to avoid a financial cliff: contributing Scott grant funds to an endowment or reserve, rebudgeting to account for ongoing costs, and focusing on additional fundraising to sustain new efforts.

POSITIVE EFFECTS ON FUNDRAISING

Leaders of organizations that received grants from Scott report several positive effects on their organization's fundraising efforts. Half of nonprofit leaders report that the grant has made fundraising easier (see Figure 7). A similar proportion of leaders believe that their organization has gained new funders because of the grant.

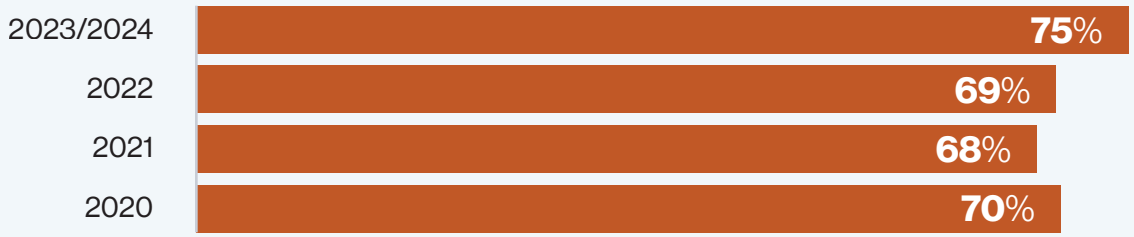
FIGURE 7. Effect of Grant Receipt on Recipient Organizations' Fundraising (N=780)



Note: Percentages add to more than 100 due to rounding.

Most leaders believe that their organization has not lost any funders because of the grant. Just seven percent of leaders report having been explicitly told by a funder that the funder chose to stop funding their organization because it received a grant from Scott. Comparisons of leaders' responses by year of grant receipt show that recipient organizations do not appear to be losing funders at greater rates as more time elapses since they received a Scott grant (see Figure 8).[23]

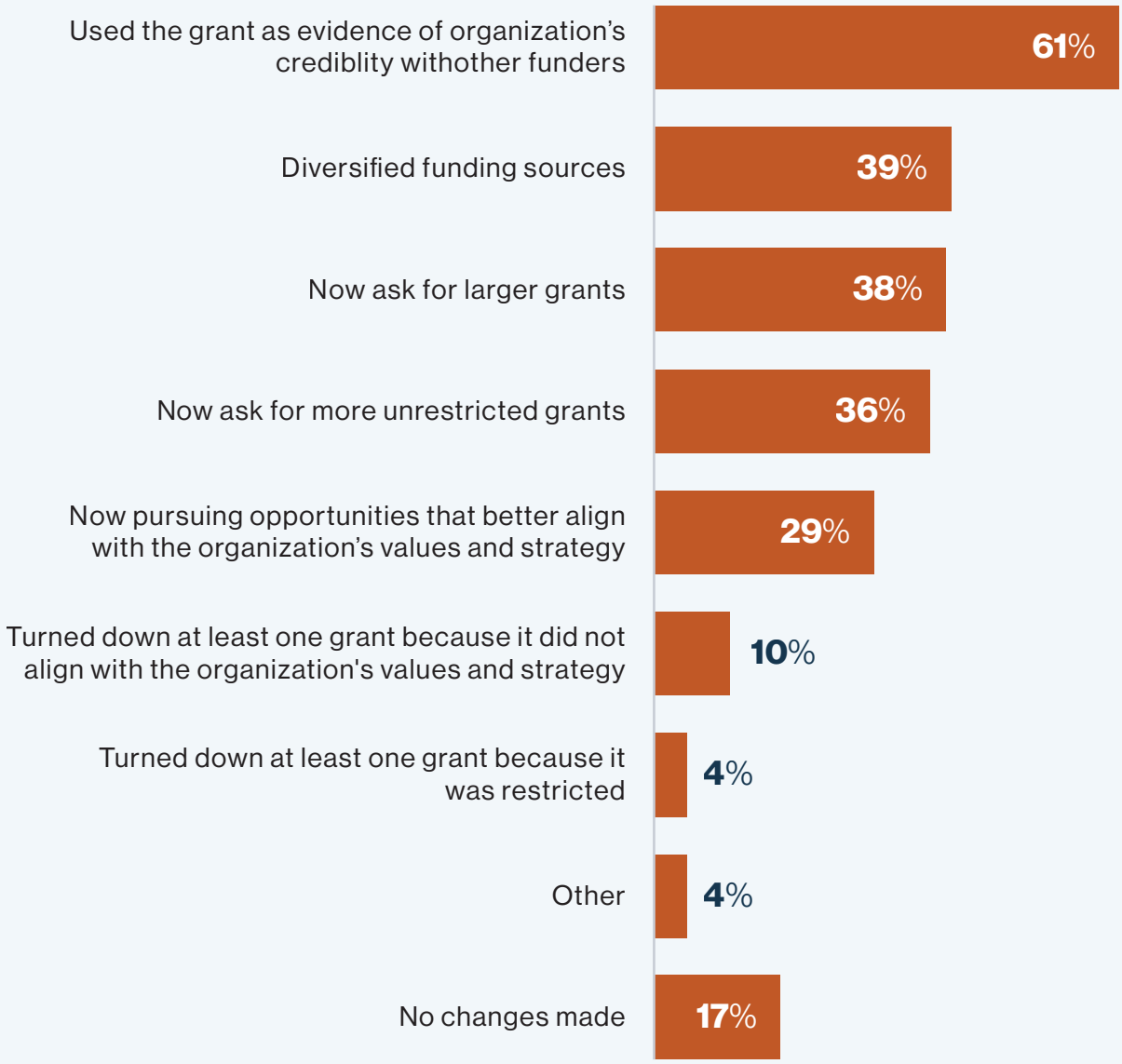
FIGURE 8. Percent of Leaders Who Believe They Have Not Lost Funders due to the Grant by Year of Grant Receipt (N=776)



More than 60 percent of leaders report using the grant as evidence of their organization's credibility with other funders (see Figure 9). This was also the most frequently reported change to fundraising approach in the first year of CEP's research. Leaders also indicate that they have diversified their funding sources and now ask for larger grants. Notably, more than a third of leaders report asking for more unrestricted grants since receiving a grant from Scott.

[23] This is not a statistically significant difference.

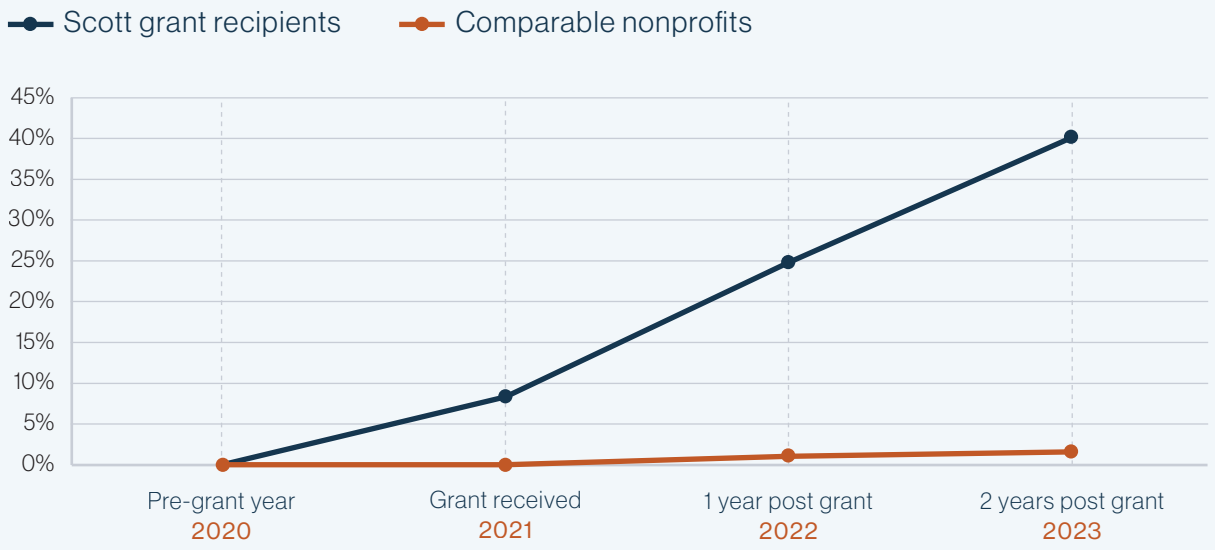
FIGURE 9. Changes to Nonprofit Approaches to Fundraising After Grant Receipt (N=781)



Note: Percentages add up to greater than 100 because respondents could select all that apply.

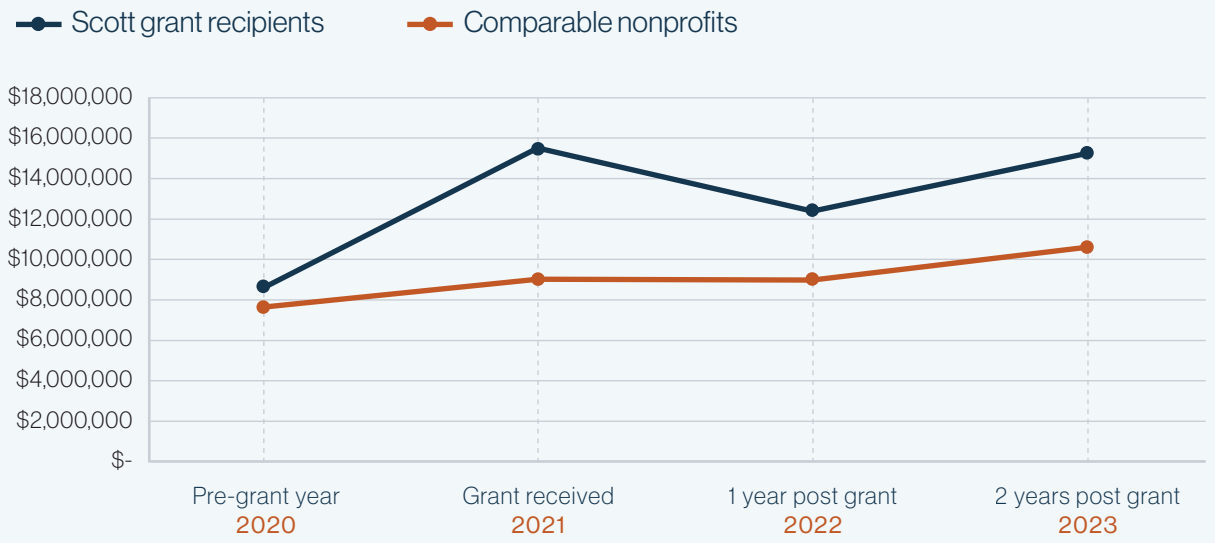
Many recipient organizations not only report changing their fundraising approach, but also appear to be increasing the scale of their fundraising. Nonprofits' Form 990s show that the rate of growth in Scott grant recipients' fundraising expenses — which include staff, systems, consultants, and other costs allocated to fundraising — has increased in the two years post-grant (see Figure 10). At the median, organizations record 40 percent growth in these related fundraising expenses after two years with the grant, relative to the year before grant receipt. In contrast, comparable nonprofits' expenses remain largely similar across time.

FIGURE 10. Median Percent Change in Recipient Organizations' Fundraising Expenses Over Time (Ns=512-1666)



Alongside growth in their fundraising expenses, recipient organizations report higher levels of revenue on their Form 990s — combining earned and contributed revenue — over time (see Figure 11). Two years after receiving the grant, organizations that received a grant from Scott record median total revenue almost $5 million higher than that of comparable organizations.

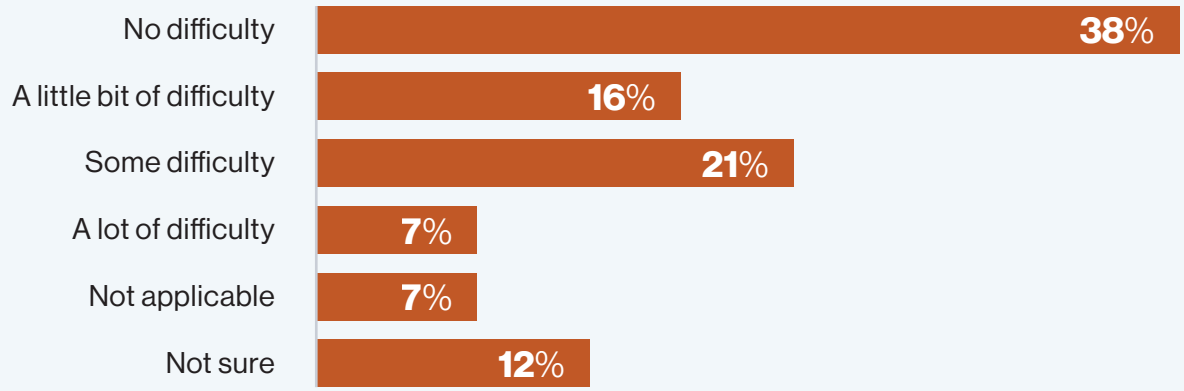
FIGURE 11. Median Total Revenue of Recipient Organizations Versus That of Comparable Nonprofits Over Time (Ns=512-1666)



FEW EXPRESS STRONG CONCERNS ABOUT A FINANCIAL CLIFF

Fewer than 10 percent of respondents anticipate having a lot of difficulty covering ongoing costs of initiatives funded by the grant (see Figure 12). Conversely, more than half of leaders expect to have no or "a little" difficulty. Concern about hitting a financial cliff does not appear to increase over time; leaders whose organizations received grants in 2020 do not report any meaningfully greater level of concern than more recent recipients.[24] Organizations with small operating budgets also do not report any greater level of concern about a financial cliff than organizations with larger budgets.[25]

FIGURE 12. Anticipated Levels of Difficulty Covering Ongoing Costs (N=787)



About a quarter of leaders do anticipate "some" or "a lot" of difficulty covering ongoing costs of initiatives funded by the grant. Leaders who expect to have difficulty covering ongoing costs most frequently cite fundraising issues inherent to nonprofit work as the reason — either due to ongoing demand for programs or perennial roadblocks to working with other funders, such as the relative rarity of unrestricted support. "As with many other nonprofits, we really just need to keep raising funds to keep the lights on," one leader explains. "The grant has been amazing but was never going to last forever."

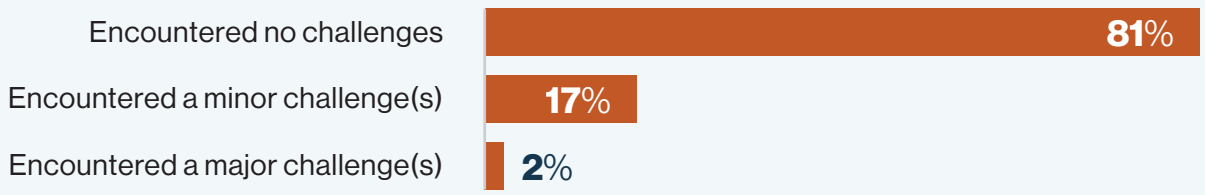
[24] There was no statistically significant difference in level of concern about covering ongoing costs between leaders whose organizations received grants in 2020 and leaders whose organizations received grants in other years.

[25] "Small operating budget" refers to an operating budget in the lowest quartile prior to the organization receiving the grant, or an operating budget below $2.8 million. These smaller organizations also did not report challenges with or negative consequences from the grant at rates any greater than larger organizations.

FEW CHALLENGES OR NEGATIVE CONSEQUENCES REPORTED

Nearly 90 percent of leaders report that the grant has had no negative consequences for their organization or work, and more than 80 percent indicate that their organization encountered no challenges with use or receipt of the grant. Just two percent — a total of 20 nonprofits — indicate that they have encountered a major challenge related to their Scott grant (see Figure 13). Notably, the percentage of leaders who have encountered a challenge with the grant remains consistent between CEP's 2022 interview data and 2024 survey data.

FIGURE 13. Scott Grant Recipients Who Have Encountered Challenges Related to Use or Receipt of The Grant (N=809)



For the small proportion of leaders who have encountered challenges with use of the grant or negative consequences for their organizations, these difficulties have most often been related to managing relationships with other funders.[26] Despite the grant's positive effects on fundraising overall, in all three years of CEP's research, leaders most often report that the amount of their budget coming from unrestricted foundation grants has stayed the same. "This is part of the systemic issue with our sector," one leader explains. "In what other sector do people say, 'We invested and they had a big impact, so now we can stop investing' and expect the same impact?"

[26] Leaders for whom their own burnout is "very much" a concern are also moderately more likely to report that the grant has had negative consequences for their organization.

Concerns About Financial Stability Not Specific to Scott

Nearly one third of nonprofit respondents express concern about their organization's overall financial stability that is not necessarily specific to efforts funded by the grant. Leaders who indicate generalized concern about their organization's financial stability are moderately more likely to anticipate some or a lot of difficulty covering ongoing costs after their grant is spent. Of this group of leaders, nearly two thirds indicate that their concern is not at all related to their grant from Scott.

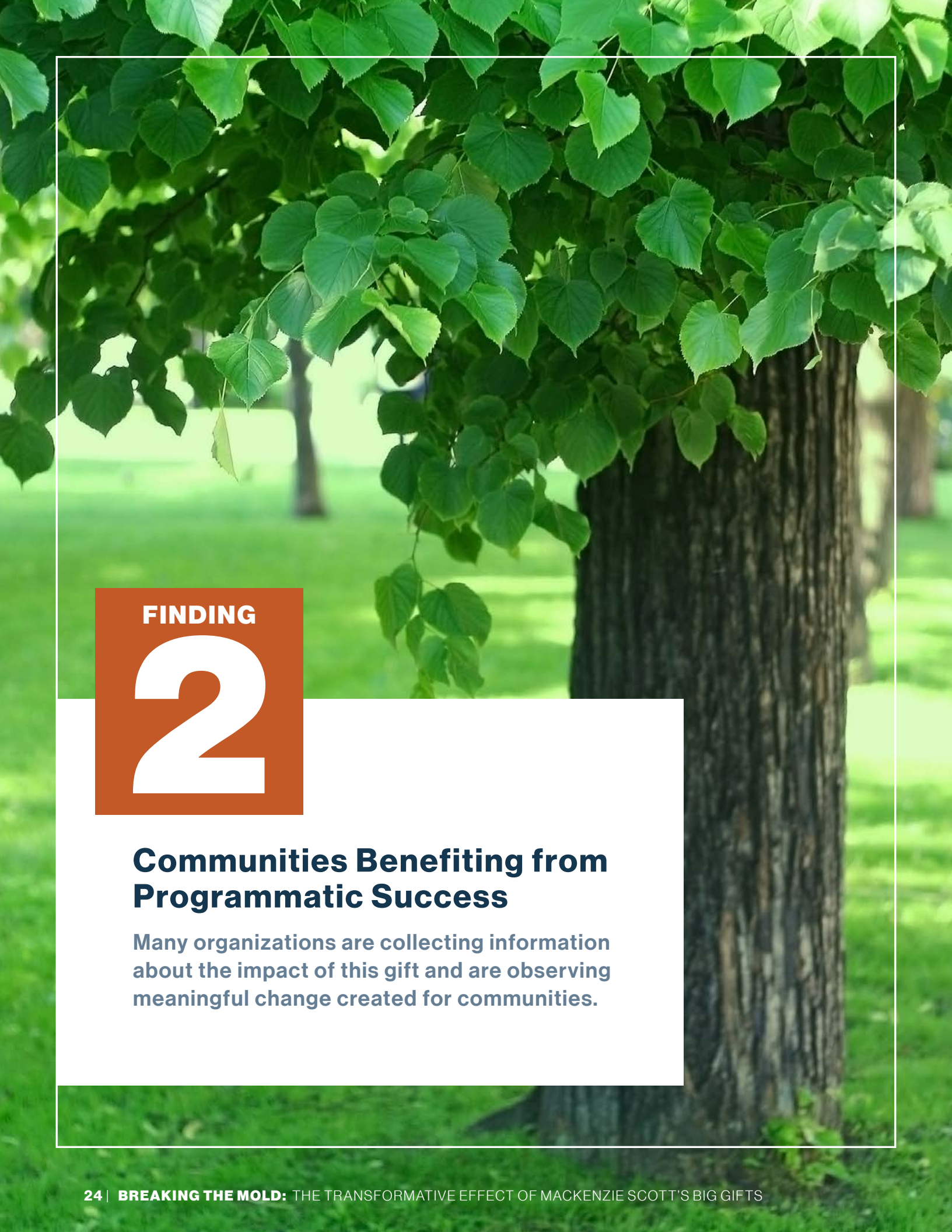
Leaders of color, leaders of organizations with small operating budgets,[27] leaders of advocacy organizations, leaders of social justice organizations, and leaders of organizations based outside the United States are all slightly more likely to indicate concern about their organizations' financial stability.

Nearly all leaders who express concerns about their organization's financial stability plan to address these concerns by pursuing funding from new funders, and most plan to engage existing funders and donors. In contrast, fewer than 30 percent of leaders concerned about financial stability indicate that they plan to freeze hiring or reduce staff positions, and only seven percent plan to pause staff compensation, benefits, or bonuses.

Experiences of U.S. Based Versus International Scott Recipients

Just over 10 percent of the leaders who responded to CEP's survey represent organizations that are based entirely outside the United States or are headquartered outside the United States. Organizations based outside the United States rated slightly higher for concerns about the financial stability of their organization. Other than that, there were no statistically significant differences found between the experiences of organizations based inside versus outside the United States.

[27] "Small" operating budgets refers to organizations in the lowest quartile of operating budgets prior to receiving the grant, or organizations with operating budgets below $2.8 million.



FINDING

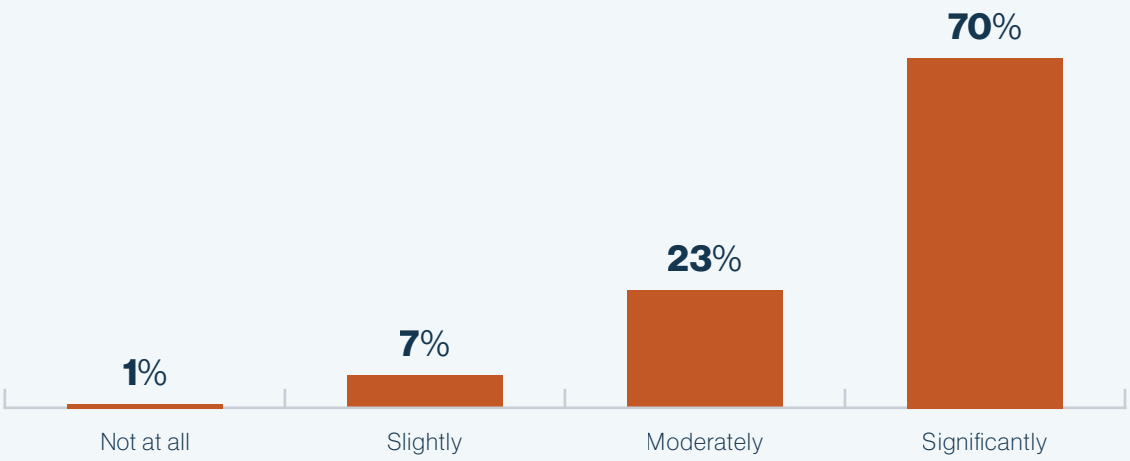
2

Communities Benefiting from Programmatic Success

Many organizations are collecting information about the impact of this gift and are observing meaningful change created for communities.

Consistent with the first two years of this study, almost every nonprofit leader reports that this grant has strengthened their organization's ability to achieve its mission (see Figure 14). Nearly every nonprofit leader responding put some of their funds from Scott toward programmatic uses, and, in this third year of research, nonprofit leaders are reporting success with the programmatic work funded by their gift from Scott.

FIGURE 14. Extent to Which Nonprofit Leaders Believe the Grant Has/Will Strengthen the Ability of the Organization to Achieve Its Mission (N=802)



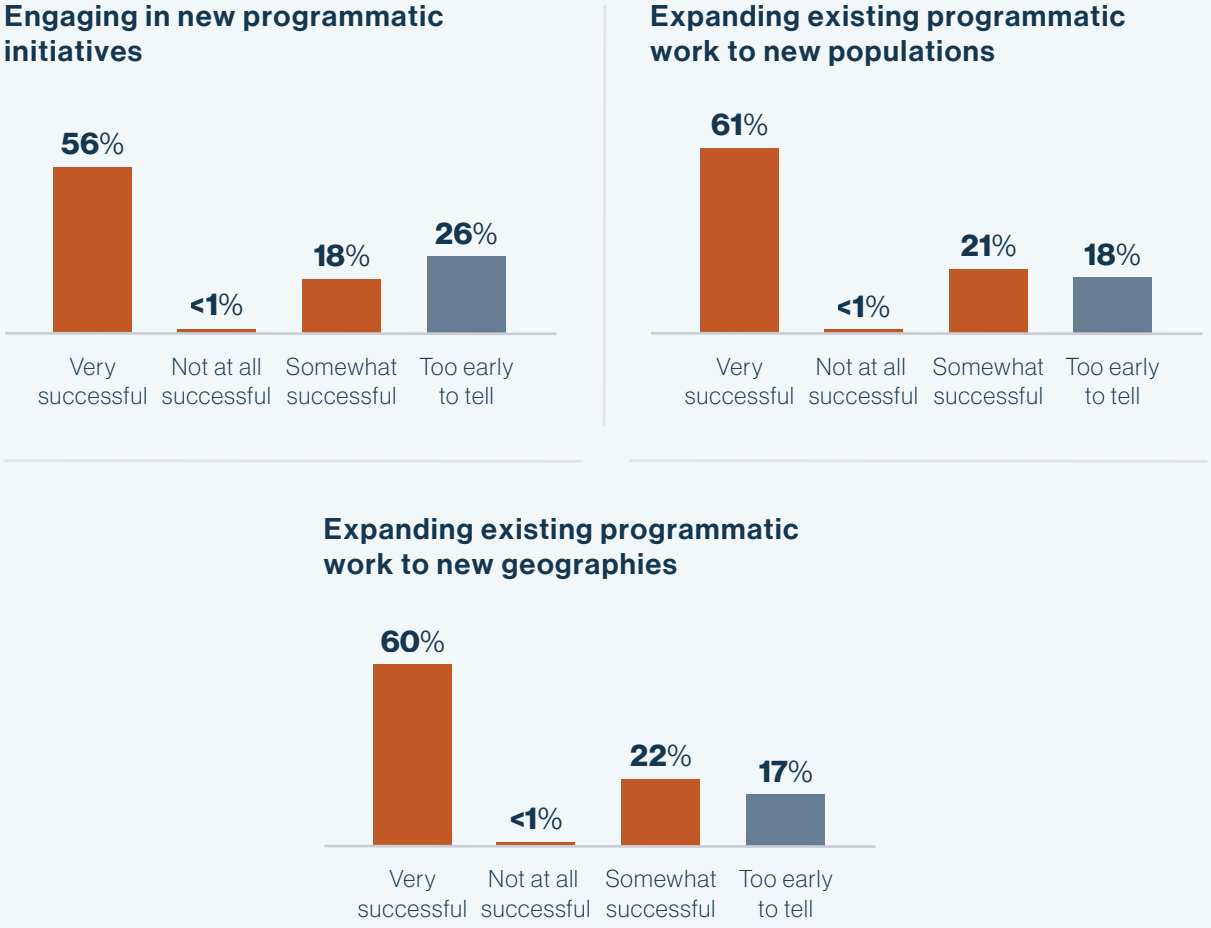
Note: Percentages add to greater than 100 due to rounding.

ASSESSING THE SUCCESS OF NEW OR EXPANDED PROGRAMMATIC EFFORTS

Most nonprofit leaders say their efforts funded by the grant have been somewhat or very successful in expanding existing programs to new populations, expanding existing programs to new geographies, and engaging in new programs (see Figure 15). Organizations have been able to, for example, "quickly mobilize to assist children fleeing global conflicts including Sudan and Gaza" or fund new efforts, such as "new initiatives focused on Native children and youth." One nonprofit leader describes how "lives are changed permanently" through their organization's use of Scott's funds to "fill gaps in the service system. We've seen many people move from being destitute to the middle class, buying homes and vehicles, and reuniting with their children and families," says the leader.

Almost all organizations have maintained the programmatic initiatives funded by the grant — or maintained and expanded them further.

FIGURE 15. Success in Using Scott Funds for Different Programmatic Efforts
(Ns = 252-457)



Nearly 70 percent of nonprofit leaders report collecting quantitative or qualitative information to understand the impact of their efforts funded by Scott's gift (see Figure 16). Among those leaders who deem their efforts to have been "very successful," nearly 80 percent report collecting information to make that assessment. One nonprofit leader explained that this grant has, in fact, contributed to their ability to assess their work, saying, "This grant has allowed us to focus more deliberatively on our metrics and impact to better equip us to answer this question/tell our story/show our impact."

Most commonly, organizations report tracking the number of people or clients served, followed by surveys of clients or stakeholders, and conducting evaluations (excluding developmental evaluations). Describing the effects this grant has had on their organization's work, one nonprofit leader of an organization outside the United States explains that they now have, "2,500-plus new and retained partners, 5,000-plus trained facilitators, [and] 150,000-plus program participants since we received her grant in 2020. The impact on our work is almost inexplicable. Graphs and stats will never do it justice. Time will."

FIGURE 16. Approaches Organizations Are Taking To Understand the Impact of the Grant on the Population Their Organization Serves (N=779)

Note: Percentages add up to greater than 100 because respondents could select all that apply.

PRIORITIZING IMPACT ON FIELDS AND COMMUNITIES

Nearly 90 percent of nonprofit leaders report that Scott's gift has strengthened or will strengthen the fields and communities in which their organization seeks to have impact moderately or significantly. (see Figure 17). Recipient organizations have been able to affect those that they serve by expanding the communities they are able to reach and providing a higher quality of service and support than they had been. Many leaders of these organizations provided information that they are gathering to explain the impact these efforts are having (see Figure 18). One leader says, "Our organization went from serving 6,000 annually to 16,000 annually, and increased its reach to three additional geographic regions throughout the state." Another says, "Through this grant, we were able to open a new clinic, expanding care to 12,000, many of whom are experiencing homelessness, live at or significantly below the federal poverty level, and have historically had limited access to the comprehensive and compassionate care we provide." One leader says that, as a result of the Scott grant, their organization is "developing and launching new career pathway trainings, better engaging target populations, and building relationship with employers in high-growth sectors."

FIGURE 17. Extent to Which Nonprofit Leaders Believe the Grant Has/Will Strengthen Fields or Communities in Which the Organization Seeks To Have Impact (N=800)

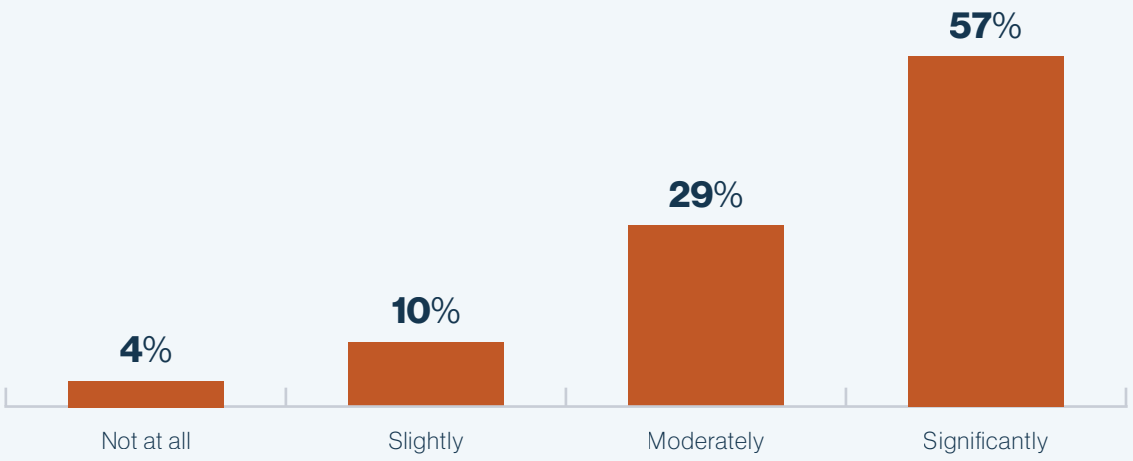


FIGURE 18. Impact of Scott Grant on Population Served by the Organization (N=400)

Allowed the organization to expand the group of people that it serves (38%)

Allowed the organization to provide a higher quality of support to those it serves (25%)

Indirect impacts due to overall strengthening of the organization (20%)

For some, their organization used grant funds to make improvements in their operations, benefits, and staffing that strengthened their organization and ultimately enabled them to have more impact on the communities they serve. One nonprofit leader explained that by "reducing staff turnover" their organization was able to "increase appointment availability for patients. The cyclic effect has been profound. We have seen more patients than ever."

Almost all nonprofit leaders continue to report using at least some of the grant to advance equity, most often racial equity, and most of those leaders say their organization has been able to advance equity through improving or expanding programming to better serve communities (see Figure 19). Leaders report "giving our community the ability to own land, support and incubate businesses, create youth and elder spaces and multifamily and intergenerational housing," and "improving access to high-quality, affordable primary care in the most disadvantaged urban, rural, and communities of color across the nation."

FIGURE 19. Ways the Scott Grant Has Allowed the Organization To More Effectively Advance Equity (N=674)

Able to improve/expand programming to better serve communities (85%)

More capacity to listen to and/or incorporate community voices (52%)

Able to begin/improve/expand policy and advocacy work (42%)

IN THEIR OWN WORDS: NONPROFIT LEADERS REFLECT ON THE IMPACT OF SCOTT'S GIFTS ON COMMUNITIES THEY SERVE

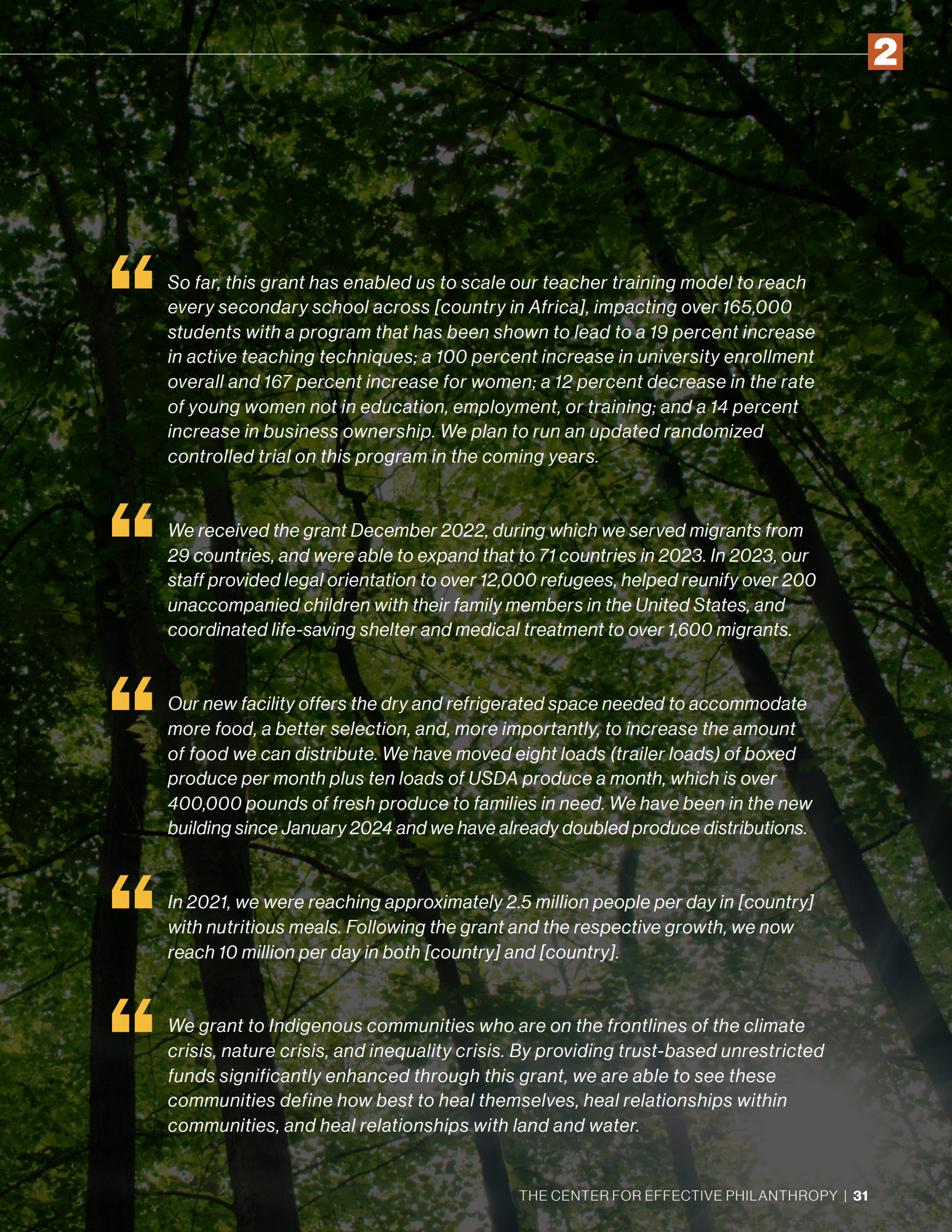
Nonprofit leaders provided hundreds of examples of how they are assessing the impact of the programmatic work funded by Scott's gifts. Many cited quantitative data points. Some described more intangible ways in which Scott's gifts have enabled them to have meaningful impact. Below is a sample of how nonprofit leaders of organizations that received gifts from Scott describe the impact this gift has had on the populations their organization serves:

> *During the three years since we have received the grant, we have financed 33,521 loans for [a total of] $1.26 billion, with 82 percent serving low-income households and 68 percent representing people of color. These loans include 29,449 consumer loans, 2,233 home mortgage loans, and 489 consumer loans that our members used to buy homes, start or capitalize businesses, and otherwise address their household financial needs.*

> *During the three years of the grant, our team 1) expanded rapid access to health care for 100,000 new patients, 2) supported our government partners to write and launch a new national community health strategy, 3) completed research documenting, to our knowledge, the largest and fastest improvement in child mortality ever documented in an active conflict zone.*

> *Increase[d] by 400 percent the number of refugees who have been able to secure jobs and safely migrate through our labor mobility programs. More than 2,000 refugees have been able to secure durable solutions to their displacement through the program so far. They are now saving lives as health care professionals, providing eldercare to grandparents, building houses, and helping to transition to green economies — achieving the kinds of win-win outcomes that will sustain the continued growth of this program.*

> *In the '22–23 school year, the following results across the statewide network were supported by these funds: of students served, 76 percent improved school attendance (state chronic absence rate 27 percent), 84 percent improved behavior outcomes, 88 percent closed gaps in coursework, 96 percent promoted on time, and 98 percent graduated (state graduation rate 87 percent). These students often have the most significant barriers to school success, but, because of our organization and the flexibility of this gift, our state will continue to close our workforce gap. These data are independently validated by [a research institute].*



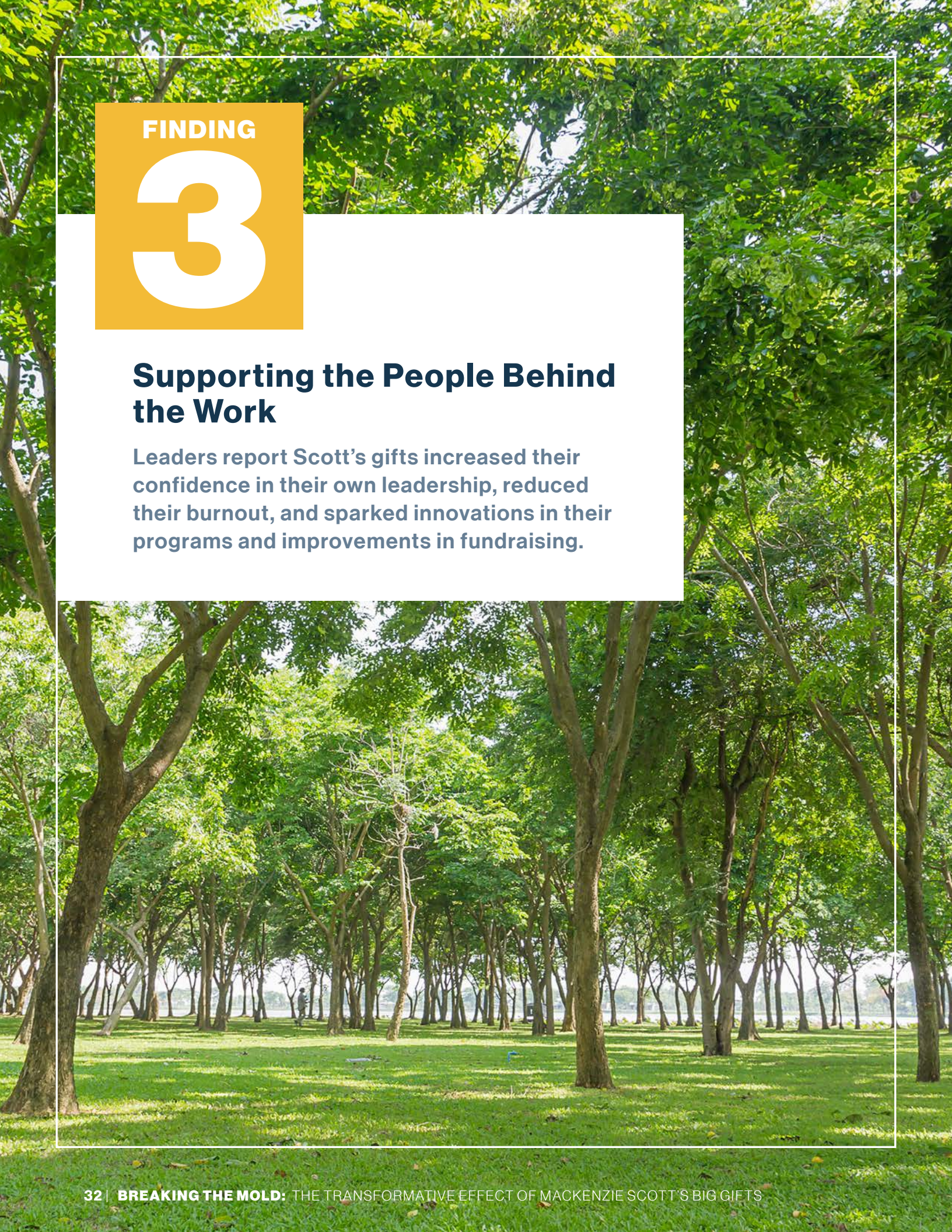
So far, this grant has enabled us to scale our teacher training model to reach every secondary school across [country in Africa], impacting over 165,000 students with a program that has been shown to lead to a 19 percent increase in active teaching techniques; a 100 percent increase in university enrollment overall and 167 percent increase for women; a 12 percent decrease in the rate of young women not in education, employment, or training; and a 14 percent increase in business ownership. We plan to run an updated randomized controlled trial on this program in the coming years.

We received the grant December 2022, during which we served migrants from 29 countries, and were able to expand that to 71 countries in 2023. In 2023, our staff provided legal orientation to over 12,000 refugees, helped reunify over 200 unaccompanied children with their family members in the United States, and coordinated life-saving shelter and medical treatment to over 1,600 migrants.

Our new facility offers the dry and refrigerated space needed to accommodate more food, a better selection, and, more importantly, to increase the amount of food we can distribute. We have moved eight loads (trailer loads) of boxed produce per month plus ten loads of USDA produce a month, which is over 400,000 pounds of fresh produce to families in need. We have been in the new building since January 2024 and we have already doubled produce distributions.

In 2021, we were reaching approximately 2.5 million people per day in [country] with nutritious meals. Following the grant and the respective growth, we now reach 10 million per day in both [country] and [country].

We grant to Indigenous communities who are on the frontlines of the climate crisis, nature crisis, and inequality crisis. By providing trust-based unrestricted funds significantly enhanced through this grant, we are able to see these communities define how best to heal themselves, heal relationships within communities, and heal relationships with land and water.



FINDING

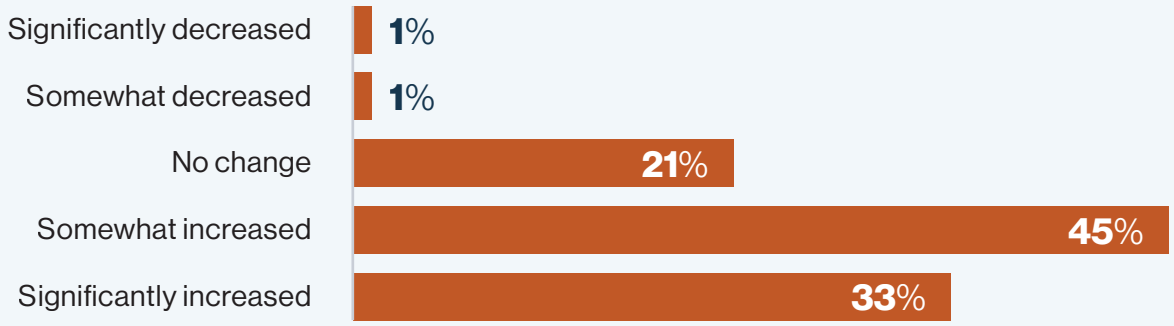
3

Supporting the People Behind the Work

Leaders report Scott's gifts increased their confidence in their own leadership, reduced their burnout, and sparked innovations in their programs and improvements in fundraising.

Nearly 80 percent of leaders report that the Scott grant has increased their confidence in their own leadership (see Figure 20). In particular, one third indicate that receiving a grant has "significantly" increased their confidence.

FIGURE 20. Effect of the Scott Grant on Recipient Leaders' Confidence in Their Own Leadership (N=795)



Note: Percentages add to greater than 100 due to rounding.

Notably, leaders who identify as people of color are slightly more likely to report that the grant has significantly increased their confidence than those who do not. They are also slightly more likely to indicate that the grant significantly strengthened their organization's credibility. "As a young nonprofit leader of color, I have struggled with imposter syndrome that is far too often reinforced by officials and other leaders who are shocked that someone like me is in the position I am in," one leader explains. "Receiving this grant has helped to rewrite my own narrative of who is capable of being a leader."

MORE CONFIDENT LEADERS EMPOWERED TO DO MORE

The confidence that leaders gained from the grants may have played a role in key programmatic shifts. Leaders who report that the grant increased their confidence are slightly more likely to have used at least part of the grant to:

- Innovate or take risks in their programs
- Expand programmatic work to new populations or geographies
- Engage in new programmatic initiatives
- Expand or improve monitoring and evaluation efforts
- Increase the number of constituents their organization serves
- Engage in new collaborations or partnerships
- Raise their organization's profile.

One leader has become "more willing to take calculated risks, knowing we had solid financial support to explore innovative opportunities that might have seemed too risky." Another leader elaborates, "As a Black woman–led organization, this additional funding gives us space to be more bold and innovative in our strategies, as opposed to moving from survival mode. There is something so powerful about being able to try a new thing and not fear being penalized if it doesn't work the first time. BIPOC organizations rarely get the opportunity to try and fail and still be trusted to try again."

Leaders with increased confidence are also changing their approaches to fundraising. Those who indicate that the grant increased their confidence are slightly more likely to be:

- Asking for larger grants
- Pursuing grants that better align with organizational values and strategy
- Using the grant as evidence of their organization's credibility
- Diversifying their funding sources.

"Receiving this grant made such a difference in how [the entire leadership team] saw ourselves," one leader explains. "It has made it possible to have the confidence to ask for the dollars we needed, not just the dollars on offer. This gift continues to pay dividends, not only for the organization, but for the people we serve." One leader of color likewise reflects, "The grant has given me more confidence to approach additional funders and make bigger asks to support our mission."

MORE BREATHING ROOM FOR LEADERS

For some leaders, Scott's grants provided breathing room and stability. Over one third of leaders indicate that receiving a Scott grant reduced their level of burnout. "The demonstration of faith in social impact leaders and the refusal to make us jump through hoops or prove our worth displays such high levels of respect," one leader notes. "For me personally, the grant fundamentally lowered my stress levels in a way that has noticeable effects on my staff, my family, and my health."

Additionally, nearly 40 percent of leaders intend to stay in their current role as leaders for a longer period of time because their organization received a Scott grant.[28] "I tell people all the time this grant was a sign for me not to give up," one leader shares. "I got the call about the award when I was about to quit my job. I had reached my breaking point and then I was reminded that I am more than competent, and I have done not just good, but great work. I was also reminded that there is so much more to do, and now I had the means to do it."

[28] In contrast, just three percent of leaders intend to stay in their role for a *shorter* period of time as a result of their organization's receipt of a grant.

ENERGIZING ORGANIZATIONAL CULTURE

When asked about the grant's effects on their organization's culture, more than 40 percent of leaders mention the grant has had a positive effect on internal morale (see Figure 21). Most often, this rise in morale has taken the form of increased pride and confidence from staff or board members in the organization's mission and work. "For employees that had been with the institution for a long time, it was confirmation for the dedication of their life's work in a small, little-known nonprofit," one leader notes. "For those who were new to the organization, it was like rocket fuel that they had made the right decision to come here. And for those who were being recruited, it provided the assurance that this small organization could do big things."

In addition to organizations' use of grant funds to innovate or take risks in programs, one fifth of leaders observe that the grant has fostered a broader internal culture of greater innovation and more strategic thinking. Leaders describe their organizations as "more aggressive in our hopes [and] dreams," "more creative and responding better to needs we see," and "proactive about leading conversations and planning for change." One leader observes, "Creativity in program design has fostered greater excitement, passion, and commitment of direct service staff, as they have participated in the thinking, implementation, and execution of the design." Approximately half of leaders who responded to the survey report that the grant has enabled their organization to take risks — most often related to pursuing new programs and initiatives — that they would not have considered taking before receiving the grant.

FIGURE 21. Most Commonly Cited Effects of Scott Grants on Recipient Organizations' Culture (N=400)

Positive impact on internal morale (42%)

Created or encouraged an internal culture of greater innovation or more strategic thinking (20%)

In addition to these broader changes to internal culture, leaders report focusing on advancing equity within their organizations. Most leaders have used some of the grant to advance equity. For many, this has taken the form of advancing equity among their organization's staff, most commonly by making staff pay more equitable. One leader notes, "Most of us come from the communities that we serve. This grant enabled us to provide salary adjustments, benefits, and professional development."

Effects of the Grant on Leaders of Color, In Their Own Words

Throughout this three-year study, nonprofit leaders of color have shared meaningful and vulnerable reflections on how this grant has shaped their experiences as leaders of color. Below are just a few of the comments that leaders of color shared in this year's survey.

> *As a nonprofit leader of color with a staff and board that is comprised of mostly people of color, we are often ignored by major funders. Sadly, if you or your board does not know the rich, white, often male board members of major foundations or rub elbows with the often-guarded program officers, it's hard to be recognized. This experience honestly has still not sunk in, because it still feels unreal to finally be seen. This grant felt like, for the first time, I was seen and heard without having to fight. I was being recognized simply for doing good work.*

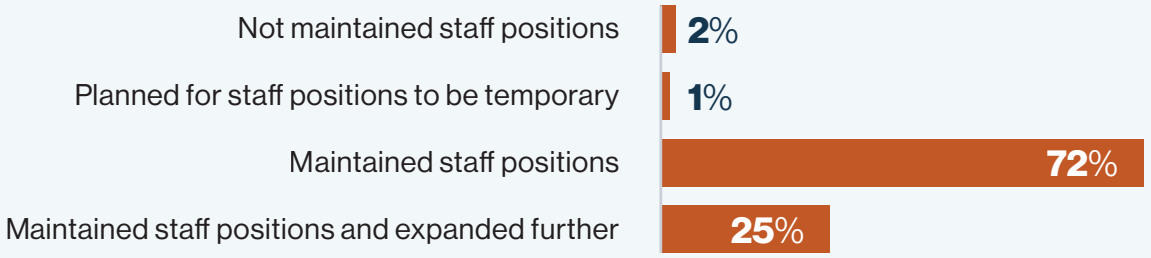
> *Even though our organization had 36 years of operations and always had clean audits, it was well known that our fundraising efforts and likelihood of receiving unrestricted grants was capped because of being Black led. As a newer leader, the grant has given me space to be the leader I envisioned, leading a team that is unleashed in the ability to deliver what the community is asking for. I am also able to cultivate a staff who has the same energy and dedication, because we can execute the organizational mission without self-sacrifice and burnout.*

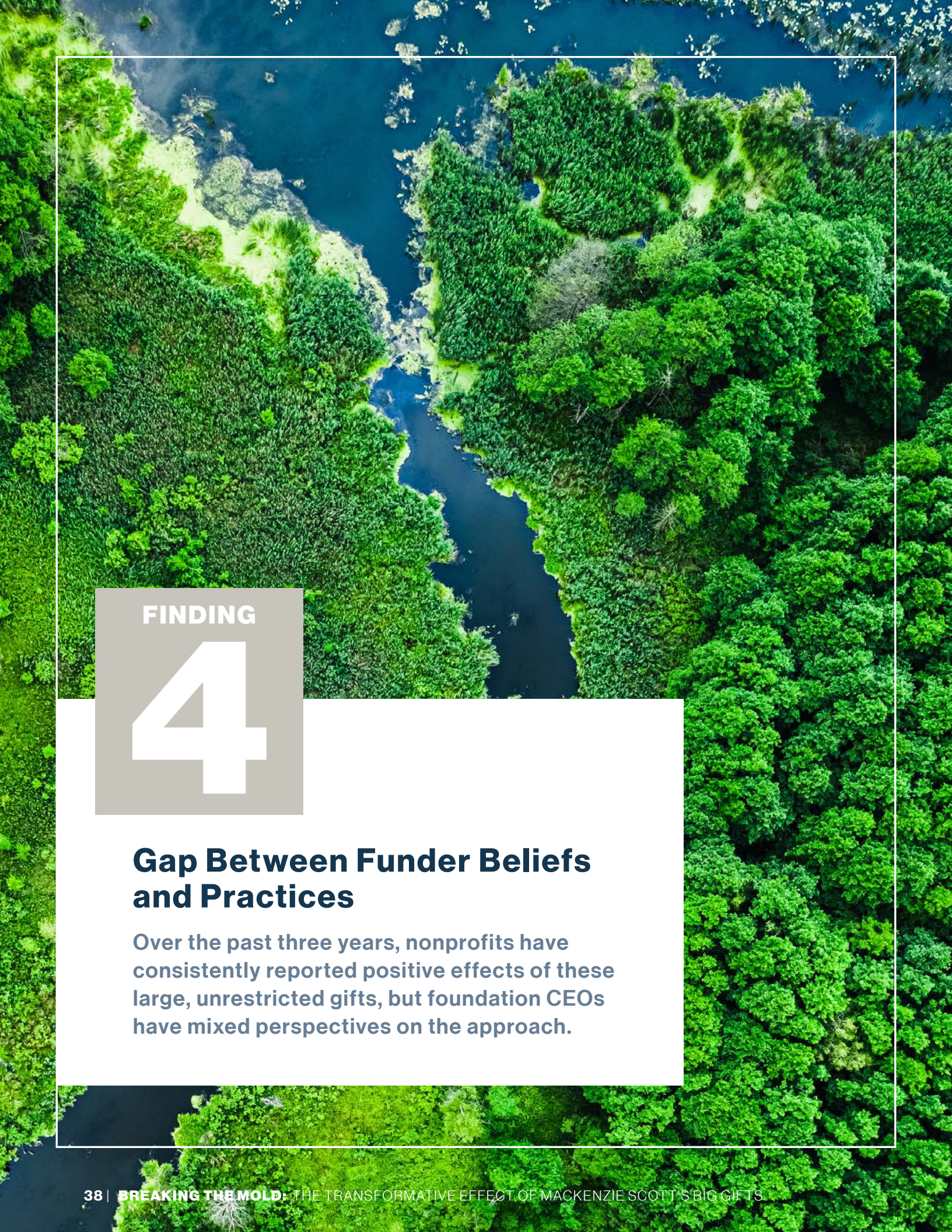
> *I have been an executive director for a little over a decade and in the nonprofit sector my entire professional life. As a Black woman leader, we are the least trusted and our organizations are the ones that are the most under-resourced and under capacity. As committed as I am to being a force of change within philanthropy, I battle losing faith in those who we need to take bold steps in this field to open doors and shift the culture for us. But MacKenzie Scott made a bold move. And that has helped to refill my cup to keep doing the work I know that I have been called to do.*

Hiring and Retaining Staff

Approximately two thirds of leaders indicate that they have added new staff with funds from their Scott grant. At the median, organizations added two staff members. More than 70 percent of leaders who hired staff using grant funds report that they have maintained these staff positions. An additional 25 percent have maintained these positions and expanded further. Just two percent of recipient organizations — 10 nonprofits — did not maintain "permanent" staff positions added with Scott grant funds (see Figure 22).

FIGURE 22. Percent of Scott Grant Recipients That Have Maintained Staff Positions Added with Grant (N=477)





FINDING

4

Gap Between Funder Beliefs and Practices

Over the past three years, nonprofits have consistently reported positive effects of these large, unrestricted gifts, but foundation CEOs have mixed perspectives on the approach.

Most foundation leaders say their staff, leadership team, or board has discussed Scott's giving.[29] Yet, few — only seven percent — report that her approach to grantmaking has had "some" or "a lot" of influence on their own.

MIXED REACTIONS TO SCOTT'S APPROACH

Nearly all foundation leaders surveyed see benefits to Scott's approach to giving. Almost all point to organizations being able to spend the money how and when they see fit as the greatest strength to her approach. Strengthening recipient organizations and positively affecting their reputation and credibility are also cited by two thirds of leaders. Time saved for application and reporting processes was noted as a benefit by nearly 60 percent of foundation leaders (see Figure 23).

FIGURE 23. Foundation Leaders' Perspective: Greatest Benefits of Scott's Approach to Giving (N=238)

Allowing recipient organizations to allocate grant dollars where they see fit (93%)

Allowing recipient organizations to determine when to spend grant dollars (86%)

Strengthening recipient organizations (67%)

Building reputation/credibility of recipient organizations (58%)

Note: Percentages add up to greater than 100 because respondents could select all that apply.

Foundation leaders also see drawbacks to Scott's approach to giving (see Figure 24). They most often cite the potential for a funding cliff at recipient organizations as the greatest drawback to Scott's approach. Despite more than 60 percent of foundation leaders expressing concern about potential funding cliffs, the reported experiences of nonprofit recipients of these gifts do not reflect these concerns. As reported in Key Finding 3, only seven percent of nonprofit organizations that responded to CEP's survey anticipate having "a lot" of difficulty covering ongoing costs of initiatives funded by the Scott grant.

The next most cited drawback to Scott's approach, noted by 53 percent of foundation leaders, is the concern that other funders may feel that recipient organizations no longer need additional funding. However, few foundation leaders who responded to this survey — 16 percent — said an organization's receipt of a Scott grant would make them less likely to give to that organization.

[29] Of foundation respondents, 94 percent are foundation CEOs.

FIGURE 24. Foundation Leaders' Perspective: Greatest Drawbacks to Scott's Approach to Giving (N=238)

Potential for a funding cliff for recipient organizations (62%)

Other funders' perceptions that recipient organizations do not need their funding (53%)

Lack of transparency in Scott's selection process (46%)

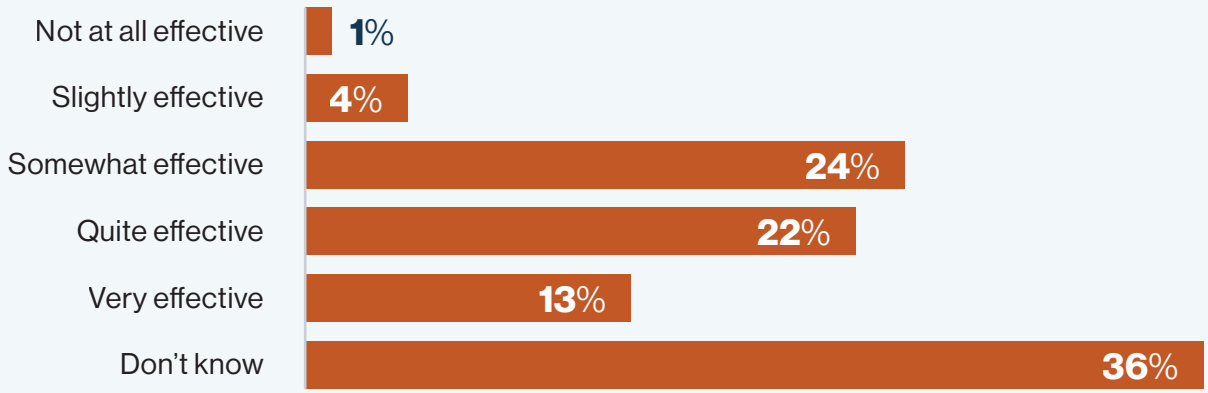
Inability of recipient organizations to handle gifts of that magnitude (36%)

Note: Percentages add up to greater than 100 because respondents could select all that apply.

FOUNDATION LEADERS' PERSPECTIVES ON THE IMPACT OF SCOTT'S GIVING

Approximately one third of foundation leaders believe Scott's approach has been "quite" or "very effective" for increasing the impact of the nonprofits she has funded. "Well-run organizations should be able to deliver significant impact for the funding," says one foundation leader. Another 36 percent say they "don't know" how effective her approach has been for increasing recipient nonprofits' impact (see Figure 25). As one foundation leader says, "Without evidence, there's not much to take from it."

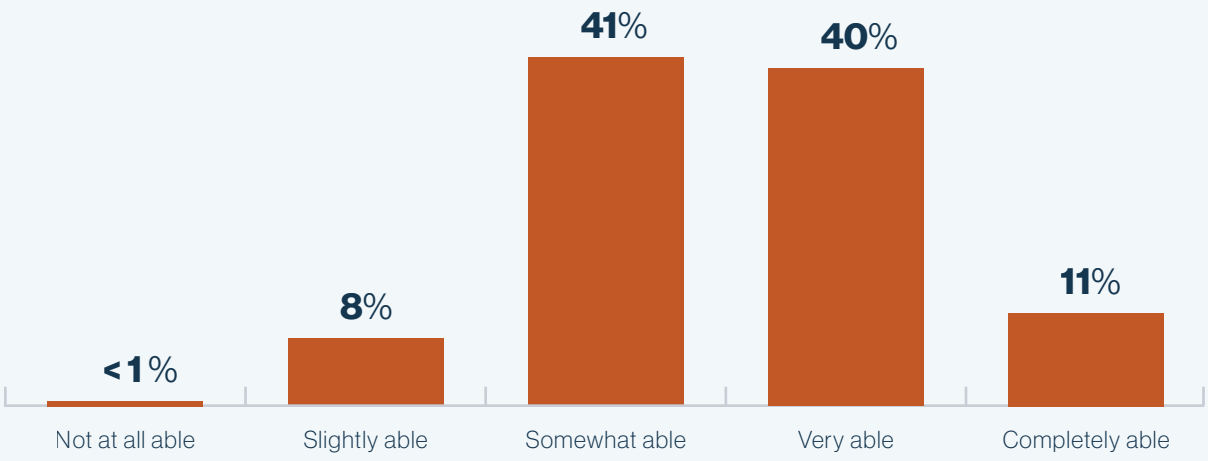
FIGURE 25. Foundation Leaders' Perspective: Effectiveness of Scott's Approach to Giving for Increasing the Impact of Funded Nonprofit Organizations (N=243)



CONFIDENCE IN NONPROFITS' ABILITY TO HANDLE GIFTS LIKE SCOTT'S IS MIXED

Foundation leaders express varying levels of confidence in nonprofits' ability to handle large gifts with no restrictions on how or when they must be used. About 40 percent believe nonprofits are "somewhat able" and a similar percentage believe they are "very able" to handle such gifts (see Figure 26). One foundation leader who believes nonprofits are able to handle such gifts very well says, "Great organizations manage resources … greatly. It's just us funders that feel, probably out of the need to feel special or indispensable, that grantees are only able to exist when they are on the miserly teat of philanthropy." Another says, "I view nonprofits as creative, high-functioning, ambitious organizations, so of course they can handle the gifts."

FIGURE 26. Foundation Leaders' Perspective: Ability of Nonprofit Organizations to Handle Large Gifts with No Restrictions on How or When They Must be Used (N=241)



Note: Percentages add up to greater than 100 due to rounding.

One foundation leader calls out the uniqueness of Scott's vetting process as important to ensuring her gifts are handled well by nonprofits, saying, "It's misleading to assume these gifts are given blindly and with no due diligence or sense of organizational capacity and leadership. Along with trust, there's an awareness of capacity and ability to handle. It's just not through a process most funders use."

Nearly two thirds of foundation leaders report that their perception of how able a nonprofit organization is to handle a large gift with no restrictions on how or when it must be used is closely tied to the skill and experience of the specific organization. "There are some organizations that simply can't metabolize large gifts because of inadequate internal infrastructure and the inability to envision uses that can take their operations to the next level," says one foundation leader. "There is a need for greater business acumen among nonprofit leaders," another leader states.

For some, concerns are more specific to "small" nonprofits. One foundation leader comments that there is a "big difference between, say, the NAACP and a small, community-based justice organization." Another says, "In my experience in philanthropy and as a grant seeker prior to being in philanthropy, the idea that smaller nonprofits can't handle larger funding stems from paternalistic assumptions." In this context, it is noteworthy that foundation leaders who identify as people of color, as well as leaders whose foundations fund social justice work, rate organizations' ability to handle such gifts slightly more positively.

Approximately one third of foundation leaders base their assessment of ability on personal experience with nonprofits that have been in the position of receiving large grants with few or no restrictions, including gifts from Scott. These firsthand accounts vary widely. One leader says, "I've seen many organizations killed by the large gift," while another says their perception of how well nonprofits can handle these types of gifts is based upon "22 years of experience in seeing organizations receive large gifts — most are very thoughtful and handle it well."

Some foundation leaders point to lack of skill or capacity as the very reason nonprofits should not receive such gifts, while others see these gifts as the key to helping nonprofits develop that much-needed capacity. One foundation leader says, "In my experience, nonprofits do not prioritize hiring staff with strong financial expertise. Most rely on the executive director, who may or may not have a financial background, to oversee the organization's finances." Another leader counters this sentiment by pointing out the need to invest in staff, saying that "nonprofits are often doing incredible work under significant restraints. Removing the constraints makes it possible for them to realize even greater potential for impact, developing/testing new programs and, importantly, investing in the staff — the people who help to create community impact."

Recipients of Scott's Giving Call for Other Funders to Follow Her Lead

Nonprofits wish that more funders would follow Scott's example. "Because of this gift, we have been able to affect transformative and lasting change. Our hope is that other philanthropists follow her lead," one nonprofit leader says. "Our communities need transformational leadership like MacKenzie Scott!" Another leader shares that "she has set a new standard" and expresses that they "hope it continues throughout the philanthropic community. It is the right and just way to invest in community." The quotations below represent just a small selection of the sentiments nonprofit leaders chose to share on this topic:

> *What Scott is doing, and how she is doing it, is transformational for organizations like mine and to the sector as a whole. Hopefully, others in similar positions will be influenced by her example and help address some of the issues that the wealth disparities in our country have caused.*

> *This has been a great thing for our organization. We were selected because of our 990 and data reflecting what we do each year for our community. More funding needs to happen this way. We appreciate the confidence being selected by her team as they researched us — foundations need to understand this and change with the times.*

> *This was a remarkable process to receive a MacKenzie Scott gift, and I would like to see more funders follow her lead. It's very empowering and validating to organizations and their teams.*

> *We need more unrestricted gifts like the one we received to help really make a difference in the work we do! We are extremely grateful to MacKenzie Scott for graciously gifting us this funding, which will go a long way to helping us achieve our programmatic and scale goals.*

REPORTING PROCESSES AND ACCOUNTABILITY OF NONPROFITS

Scott's gifts also come with few, if any, reporting requirements for the nonprofits she funds. Approximately 60 percent of foundation leaders believe nonprofits are just as accountable to spend funds well for a grant that comes with few, if any, reporting requirements, as they would be with any other grant. "We can learn how to think about accountability differently," says one funder. "Funders do not need to hold grantees accountable. It should be the other way around. We should be engaging in true partnership, where there is a mutual accountability to the outcomes we seek." Nearly 20 percent of foundation leaders say they do not know how accountable nonprofits would be in this scenario, and about 20 percent of foundation leaders believe organizations would be less accountable to spend grants with minimal reporting requirements, like Scott's, well. Notably, foundation leaders who identify as male are more likely to say that nonprofits would be less accountable to spend these funds well than with other gifts or grants.

BELIEFS ABOUT PROVIDING LARGE, MULTIYEAR, UNRESTRICTED SUPPORT DO NOT MATCH PROVISION OF IT

Just over half of foundation leader respondents — 52 percent — believe that their own foundation should be providing more large (i.e., six-figure), multiyear, unrestricted support than it currently provides. Notably, this belief differs by foundation leaders' identity and experience. Foundation leaders who identify as people of color, fund social justice work, or have prior experience working for a grant-seeking nonprofit, as well as those who lead community foundations or foundations with a local geographic focus, are slightly more likely to say that their foundation should be providing more of this type of support. Leaders of foundations who have been working at foundations for more than a decade are less likely to share this sentiment.

The most common reasons foundation leaders cite for not providing more large, multiyear, unrestricted support include that the foundation is currently exploring providing this type of funding, or more of it, but has not yet made the change, cited by about 30 percent of foundation leaders; that the foundation is too small (in terms of financial capacity/resources); or that committing funds for future years could put their organization at financial risk. Each of these final two reasons is cited by about one quarter of respondents who report that their foundation should provide more of this kind of support than it currently provides (see Figure 27).

FIGURE 27. Foundation Leaders' Perspective: Reasons Their Foundations Have Not Provided More Large, Unrestricted Support (N=122)

Foundation is currently exploring this type of funding/already does this funding but wants to do more (29%)

Foundation lacks the financial capacity/resources to provide this type of funding (24%)

Foundation is worried precommitting funds could create financial risk (24%)

One foundation leader expressed frustration with what they see as the inertia of many foundations' giving practices, saying, "I would love to better understand the rationale from foundations for not providing multiyear general operating grants. It's been years and years of showing that this is a better approach for nonprofits and foundations, and yet so many funders still do one-year grants with lengthy application and reporting processes."

Another foundation leader whose foundation has moved in this direction describes the change it required of their foundation, as well as their satisfaction with having undergone this process:[30]

> We are beginning to get serious about providing more large, multiyear gifts, but this has required a complete overhaul of the foundation's staffing structure, budget priorities, grantmaking programs, and grantmaking processes. We had to exit grantees, resize/restructure the staff, and change how we organized board meetings. … It has been a significant amount of work. Though painful at times, it has also been worth it … because we, too, are accountable to the community.

[30] In our 2020 research examining why foundation leaders were not providing more large, multiyear, unrestricted support, we found that "the explanation for why it's not being done more widely seems to be that it doesn't fit with the foundation's approach, simply hasn't been prioritized, or, for a subset of community foundations, isn't seen as possible given constraints." In that earlier research, foundation leaders who were providing more multiyear general operating support grants told us they had made an intentional choice based on their belief that it would build trust, strengthen relationships, and increase impact. Ellie Buteau et al., *New Attitudes, Old Practices: The Provision of Multiyear General Operating Support* (Cambridge, MA: Center for Effective Philanthropy, 2020), https://cep.org/wp-content/uploads/2020/11/Ford_MYGOS_FNL.pdf.

Lessons Funders are Taking Away From Scott's Approach to Giving

Most of the foundation leaders CEP surveyed believe there are lessons for funders to take away from MacKenzie Scott's approach to giving. The most frequently mentioned lessons are to give more unrestricted dollars (i.e., give grants with no time limit for spending, few or no reporting requirements, and/or non–program specific) and to trust their grantees more, as reflected in the two quotes below:

> *Unrestricted giving is the ultimate capacity building. Nonprofits know better than funders how best to allocate and leverage their capital — we don't need to keep tying so many strings to the money we distribute. Less strings equals greater value to the recipient organization. We're not the stars of the show and should be quicker to get out of the way of the nonprofits who turn our capital into impact.*

> *Nonprofits that are delivering impact understand that they are accountable to the community. Scott's giving (implicitly) recognizes this. So, a lesson for philanthropy is that we shouldn't want or expect our nonprofit partners to be accountable to us. We should want and expect nonprofits to be accountable to the community. … That is what ensures impact, good stewardship, and good decision-making.*

Other funders, however, believe there are more nuanced lessons to take from Scott's philanthropy, noting the importance of reporting for other funders to learn about the impact of different approaches to giving and the value of building deep relationships with nonprofit partners:

> *Reporting serves a dual purpose, both to inform the foundation as to how funds were used but also to help inform the field on how that type of support can impact an organization. With no required reporting there is a potentially missed opportunity for learning in the field.*

> *The simplicity around reporting is a huge savings for [nonprofit] organizations, but I think there is a missed opportunity for organizations to build relationships with a funder. A one-shot pile of money is an immediate help, but what builds the strength and impact of an organization is sustained support over time.*

CONCLUSION

This report is the culmination of three years of research into the experiences of nonprofit organizations that received large, unrestricted gifts from MacKenzie Scott. Consistently across these three years, recipient organizations have reported that these gifts have been transformational for their organizations. They report these gifts have increased the impact they are having on communities and fields, strengthened their leadership and their organization's internal culture and staff, and improved their organization's financial health and fundraising efforts. In this final year of the study, the addition of analysis of Form 990 data supports nonprofit leaders' self-reporting that gifts from Scott have both strengthened their long-term financial stability and set them on a faster growth trajectory than similar nonprofits that did not receive such gifts. Nonprofit leaders also shared more specific ways in which they are assessing and observing the success of efforts funded by Scott's gifts.

Scott's form of giving was a profoundly positive experience for nonprofits. In the last two years of this research, as we incorporated data about funder attitudes and behaviors in relation to Scott's giving, it became clear that, while some foundation leaders see her giving in mostly positive terms, others remain skeptical about the effectiveness of her approach and nonprofits' ability to handle such gifts well. Despite these concerns, the overwhelming majority of nonprofit leaders reported no major challenges caused by Scott's gift.

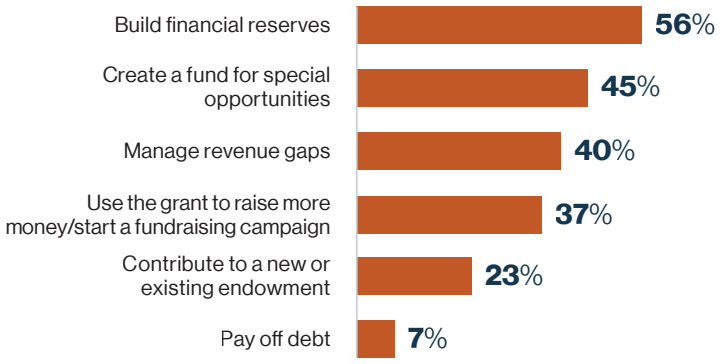
As more data is shared about the impact of these gifts, it remains to be seen whether more funders will be influenced by Scott's approach to giving, and the provision of large, unrestricted gifts with no time limits more broadly. While most funders believe that their own foundation should be providing more large (i.e., six-figure), multiyear, unrestricted support than it currently provides, many have not yet taken the steps to do so. While Scott is not the only funder to give in this way, she is certainly the only funder to provide this type of support at such a size and scale.

It remains too early to draw definitive conclusions about Scott's giving and its long-term effects. It could take decades to truly understand the effects these gifts have had on nonprofits and the sector at large. At this time, however, after five years of giving, the reported effects of her gifts on recipient organizations selected through her quiet-research process remain overwhelmingly positive. As one nonprofit leader wrote in our survey, "If the world had 1,000 MacKenzies (and it does) … what a wonderful world it would be. We are trying to do so much with so little, and this type of vetted giving is what we all need. Thank you!"

Appendix A: How Organizations Have Spent or Will Spend the Grant Money

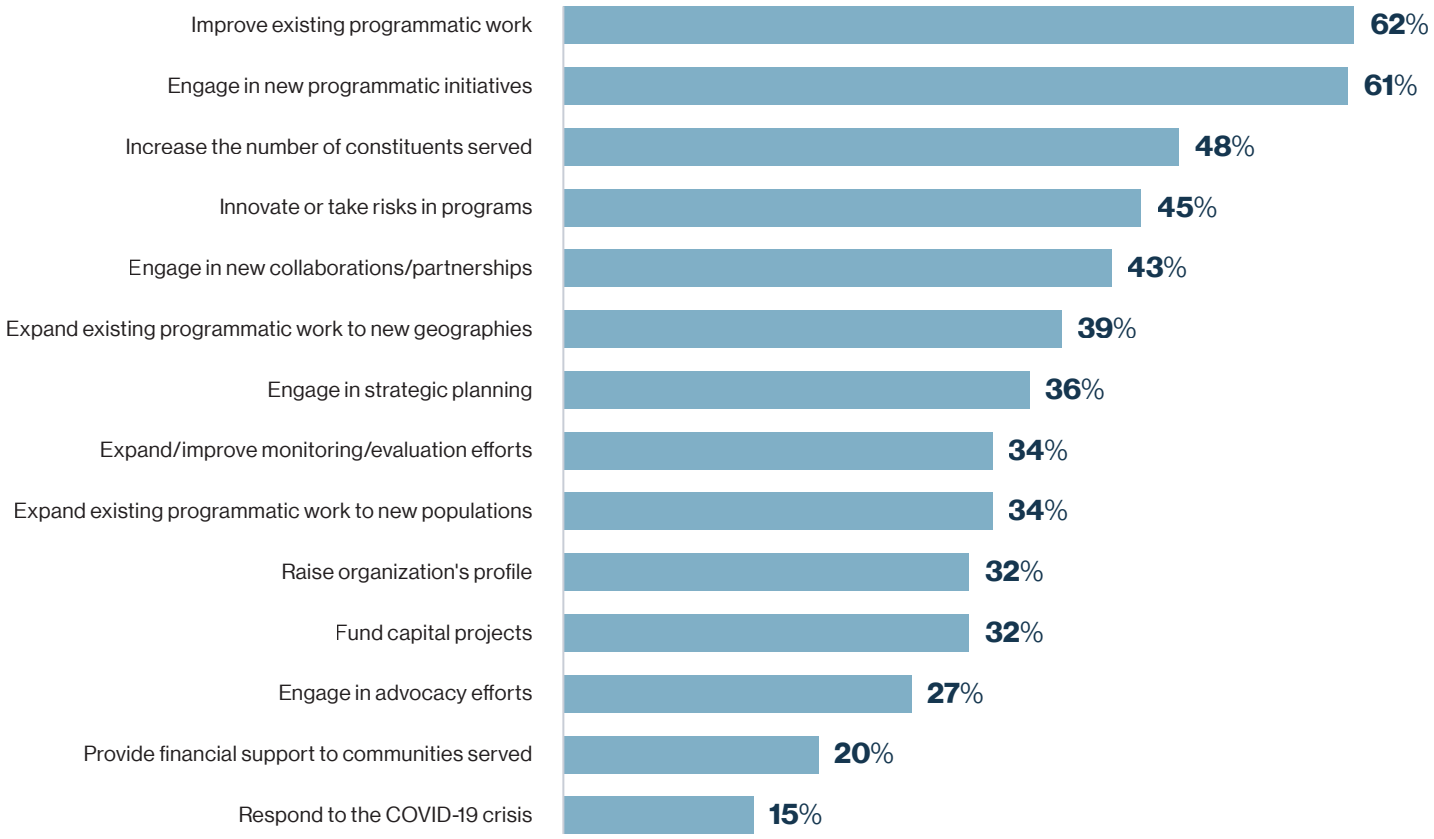
The figures below include the full list of categories included in the survey that CEP administered.

Has or will your organization spend a portion of the grant on any of the following financial uses? (N=770)



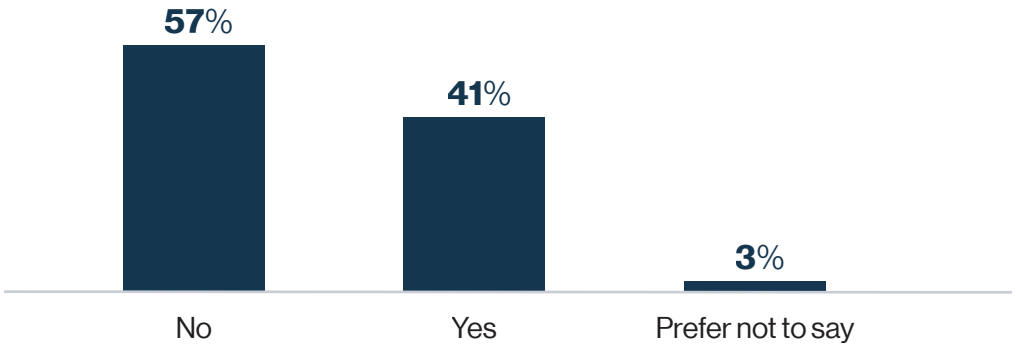
Has or will your organization spend a portion of the grant on any of the following operational uses? (N=763)

Has or will your organization spend a portion of the grant on any of the following programmatic uses? (N=766)



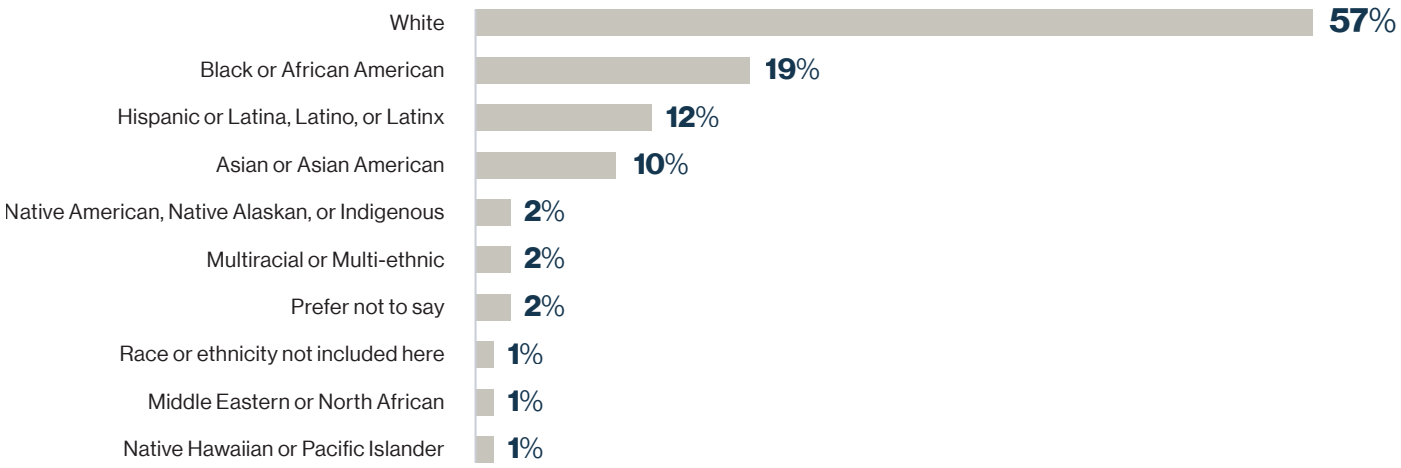
Racial Identities of Surveyed Nonprofit Leaders

Do you identify as a person of color? (for respondents based in the US) (N=699)



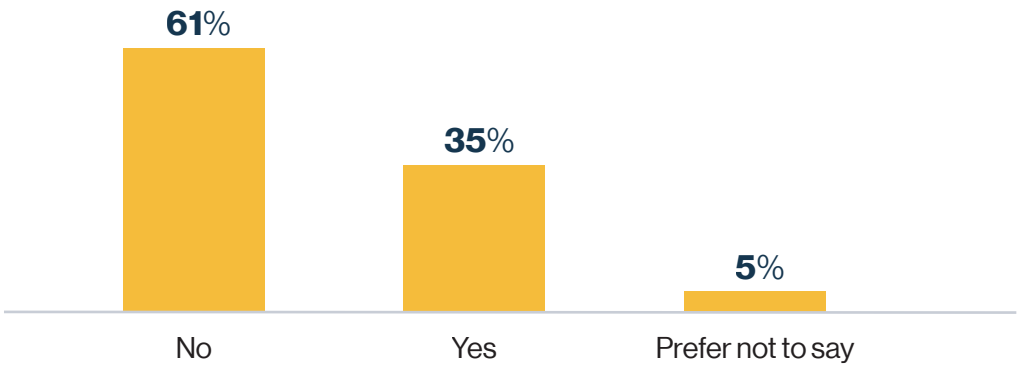
Note: Percentages add up to greater than 100 due to rounding.

What is your race or ethnicity? (for respondents based based in the US) (N=700)



Note: Percentages add up to greater than 100 because respondents could select all that apply.

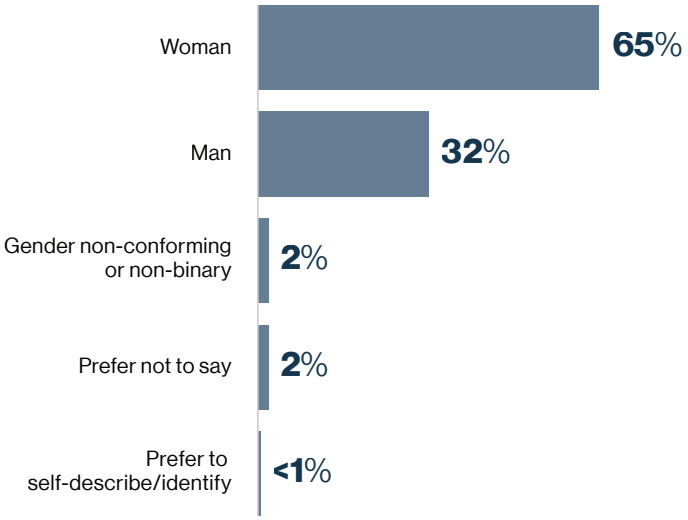
Do you identify as Black, Indigenous, or as a member of a minority or historically marginalized ethnic group? (for respondents based internationally) (N=81)



Note: Percentages add up to greater than 100 due to rounding.

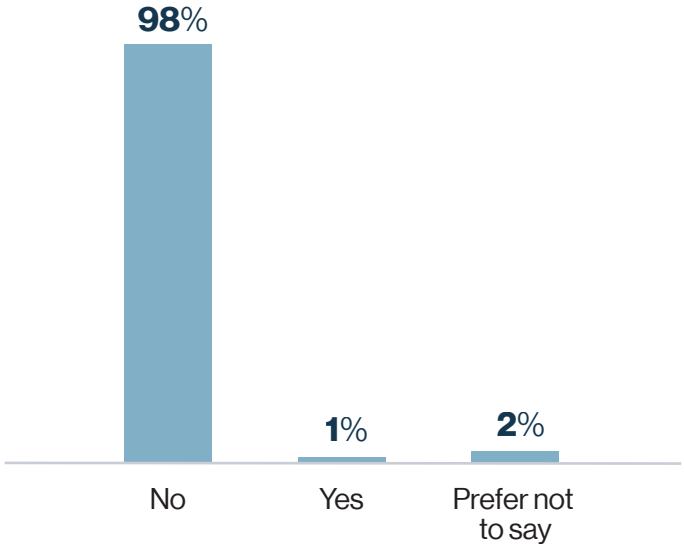
Gender Identities of Surveyed Nonprofit Leaders

How do you describe yourself? (N=779)



Note: Percentages add up to greater than 100 because respondents could select all that apply.

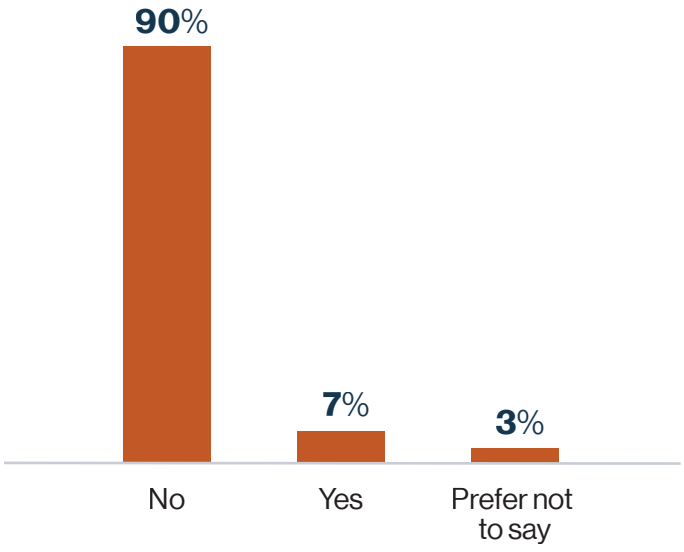
Are you transgender? (N=778)



Note: Percentages add up to greater than 100 due to rounding.

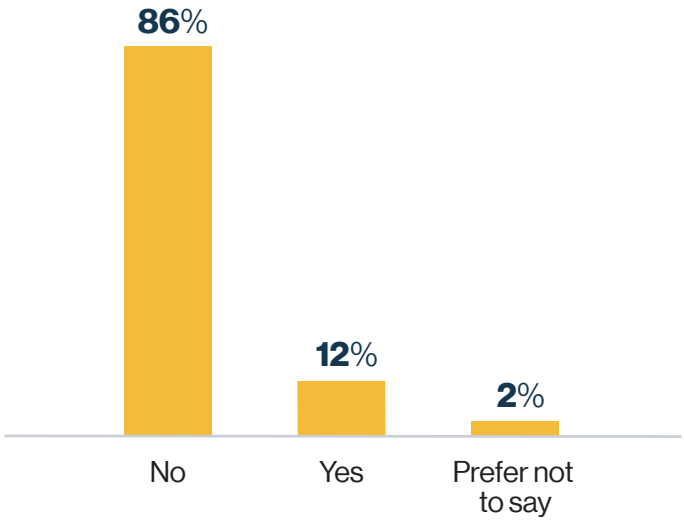
Disability Identities of Surveyed Nonprofit Leaders

Do you have a disability? (N=778)



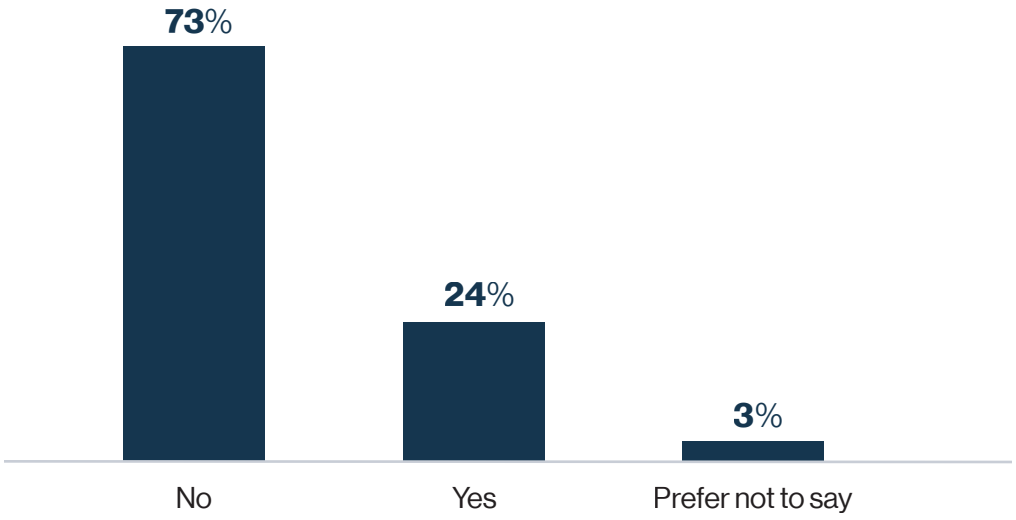
Sexual Orientation of Surveyed Nonprofit Leaders

Do you identify as a member of the LGBTQ+ (Lesbian, Gay, Bisexual, Transgender, Queer) community? (N=777)



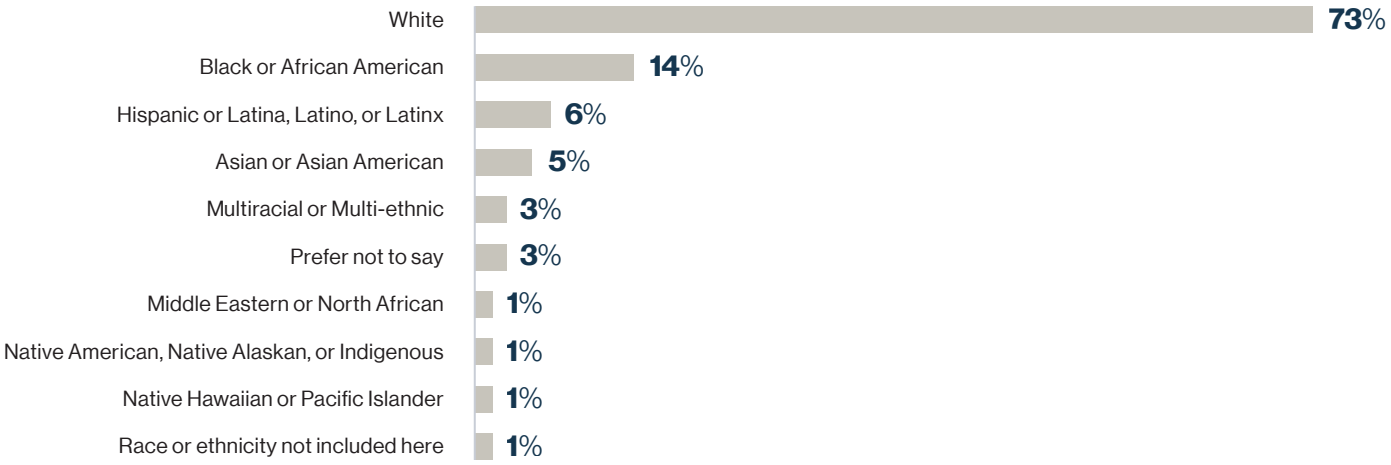
Racial Identities of Surveyed Foundation Leaders

Do you identify as a person of color? (N=243)



Note: Percentages add up to greater than 100 due to rounding.

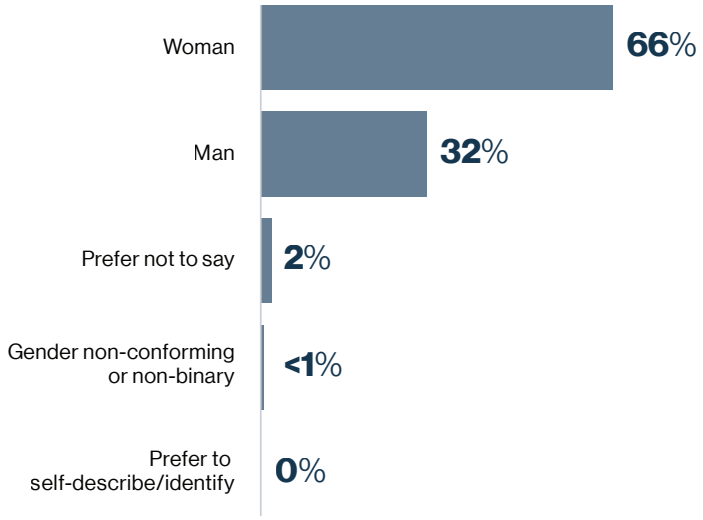
What is your race or ethnicity? (N=233)



Note: Percentages add up to greater than 100 because respondents could select all that apply.

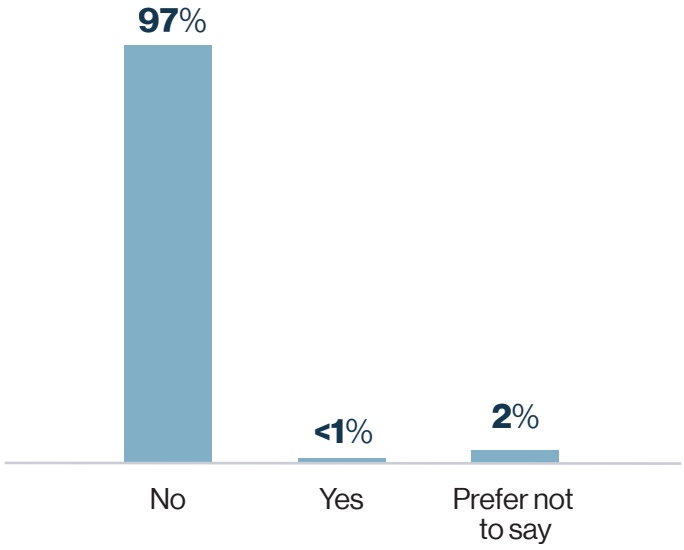
Gender Identities of Surveyed Foundation Leaders

How do you describe yourself? (N=233)



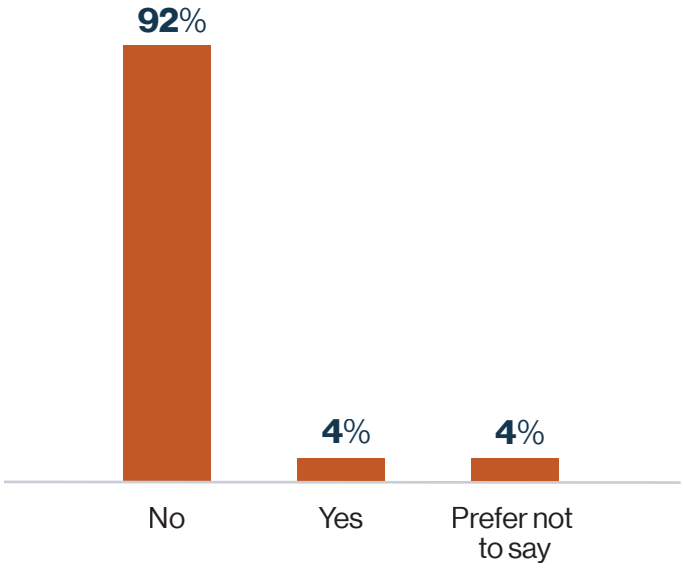
Note: Percentages add up to greater than 100 because respondents could select all that apply.

Are you transgender? (N=233)



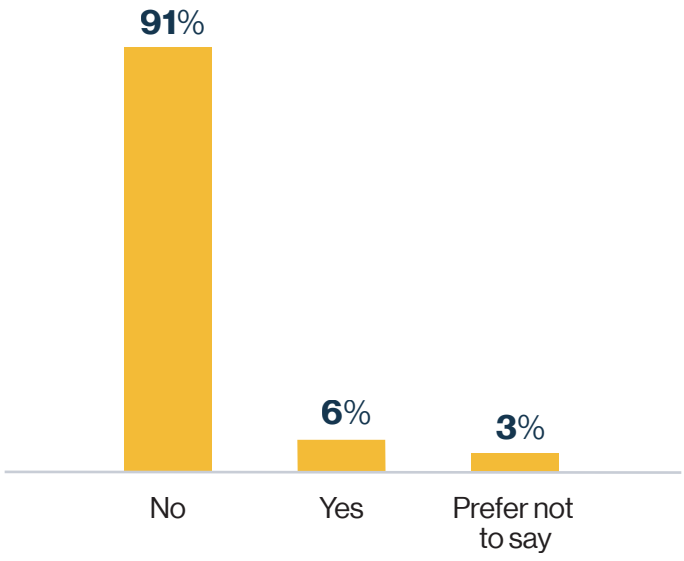
Disability Identities of Surveyed Foundation Leaders

Do you have a disability? (N=233)



Sexual Orientation of Surveyed Foundation Leaders

Do you identify as a member of the LGBTQ+ (Lesbian, Gay, Bisexual, Transgender, Queer) community? (N=233)



The findings presented in this report are based on data collected, analyzed, and interpreted by the Center for Effective Philanthropy. Leaders of 813 Scott grant recipient organizations completed a nonprofit survey, and leaders of 243 foundations completed a funder survey. In addition, analyses of Form 990 data for both Scott grant recipient organizations and comparable nonprofits were conducted in partnership with the Nonprofit and Grantmaker Advisory team of BDO USA. Information detailing the process for collecting and analyzing the data is below.

Nonprofit Survey Methodology

SURVEY POPULATION

We sought to study nonprofit organizations that were identified on MacKenzie Scott's website, Yield Giving, as having received a grant from her — not including those that received a grant as part of Scott's 2024 open call managed by Lever for Change. In total, the Yield Giving database identifies 2,325 grants made to recipient organizations.[31] Not included in this research are the 361 of these grants that were made through the open call.[32]

CEP engaged in an extensive search to locate email contact information for the executive director or equivalent at each recipient nonprofit organization.

SURVEY SAMPLE CHARACTERISTICS

In June 2024, CEP invited 1,910 nonprofit organizations to participate in a survey examining their experiences as recipients of grants from MacKenzie Scott.[33] Completed surveys were received from 796 organizations, and partially completed surveys were received from 17 organizations (see Table 4). We offered leaders a $40 gift card to a retailer of their choice upon completion of the survey, as a thank-you for their time.

Table 4. Response Rate

Survey Period	Number of Eligible Respondents	Number of Completed/ Partial Responses	Survey Response Rate
June 4 – July 1, 2024	1,894	813	43%

[31] Although CEP received a gift from MacKenzie Scott, CEP was excluded from the survey sample and did not participate in this research.

[32] MacKenzie Scott, "(Open Call Update)," Yield Giving, March 19, 2024, https://yieldgiving.com/essays/open-call-update.

[33] While the survey was being fielded, 16 nonprofits were removed from the sample as we were not able to contact their executive directors or other senior organization members.

SURVEY ADMINISTRATION

The survey was fielded online for a monthlong period, from June 4 to July 1, 2024. Participants were sent an email a few days before the launch of the survey to introduce them to CEP and to this research study. Participants were later sent a brief email that included a description of the study's purpose, a statement of confidentiality, and an individualized link to the survey, to prevent respondents from completing the survey more than once.[34] The survey was in English and was administered through Qualtrics. Participants were sent up to eight reminder emails.

RESPONSE BIAS

We analyzed survey responses to determine whether participants were more likely to answer the survey based on their organization's annual expenses or location. There were no differences based on an organization's geographic location within or outside the United States. However, organizations whose annual expenses were greater than $21.7 million U.S. dollars were slightly less likely to respond to the survey than organizations whose annual expenses were less than this amount.

SURVEY INSTRUMENT

The survey examined nonprofits' experiences as recipients of large, unrestricted gifts. The survey, which contained 80 items, asked about the organization and whether it had determined uses for the gift. For organizations that indicated that they had determined how they would use the gift, we asked about types of financial, operational, or programmatic activities for which they were going to use the funds. All organizations were asked about the impact of Scott's gift(s) on their organization, their fundraising, and their equity efforts. A copy of the survey instrument can be found on our website here.

QUANTITATIVE ANALYSIS OF SURVEY DATA

The unweighted quantitative survey data from nonprofit leaders were examined using descriptive statistics and chi-square tests. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses. Small effects are reported only if they relate to differences between demographic groups, or if, during statistical analyses, a trend of small effect sizes was found across several of the variables tested. These are noted throughout the report with the qualifier of "slightly" when presenting results of analyses.

QUALITATIVE ANALYSIS OF SURVEY DATA

Thematic and content analyses were conducted on the responses to selected open-ended items in the survey. For open-ended items with more than 400 responses, a random sample of 400 responses was used for analysis. A codebook was developed for each open-ended item by reading through all responses to identify common themes. Each coder used the codebook when categorizing responses to ensure consistency and reliability. One coder coded all responses to a survey question, and a second

[34] Participants were also informed that a screen reader option was available if needed.

coder coded 15 percent of those responses. An average interrater reliability level of at least 80 percent was achieved for each codebook. Our interrater reliability averages across items ranged from 91 percent to 97 percent. Some quotations from the open-ended survey responses were included in this report. These quotations were selected to be representative of themes in the data.

YEAR-OVER-YEAR DATA ANALYSIS

Where relevant, analyses were conducted to understand the experiences across time of nonprofits that responded to more than one year of this study. All statistical analyses of change over time are based on paired t-tests comparing the year one and year three survey responses of nonprofit leaders who completed CEP's survey in both years. In other instances, data formats have changed between years one and three as research methods and survey instruments used in the research have evolved. In these cases, qualitative data from year one interviews and open-ended survey responses are discussed alongside quantitative data from the year three survey to track similar ideas and concepts over time.

Funder Survey Methodology

SURVEY POPULATION

In September 2024, CEP invited 779 foundation leaders to participate in a survey.[35] Foundation leaders were eligible for inclusion in this research study if the foundation they worked at:

- Was based in the United States
- Was categorized by Candid's online Foundation Directory or CEP's internal contact management software as an independent, health conversion, or community foundation
- Provided $5 million or more in annual giving, according to the most recent available year of financial information in Candid's online Foundation Directory or CEP's internal contact management software.

Furthermore, to be eligible for inclusion, leaders of eligible foundations must have had:

- A title of president, CEO, executive director, or equivalent, as identified through the foundation's website, Form 990, or internal CEP staff knowledge
- An email address that could be accessed online, such as on the foundation's website, or through internal CEP records.

SURVEY SAMPLE CHARACTERISTICS

Completed surveys, defined as having at least 80 percent of the core questions answered, were received from 237 foundation leaders. Six partially completed surveys, defined as having at least 50 percent of the core questions answered, were received. (See Table 5.)

[35] Two foundations were removed from this initial sample because we were unable to reach the foundation's executive director during the survey period.

Table 5. Foundation Survey Response Rate

Survey Period	Number of Eligible Respondents	Number of Completed/ Partial Responses	Survey Response Rate
September 3 – October 1, 2024	777	243	31%

SURVEY ADMINISTRATION

The survey was fielded online during a four-week period in 2024 — September 3 to October 1. Foundation leaders were sent an email a few weeks before the launch of the survey to introduce them to CEP and this research study.[36] On the survey launch date, participants were sent a brief email that included a description of the study, a statement of confidentiality, and an individualized link to the survey to prevent respondents from completing the survey more than once.[37] The survey was distributed in English and administered through Qualtrics. Participants were sent up to eight reminder emails. We did not provide any incentives, financial or otherwise, to foundations in exchange for the completion of the survey.

RESPONSE BIAS

We analyzed survey responses to determine whether participants were more likely to answer the survey based on certain foundation characteristics. There were no statistically significant differences found based on a foundation's asset size, annual giving amount, or its geographic location within the United States. However, former CEP clients were slightly more likely to respond to the survey than foundations that are not CEP clients. Independent foundations were also slightly less likely to respond to the survey than other foundations.

SURVEY INSTRUMENT

This research was part of a larger study that included other topics. The section of the survey relevant to this report examined funders' perspectives on MacKenzie Scott's approach to giving and large, multiyear, unrestricted support — this section contained 34 items.

A copy of the survey instrument can be found on our website here.

QUANTITATIVE ANALYSIS OF SURVEY DATA

The unweighted quantitative survey data from foundation leaders were examined using descriptive statistics and chi-square tests. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses. Small effects are

[36] While foundation CEOs and executive directors were the target audience for this survey, there were cases in which a leader sent the survey to another member of their organization to fill out as their representative.

[37] Participants were also informed that a screen reader option was available if needed.

reported only if, during statistical analyses, a trend of small effect sizes was found across several of the variables tested and are noted throughout the report with the qualifier of "slightly" when presenting results of analyses.

QUALITATIVE ANALYSIS OF SURVEY DATA

Thematic and content analyses were conducted on the responses to selected open-ended items in the survey. A codebook was developed for each open-ended item with more than 80 responses by reading through all responses to identify common themes. Each coder used the codebook when categorizing responses to ensure consistency and reliability. One coder coded all responses to a survey question, and a second coder coded 15 percent of those responses. An average interrater reliability level of at least 80 percent was achieved for each codebook. Our interrater reliability averages across items ranged from 89 percent to 95 percent. Some quotations from the open-ended survey responses were included in this report. These quotations were selected to be representative of themes in the data.

FINANCIAL ANALYSIS METHODOLOGY

An analysis of Scott grant recipient organizations' United States tax filings (Form 990s) was conducted in partnership with the Nonprofit and Grantmaker Advisory team of BDO USA.[38] Results from these analyses are indicated using the phrases "data from tax filings" or "data from Form 990s" throughout the report. Where available, recipient organizations' Form 990s were examined at the following four points in time: one fiscal year *before* grant receipt, the fiscal year *of* grant receipt, one fiscal year *after* grant receipt, and two fiscal years *after* grant receipt. Some organizations received grants in more recent years (e.g., 2023 or 2024) and as such, had not yet submitted tax filings for one or two fiscal years after grant receipt.

To compare organizations that received a grant from Scott to those that did not, a group of nonprofits that *did not* receive a grant was matched to Scott grant recipients using three factors: budget (in total expenses), issue area (as represented by NTEE code), and revenue composition (the breakdown of contributed income, government grants, and program revenue on the organization's Form 990). Since these organizations did not receive grants, we were unable to use "the year of grant receipt" as an anchor for analyses over time. Instead, in order to cover four fiscal years of tax-filing data (the same number analyzed for Scott grant recipients), comparable nonprofits were analyzed using tax filings from fiscal years 2020, 2021, 2022, and 2023.

[38] Only organizations with a U.S. employer identification number were included in this analysis (i.e., organizations based outside the U.S., fiscally sponsored projects, etc., were not included).

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